Undisputed Value

ARIS provides art buyers peace of mind with title insurance

Market Report

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Last October, at a Sotheby's sale of 19th-century European Art, one painting garnered a surprising price. Jozef Brantdt's *Song of the Cossack Victors* sold for $230,000—50 percent more than its high estimate—in a down market where a third of the same lot went unsold. The key to the stunning sale price came in the form of a small footnote at the bottom of its catalogue entry: The artwork included, at no cost to the buyer, a title insurance policy issued by ARIS. The company's art title protection insurance (ATPI®) meant that the purchaser was guaranteed ownership and protected from any potential claims on the painting.

"That was a great win for everyone," ARIS Chairman and CEO Lawrence M. Shindell says of the sale. "That's what it's really about at the end of the day: The risk management and value enhancement that title insurance provides. It enables guaranteed ownership in an industry that has no transactional transparency."

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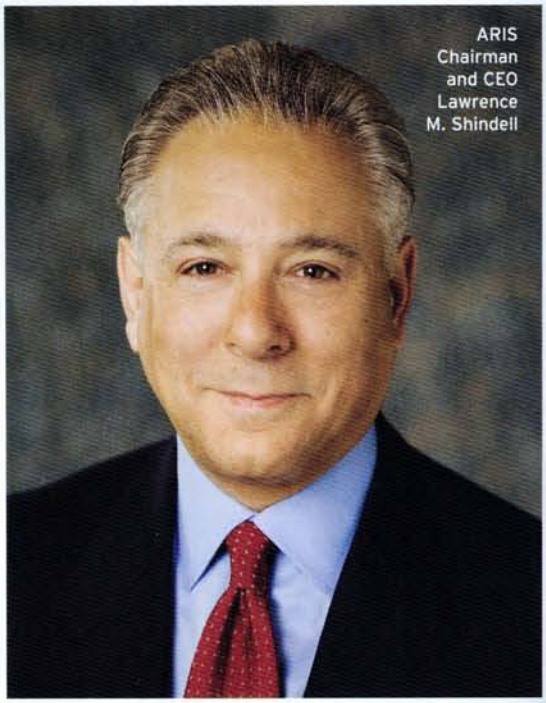

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"The word 'transparency' has been bounced around the art market for many years, primarily in the context of pricing," says Shindell, a lawyer who formerly represented Fortune 500 companies, as well as litigated against them. "The art world has virtually no transparency with a prevailing secrecy to protect the identity of the clients. John D. Rockefeller didn't want the world to know what he was buying or selling."

By serving as a neutral third party, ARIS is able to maintain the confidentiality of the seller while guaranteeing ownership protection to the purchaser and relieving the seller of the obligation to provide personal guarantees of title—which, in reality, the seller may not have the factual basis to provide. Not a small feat given the variety of issues clouding today's art market.

Take Norman Rockwell's *Russian Schoolroom* lithograph, for instance. According to the *Las Vegas Sun*, Jack Solomon, once the exclusive dealer for Rockwell lithographs, originally owned the artwork. In 1968, the painting was stolen from a Missouri gallery. Two decades later, the lithograph resurfaced in New Orleans, where art dealer Judy Goffman Cutler bought it for more than $70,000. She then sold it to director Steven Spielberg. Only in 2007 did Spielberg's assistant notice that *Russian Schoolroom* was listed in the FBI's Stolen Art File. Now Spielberg has forfeited the painting, and Solomon and Cutler are embroiled in an ongoing legal battle over true ownership.

"The current environment highlights the importance of what we do," Shindell notes. "Aversion to risk has skyrocketed." The story of the Rockwell lithograph is merely one example of a host of issues that face the art market today. In October, as reported by *Art + Auction*, Takashi Murakami's *Flower Ball Blood (3-D) V* was suddenly pulled from a Christie's auction. Murakami claimed the seller had violated an agreement that the artwork would not be sold for 10 years after the initial purchase.

"ARIS has created a transparency in the transaction that allows us to underwrite the ownership risks that surround all art market transactions," Shindell says. "The auction houses and dealers now, at the request or insistence of the buyer, will tell us who the consigner is, for example."

Shindell adds, "In the past, unfortunately it could be said, 'Just because you bought it doesn't mean you own it.' With title insurance, now we can say, 'You do own it.'" ✦