

Art Dealers

Honest or Crooked?

by David Phillips

The art dealer is perhaps one of the most widely misunderstood and largely unappreciated professions in the art industry. There are no regulations or any other standards to which an art dealer must conform. So how can you tell an honest dealer from one that will steal you blind?

The art dealer (sometimes referred to as “art broker” or “agent”) often acts on behalf of a buyer or a seller, or both, to assist in the sale or acquisition of a painting or other art object in exchange for a fee, or in exchange for a percentage of the sale, much like a real estate agent collects a percentage or a commission on the sale of a residential home or other real estate. Like a realtor, the art dealer can and often does collect a fee from both the buyer and the seller in a single transaction. The practice of representing both the buyer and the seller in the same transaction is sometimes referred to as “dual agency.” However, an important thing to remember is that the real estate market is heavily regulated to protect the consumer. The art market is not.

In addition to acting in a consultant capacity for buyers and sellers, the art dealer will often maintain an inventory of visual art available for sale. The dealer’s inventory can be comprised of art he owns outright; more usually, however, the inventory is owned by sellers represented by the dealer – the artwork being placed with the dealer “on consignment,” meaning that title or ownership of the artwork is held by seller and that payment is expected only on completed sales. The art dealer is usually paid a commission on the proceeds of the sale.

Becoming an Art Dealer

Anyone can set up shop and go to work as an art dealer. With no regulations or standards to abide by, the barrier to entry into the world of dealing art is zero and the Internet has become fertile ground for dealers with less than stellar reputations. While there are many reputable art dealers, there are a large number who are wolves in sheep’s clothing – predators just lying in wait for the unwary and the unsuspecting. No matter what the case, one should always insist on a written agreement when seeking representation from a



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dealer/broker. There are numerous variations of agreements that can be structured. Memorializing your understanding in the form of written contract, and having it reviewed by competent legal counsel is a must.

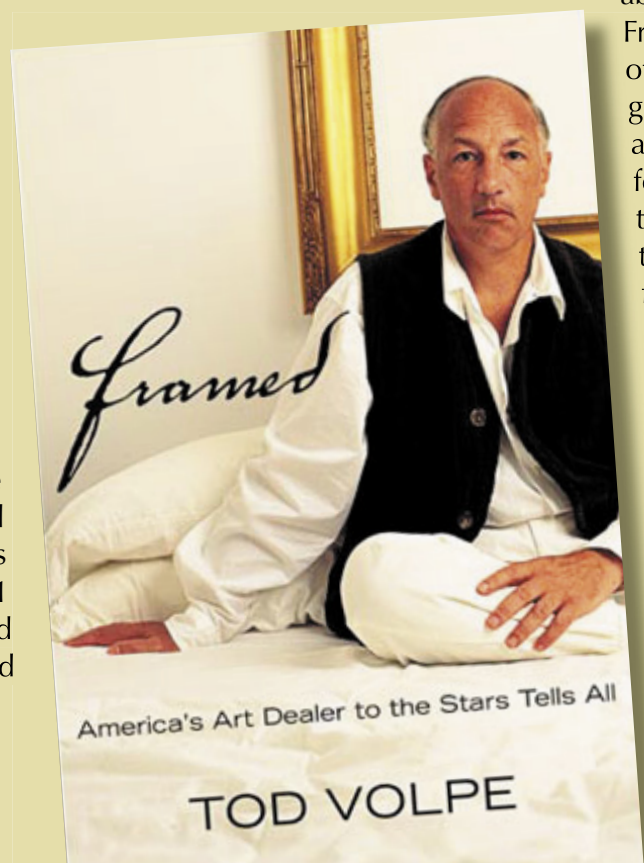
Due diligence and research should be a prerequisite to any art purchase. It’s a sad fact that people ask more questions when buying a refrigerator or television set than they do when purchasing art. So know whom you are dealing with in the art market and if you don’t know, then ask someone you can trust; otherwise you are at a significant disadvantage in the marketplace.

“There are many honest dealers/galleries/auctioneers in the world, but there are others that range from shady to criminal,” says David Rago, Partner, and Pottery and Glass Expert at the Rago Arts and Auction Center in Lambertville, New Jersey. David Rago has been in the art auction and art sales and dealing industry for nearly 40 years. He also publishes two magazines: Style 1900 and Modernism. He is an experienced appraiser and has appeared on the Antiques Roadshow in that capacity for 11 years. David is a well-respected and trusted figure in the rarified atmosphere of art dealing.

In a recent interview with Fine Art Registry™, he explained what he considers to be the right and wrong approaches to dealing in art. In this case, the guys in the white hats may not be the richest, but they can sleep at night and they certainly end up with a happier life.

David Rago is featured in Tod Volpe’s book, *Framed: America’s Art Dealer to the Stars Tells All*, in which Volpe sheds light on the seamier side of life in the arts and discusses his own involvement in that life of crime, culminating in a prison sentence after being found guilty of defrauding his clients and others, including movie stars and celebrities, auction houses and galleries, the elderly and incredibly, even a paraplegic from the Bronx, for a reported \$6 million or more. It is a story of real talent being used for criminal purposes. It is a famous, but far from the only, case in point.

David Rago knew Tod Volpe better than most. The two met when Rago was a young man. “I knew him from 1975 until about 1995,” says David. “I was his main source for art pottery from about 1975 until 1981. From 1981 until the end of 1983 I worked at his gallery, again mostly as an in-house source for material. I sold to him privately and through my auctions from 1984 until the late 80’s. When his payment schedule started getting more dicey than usual, which was saying something; I cut him off for a few years. He came back once more (as usual, with gusto) and then went away for good



once his legal troubles started. He still owes me \$5,000 from our last deal. I ultimately saw it as part of the severance package.”

“I remember, towards the end, he [Volpe] asked me for some money to help pay for his daughter. That was pretty irritating since he’d been so manipulative and attempted to be so controlling with money (both in how he paid me for what he bought and, especially, when he and Vance were my employers at their gallery [The Jordan-Volpe Gallery], that my wife and I often had to make some sacrifices for our own daughters. Needless to say, and to his surprise, I turned him down flat. He remained (and I’m guessing) incapable of seeing past his own needs.”

In his book, Volpe writes:

“Focusing on the fads people were drawn to in terms of collecting I didn’t tell Rita Reif [New York Times Art Critic] we are going to use the power of persuasion to force them to see things our way. Whether what we were telling people was the truth or not wasn’t my concern. Our mission was to secure the style by building the buying public’s confidence for as long as it took to get things moving in a certain direction. In the art world, the name of the game is: deliver the pitch...make the sale...type out the invoice...get the cheque and move on to the next sale.

Rita Reif left that day convinced that our devotion to the style was something that had been in our hearts and souls for a very long time, and to a certain degree she was right. She was a bit unclear, however, about how two Italians with no real ties to the marketplace were going to deal with stiff uptown competition. Similar style had been around for longer periods of time and maintained a hold on people’s affections. I made sure she was confident we were not so concerned about that: we were doing our thing and didn’t want to compete with anyone—this was and wasn’t true. What I didn’t tell Rita Reif is that we had already secured the support of

two of the most powerful independent dealers in America in the Arts and Crafts field.

Beth Cathers and David Rago, experts on the style in their own right, would become not only trusted friends but allies. Without alliances formed with people like this who had a significant presence in the market, the interest we were beginning to generate about the style would have never taken hold.

We also had to have access to merchandise. My cousin and I knew that once we upped the ante in the public’s eye, prices would rise for us as well. With Beth [Cathers] and David [Rago] doing our bidding and bargaining for us, we would maintain our stage identities while they continued with their roles on the road. We fashioned ourselves into a family sharing interest in succeeding. We treated one another accordingly. Loving power, action and the control we had in the art arena, we began to dominate our field immediately.”

This book passage is typically both accurate and inflated by self aggrandizement,” says David when asked to comment on his involvement with Volpe. “It’s as though his [Volpe’s] accomplishments, which are really quite considerable, weren’t enough, and his ceaseless embellishment of the truth was used as a cudgel to make sure you didn’t miss the greatness. When I met him and was introduced to his gallery I was 20, three years off of a New Jersey tomato farm (literally), cleaning floors on a supermarket night

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crew, and Volpe was getting \$2000 for pieces I was selling for \$200. So yes, I was quite impressed and available for use. An impressionable youth, you might say.

“On the other hand, the things I learned at the gallery proved invaluable (many of them unintentional teachings, I might add – had they [Volpe and his cousin, Jordan] any idea I might have been a competitor one day I’d have been out the door sooner than the two and a half years it took). Especially learning about George Ohr. Whatever money was withheld from me [by Volpe] over the years, and it too was considerable, was more than made up for by Mr. Ohr alone. By default, I became the leading dealer in Ohr’s work and my unintentional investment has come back, to date, a thousand fold. Things have a way of working out, don’t they? Volpe always insisted that what he was ‘teaching’ me was invaluable. I always responded by saying that, while that might have been true, he was never up front about how dear the tuition was.

“In our business it’s pretty simple. Maybe it’s that way in life generally: ‘Are you willing to lie to make money?’ Either you are or you’re not. I would watch Volpe repair and sell things to museums for big money, without saying they were repaired, that I had found for him, and out and out lie to clients about material that was or wasn’t available, manipulate clients and so on. One of their [The Jordan-Volpe Gallery] big things was to invite clients and after mixing a pitcher of martinis, get them

smashed and sell them stuff. And it goes on and on and on.”

David goes on to tell a story which is an example of how Volpe used to gain the confidence of prospective clients. “He did the exhibition on Martinware [distinctive stoneware pottery produced by Robert Wallace Martin and his three brothers in England between 1873 and 1923] back in 1982. It was a landmark exhibition at a gallery in SoHo when SoHo was the place to be in New York City, before everybody moved to Chelsea. He had a beautiful street level gallery on the main drag in SoHo which they turned into an English garden for the show. There was a gallery within the gallery with walls, running water, piped in bird sounds, moss and growing plants and this pottery was set amongst this idyllic backdrop. Pieces that were behind glass were framed by cathedral shaped, gothic windows. I was there for the planning but was not involved with the show beyond that. The invitations to the Martin Brothers show were sent out on parchment in old English, rolled, tied with a ribbon and put in a tube.

“Halloween in New York City is a special holiday, especially in the Village area and this gallery was on the edge of the Village. The opening was on Halloween with a full moon. The gallery had a horse drawn carriage with a guy in 19th Century garb with a hat and leather boots and a whip standing in front of the gallery with a red carpet going from the carriage to the front door of the gallery. That was the opening of the Martin Brothers show in SoHo. It was an awesome event. Anyone who wondered if Volpe was for real or not would walk in there and see this and go, ‘Oh my goodness! This guy is the real deal.’ And he was. The problem is that people were willing to overlook a lot if they had an art guru and he would use that sort of credibility as leverage to get into them. That’s a little insight into what he’s capable of in terms of his presentation and his ability to recreate a scene. It was pretty magical. He’s not a lightweight.

“I finally parted ways with him. I told him, ‘When I walk into a collection you’ve built, I feel like I’m walking into a minefield and I’m tired of keeping my mouth shut about the pieces that were repaired that you’ve sold. From now on when I see it I’m going to tell them what you’ve done. Knock it off.’ At some point I grew up enough to realize that I can’t keep my mouth shut any more. That’s when he and I started to really split off.


“By and large Tod Volpe and the truth were distant relatives for a long time. He has an amazing eye and has a knack for knowing where the fulcrum is inside of somebody and putting his hand on it and twisting it. He manipulated people. At first at least, because he had a certain power to his presence, he convinced people – not everybody, because some people saw through the deception right away. But more often than not people are looking for an art guru and that’s what he sold himself as.”

Asked about Volpe’s current involvement in trying to sell the Teri Horton alleged Pollock, David could only conjecture. “I haven’t talked to him in years so I don’t know what his pitch is these days but back in the days we were working together he was the art guru. I’m guessing leopards don’t change their spots. The guy had genuine talent, a real ‘eye’. He was into a power thing because some weaker personalities (much of his client base) allowed him to dictate to them. That can go to one’s head, I guess. While I don’t know what he’s really up to now, I can’t imagine he has changed all that much. When people ask me about him I just sort of shrug and say, ‘Well, he was jailed for fraud you know. He took major clients (including Jack Nicholson) down for a reported \$6 million. And that certainly wasn’t all of it. Why are you even interested?’ I mean, in 37 years in this business, I’ve known literally tens of thousands of people and only a few have done jail time for fraud. That’s got to tell you something.”

How does a reputable, highly respected art dealer/auctioneer establish and maintain a reputation?

“Mostly, you pay for it,” says David. “There’s a lot of grey in this field because the absolute rights and wrongs of it are often clouded by odd circumstance. People talk to each other, and any collecting field is ultimately small. So you don’t lie, you make sure you don’t make too much on a piece (unless you tell the client directly that you are, which can also be cool). And if there’s a problem, you give them their money back with apologies, even if you’re not wrong. It’s a long term profit, but if you maintain your reputation over a generation of collecting or so, it pays off both in money and, even better, in awesome personal relationships and experiences. I’ve been to bar mitzvahs, bat mitzvahs, weddings, vacation homes, and watched many family’s offspring grow from children to parents themselves. How’s that for profit? And if you get to that point in your relationships with your clients, they give you back the stuff you sold them and you get to sell it again. That’s something I had zero awareness of back in the 70’s and 80’s. Who that young thinks that far ahead? But now, approaching 40 years in the business, I can tell you with certainty that it happens. And nearly always.

“My basic business belief is that relationships come first and the rest follows,” says David. “If you maintain a good, open relationship with your sources and your clients, you’ll make a good living and, even better, have a great life. I believe that and practice that. Many dealers, especially shady ones, put something else (money, ego, power, whatever) first. And that eventually burns out. It took me three decades of making mistakes and slogging past my own limitations to get to a point of pleasant financial profit. But the benefit of my relationships was manifest immediately. Good guys might finish last, but they finish.”

In the next article we will give some practical advice to collectors on how to tell the sheep from the wolves in the world of art dealers, galleries and auctions. 

David Rago can be found at www.ragoarts.com.