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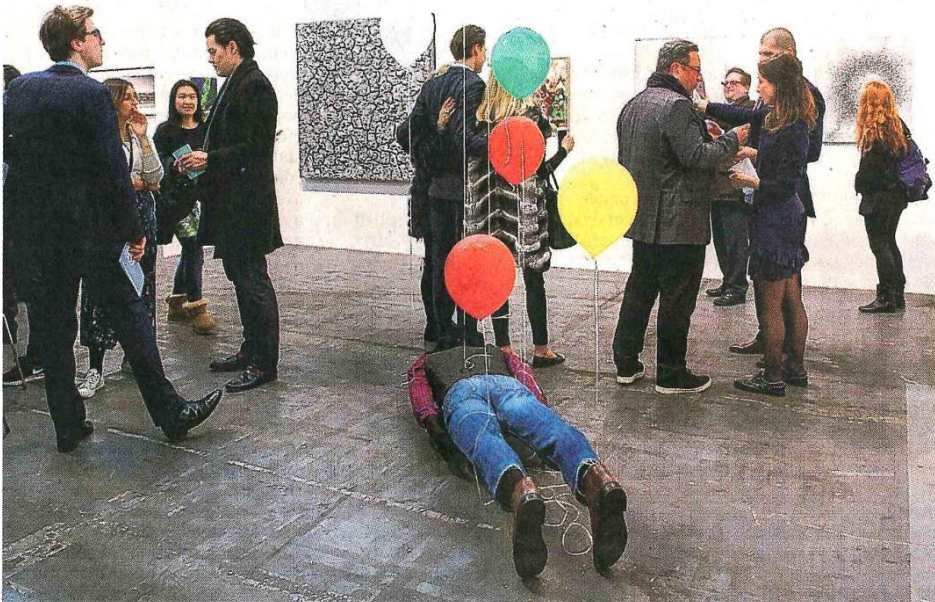
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The Wild, Crazy—and Risky—World of International Art Fairs



SAM DEITCH/BFA

The Blain | Southern gallery was featured at the Armory Show art fair held in March in New York, which drew around 65,000 visitors.

How to reduce the chance of buying the wrong things at the wrong price

BY DANIEL GRANT

LOOKING AT ART is generally a quiet, contemplative affair. Except, that is, at international art fairs, where “the scene sometimes feels like panic shopping on Black Friday,” says Gretchen Berggruen, co-owner of San Francisco’s John Berggruen Gallery, a participant in half a dozen art fairs a year.

Real dangers lurk for both inexperienced and veteran buyers at these well-heeled but intense events, where a rapidly increasing percentage of gallery sales take place. Indeed, in the typically competitive frenzy of trying to buy something before someone else does, experts say, it can be easy to not ask enough questions, buy too quickly and pay too much.

“Art fairs do make me nervous

sometimes,” says John Cahill, a lawyer specializing in art in New York City, where tens of thousands attended the Art Show and the Armory Show in March, just two of the 10 art fairs held in New York that month. Mr. Cahill says when his clients go to art fairs, they “often buy things quickly, without the due diligence they might apply when buying elsewhere, because they feel the competition. Their hearts rule their minds.”

Here are some tips from art advisers and lawyers on how buyers can explore the growing international art-fair scene while not losing their head, or their money.

Call ahead. The main problem for fair visitors is having almost no time to ponder a previously unseen work or negotiate with the dealer without

having other potential buyers literally breathing down one’s neck.

“Buyers don’t have the luxury of time and the ability to negotiate,” says Judd Grossman, a New York City attorney specializing in art law. “If a prospective buyer starts raising a lot of questions, dealers are apt to say, ‘I have five other people next in line who will be less difficult to deal with.’”

Some experts advise buyers to contact dealers ahead of a fair to find out what works they plan to bring and what prices they will charge. Some dealers will be willing to haggle already, the experts say. Early contact also provides more opportunity to discuss such details as whether a piece is an important work by the artist, part of a series, or whether it has ever been restored.

Take a contract. Mr. Cahill says that when his collector-clients go to art fairs, he gives them boilerplate contracts for the dealer to sign if a purchase is made. While details such as

a work’s title, name of the artist and price can be filled in at the fair, these ready-made contracts clearly spell out terms about title, condition, authenticity, export restrictions and payment.

“A clause might indicate that the sale is subject to a conservator examining the work,” Mr. Cahill says. “Another clause would say that the sale is subject to having an expert confirm that the work is authentic.” The aim of the contract, the lawyer says, is “to slow the process down, to allow yourself to get out of a bad deal.”

Among the many other conditions a contract can stipulate: It might make a sale contingent on a search of stolen-art databases, or feature a clause that negates the sale if the host country tries to block the artwork’s export.

Hold something back. Another way to slow down the process is to ask for a desired piece to be put on hold for a day (or even half a day). A delay can help the buyer see if the attraction lasts, or if it is just an infatuation. It can also give the buyer more time to do some homework.

As New York art lawyer William Pearlstein recommends, “Say, ‘I’ll take it, subject to my lawyer sending you a purchase agreement,’ which allows a little time for some due diligence to take place.”

Saying you’ll buy a masterpiece and actually paying for it are two very different things. A verbal “I’ll buy it” may not constitute a legally enforceable contract. This can backfire, though. Dealers who claim that they will hold an artwork for a few hours or a day may not be held liable if they decide to sell the work to someone else in the meantime.

Put a little down. Dealers may be more willing to actually keep the artwork on hold if the collector puts down a refundable deposit of 5% or 10%, with an agreement to wire the rest over the course of 30 days. In the absence of a more detailed contract, this may work both to hold the piece while you think it over, and give you more time to perform due diligence.

Mr. Cahill says he tells his clients to seek as much as 30 days to complete a payment. “Dealers generally want their money faster than that,” he says.

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