

THE ART NEWSPAPER

Knoedler gallery fakes case heats up

US Attorney's office asks for a stay in the civil lawsuits until December to protect their criminal case, while Ann Freedman sues another dealer for defamation

By Laura Gilbert
11 September 2013

The Manhattan US Attorney's Office requested on 9 September that the judge presiding over the five civil cases against the Knoedler Gallery, its former director Ann Freedman, the art dealer Glafira Rosales and others, halt all proceedings until 13 December in light of possible further criminal charges. So far, the only criminal charges that have been brought are against Rosales, who is now believed to be cooperating with federal authorities. At Rosales's arraignment on 19 August, the federal prosecutor answered, "yes", when the judge asked whether additional arrests were being considered.



The Knoedler gallery, which closed in 2011

The US Attorney requested a stay in the case because of concerns for the integrity of "a pending criminal prosecution that has substantial overlap with the witnesses and conduct at issue in the Civil Cases". The civil lawsuits brought by collectors allege that Knoedler and Freedman sold them fake Abstract Expressionist works that Rosales brought to Knoedler.

Because of the overlapping allegations in the civil and criminal proceedings, the government says that if the civil cases continue there is a "significant risk" that the criminal process would be undermined.

The government points to the risk of "premature exposure of witnesses who may be cooperating with the Government [and] providing potential criminal defendants with a preview of witness testimony at an eventual criminal trial during the Civil Cases."

It also cites "the possibility that certain witnesses called to testify or to be deposed in the Civil Cases would invoke their Fifth Amendment rights [against self-incrimination] while the criminal prosecution is pending".

Rosales is criminally charged with alleged money laundering and tax evasion. She has pleaded not guilty and her criminal lawyer has said she intends to defend herself. The government alleges, among other things, that the works are fakes and that Rosales knew they were fakes when she consigned them to Knoedler. Ann Freedman has denied the civil charges against her. Speaking publicly for the first time in New York magazine at the end of August, she said she is "shocked" that the works were fakes and added that she is the "central victim" in the case.

Knoedler gallery has asked that if the civil cases are stayed, a small part of the order be lifted allowing the judge to rule on motions to dismiss brought by Knoedler and Freedman. They argue that the collectors had a legal duty to investigate the works' authenticity and they failed to do so.



Update: Ann Freedman filed a lawsuit yesterday, 11 September, against another New York dealer, Marco Grassi for defamation based on his comments published by New York magazine that she failed to do due diligence, the Wall Street Journal reports. In the lawsuit, Freedman says she researched the collection brought to Knoedler by Glafira Rosales, listing around 20 experts consulted who believed the works by artists such as Rothko and Pollock were genuine, including former curators from the Museum of Modern Art and the Solomon R. Guggenheim Museum in New York, and the National Gallery of Art in Washington, DC.

Meanwhile, Freedman's lawyer, Nicholas Gravante, of Boies, Schiller & Flexner also released a statement to the Art Market Monitor saying that federal authorities have informed him "repeatedly and recently that Ann Freedman is not, nor has she ever been, a target of its investigation", and that Freedman "is grateful that she has been fully vindicated by Ms. Rosales' co-operation with the government". We will be covering the repercussions of the Knoedler case in our October issue.