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ART & DESIGN

Soaring Art Market Attracts a New Breed of Advisers for Collectors

By **ROBIN POGREBIN and GRAHAM BOWLEY** AUG. 22, 2015

Amy Cappellazzo jolted New York's art world recently when she left her powerful position as chairwoman of Christie's postwar and contemporary department to become a private art adviser, quickly brokering sales like Christie's $82 million sale of a Rothko painting this spring.

Tobias Meyer, the regal chief auctioneer of Sotheby's auction house, also surprisingly stepped down from his podium less than two years ago to become an adviser.

Guy Bennett, once a top Christie's expert, now counsels the Qatar Museums and its chairwoman, Sheikha al Mayassa bint Hamad bin Khalifa al-Thani.

For decades, art advisers were a small club of professionals who personally helped build collections for clients, using their scholarship and connoisseurship. Their role was to consult and offer expertise, rarely to make deals. Bernard Berenson, the Harvard-trained art historian, was a famed counsel to the collector Isabella Stewart Gardner.

"I'm not anxious to have you own braces of Rembrandts, like any vulgar millionaire," he wrote to her in 1900.

But the rapidly changing art market — characterized by soaring prices, high fees and a host of wealthy new buyers from Wall Street and abroad — has prompted scores of new players to jump into the pool, from young art-world arrivistes to former auction-house executives with an abundance of expertise and connections. “It’s the Wild West,” said Abigail Asher, who has been an adviser for 25 years. “It’s like being in a gold rush mining town. We have been the miners for years and a lot of people are just showing up now.”

Many of these advisers are changing the profession — aggressively pursuing trophy art, wielding greater power in negotiations and in some cases acting more like fast-moving dealers than high-minded consultants. It is not yet clear what effect the latest gyrations of the financial markets will have on the art market, but in good times one big sale can reap millions of dollars for an adviser.

Many veteran advisers view their new competition with concern. Some practitioners are too inexperienced to provide good counsel, they say, or use tactics that they warn threaten to sully the profession, like dealing on the side, or demanding broker’s fees from both their clients and the galleries that sell to them.

“There is a new breed,” said Wendy Cromwell, former president of the Association of Professional Art Advisors, “an independent contractor — kind of like black ops, like a hired gun — who can get you what you need in a tough, changing environment.”

No organization tracks the number of art advisers, who do not need a license to operate. But in one small indication of the field’s growth, the Association of Professional Art Advisors has 140 members, a third of whom have joined in the last four years. And interviews with art-world professionals say that the numbers are swelling well beyond that.

“I get pitched things from ‘art advisers’ every week,” said James R. Hedges, a collector. “They are increasingly acting as private dealers, rather than true independent advisers.”

Even financial professionals have gotten into the act. Karen Boyer studied art history but had little professional art experience when she quit the hedge-fund business and has run an art advisory from her Manhattan apartment since 2010, with Wall Street collectors among her clients.

"My clients are very analytical and treat art like any other investment," Ms. Boyer said.

Some advisers are paid on retainer, or perhaps a rate of, say, $150 to $300 an hour — fees that do not rise or fall based on the price of the art they recommend.

But increasingly advisers work on commission, typically earning perhaps 5 percent to 10 percent of the purchase price — leading to big returns when prices soar into the tens of millions of dollars. Such sales are usually private, but according to court papers and state records, Ben Heller, an adviser to J. Ezra Merkin, a prominent Wall Street financier and collector who had invested with Bernard L. Madoff, earned $26.5 million in fees in 2009, on the sale of a $310 million art collection filled with Rothkos.

That's an exponential hike in pay for top auction-house specialists, who typically earn a base salary of $350,000 to $1 million, plus bonuses.

Cristin Tierney, a Chelsea dealer and art adviser who once worked at Christie's, said that an adviser who sold a $10 million painting would likely clear a fee of $500,000. "And your overhead is very low," she said. "At Christie's, you are only getting a percentage of that $500,000."

Unsurprisingly, many new advisers are auction-house alumni, giving Sotheby's and Christie's reason to worry about the potential defection of top talent.

The demand for advisers has grown in part because newly rich collectors need help navigating an increasingly transactional, famously opaque art market.

And for these buyers, advisers — once considered largely messengers between collectors and sellers — are increasingly empowered at auctions, galleries and art fairs. "We're seeing them become more the negotiator than they traditionally might have been," said Lisa Dennison, the chairwoman of Sotheby's North and South

America.

The best are wooed with elegant dinners, early notice of forthcoming offerings and private showings. “Ten years ago we didn’t watch them closely but now we are courting the most important ones assiduously,” said Victoria Siddall, the director of the Frieze art fairs in New York and London.

Many dealers and gallerists are also acting as advisers, violating a principle of the advisers association, which holds that its members should not own sizable amounts of art for sale. The rule is intended to avoid the suggestion that advisers are pushing clients to invest in the same artists, thus raising the value of their own collections, or profiting by selling collectors art they own. Ms. Cappellazzo, who is not a member of the association, says that one can both own and advise. Her company with the experienced art adviser Allan Schwartzman — Art Agency, Partners — provides multiple services, including the opportunity to invest alongside them in their art fund.

“I don’t think you can eliminate conflicts in the art world,” Ms. Cappellazzo said. “All you can do is be transparent.”

Some new advisers say that complaints about the expanded ranks seem born of jealousy, or fear of competition, and that it is unfair to suggest they play fast and loose with the rules.

“I see more and more compliance, more disclosure,” said Stephane C. Connery, who left Sotheby’s in 2012 to become an adviser and dealer. “For people coming out of the auction houses, there is a degree of professional rigor in the training.”

Because the pace of buying has accelerated, high-powered advisers or dealers like Sandy Heller and Jeffrey Deitch can push their collectors to the front of the line by using their connections with other collectors, dealers and auction houses. “Very sophisticated advisers will find you a Johns, they will find you a Twombly,” said Donald B. Marron, a financier and collector, referring to the artists Jasper Johns and Cy Twombly. “They’re very quickly turning into dealers.”

Some longtime art advisers also said they had learned from the new breed, like how to stage better public exhibitions of their collectors' works.

But Ms. Asher said that some newer advisers do not understand all the basics of the profession — like the need to have a collector as a client.

She was recently approached, she said, by a new adviser who was interested in a $10 million painting in a collection she represented. Negotiations quickly broke off, though, when it became apparent that the new adviser never had a buyer and simply wanted to try to lock up the work.

"There are hundreds of people who now call themselves art advisers," she said, "but walking someone around an art fair does not make you an adviser."

Among the most questionable developments, according to the advisers association, is that some insist on collecting two fees when they help arrange a sale — one from their client and another from the gallery selling the work.

Some galleries think they must accept the practice to curry favor for the future. But a collector can never be sure whether the work is being recommended on its merits, or because of the gallery bonus. And if advisers with a conflict of interest don't disclose it to their clients, they can be legally liable for breaching their fiduciary duty.

Elizabeth Szancer, a longtime art adviser and curator who works with the collector Ronald S. Lauder, said that such lapses dilute the meaning of the term art adviser and that the trade should stay true to its principles.

"We really have to hold our ground," she said.

Correction: August 23, 2015
An earlier version of this article misstated Wendy Cromwell's connection to the Professional Art Advisors. She is a former president, not the current president.

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