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## Russian's Da Vinci Windfall Undercut U.S. Probe of Art Dealer

By

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- U.S. said to close Bouvier inquiry after \$450 million sale

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- 'Salvator Mundi' was centerpiece of fraud allegations  
Federal investigators in New York spent more than a year building a case against a Swiss art dealer over alleged improper mark-ups in the sale of dozens of masterworks to a Russian oligarch. One sale he arranged, a \$128 million transaction for Leonardo da Vinci's famed portrait of Jesus Christ, known as the "Salvator Mundi," secretly netted the dealer more than \$40 million.

The investigators interviewed witnesses, issued grand jury subpoenas for records of the transactions and persuaded a key senior executive at Sotheby's Inc. -- which helped facilitate a dozen of the deals, including for the Da Vinci -- to be a witness in the case.



“Salvator Mundi” Photographer: Drew Angerer/Getty Images

But late last year they closed the investigation, according to people familiar with the matter. The reasons had been building for months, but the clincher came when the collector, fertilizer magnate Dmitry Rybolovlev, resold the “Salvator Mundi” for \$450 million during last year’s fall art auction season, more than triple the amount he paid, one of the people said. Had the case proceeded, Rybolovlev’s windfall could have enabled the defense to claim that he wasn’t a fraud victim because he profited in the end.

The painting was the centerpiece of the U.S. investigation of Yves Bouvier, an art dealer who made his fortune founding and then selling off a global network of tax-free storage facilities for artwork.

In legal filings in several countries, Rybolovlev and companies affiliated with him alleged that Bouvier misrepresented his role in procuring some 38 works of art for \$2 billion and quietly pocketed \$1 billion. Rybolovlev says he believed that Bouvier was acting as his agent and taking a commission; Bouvier says he was acting as a counter-party selling works to a collector who knew the market.

U.S. prosecutors rarely declare an investigation to be closed or notify subjects of investigations that a probe is being discontinued. More common is a quiet suspension of an investigation that leaves subjects and targets to sweat it out through the long, uneasy silence. That gives prosecutors the option of reopening an investigation after reanalyzing or uncovering new evidence.

A spokeswoman for the U.S. attorney’s office in Manhattan declined to comment, as did a lawyer for Bouvier. Lawyers for Rybolovlev in New York, London and Geneva declined repeated requests for comment.

## Pricey Properties

By now the outlines of the Rybolovlev-Bouvier tale are well known to people in the art world and beyond: Rybolovlev made his fortune with a pair of fertilizer companies and invested it

in the world's most marquee properties. He famously bought a Palm Beach, Florida, estate from the future President Donald Trump for \$95 million, as well as what was then New York's most expensive apartment, an \$88 million penthouse, for his daughter.



Dmitry Rybolovlev Photographer: Valery Hache/AFP via Getty Images

Nearly two decades ago, Rybolovlev set out to assemble one of the world's finest art collections. He met Bouvier through his transport and storage company, and the pair struck up a relationship. In the ensuing years, Bouvier helped Rybolovlev amass his holdings, sourcing priceless Monets, Picassos, Rothkos and Klimts, among others.

The "Salvator Mundi" is thought to have been painted by Da Vinci around 1500, one of just 15 paintings by the artist behind some of the most famous works in the world -- including the "Mona Lisa" and "The Last Supper."

The painting was lost for more than a century and at times thought to be a fake, heavily painted over from restoration attempts. It resurfaced in England and was ultimately sold to a group of New York art dealers, who painstakingly restored it. Historians and scholars judged it to be authentic, and it was exhibited in London's National Gallery. Rybolovlev bought it, with Bouvier's help, in 2013.

## Soured Relationship

But the relationship between the two soured after the Russian learned, during a lunch in St. Barts with an art adviser to the hedge fund manager Steven A. Cohen that the Modigliani that Rybolovlev had bought for \$118 million wasn't the deal Bouvier allegedly led him to believe. The Russian discovered that not long before, Cohen had sold the same painting for \$24 million less.

When Bouvier arrived at a Rybolovlev apartment in Monaco in 2015, police officers were there to arrest him. Rybolovlev also successfully used the courts in Singapore, where Bouvier is a resident, to freeze his assets worldwide.

Rybolovlev has said he thought Bouvier was taking no more than his 2 percent commission on the deals. What he didn't know, he says, was that Bouvier was inserting himself as a buyer and seller in the middle of Rybolovlev's transactions, allowing him to profit from the difference between the price he paid and the price he charged Rybolovlev.

Bouvier hasn't denied buying works and selling them to Rybolovlev for more. But he has maintained that he wasn't bound by any obligation to Rybolovlev for the artworks in dispute.

## Latest Twist

The abandonment of the U.S. investigation, though, is just the latest twist in the three-year legal war between the two men that's rumbling through courts in the world's wealthiest financial centers including Monaco, Singapore, New York and Geneva. For varying reasons, cases in Monaco and Geneva have yet to be resolved; an appeals court in Singapore overturned the freeze on Bouvier's assets.

Prosecutors in Geneva questioned Bouvier about the Rybolovlev transactions in February, and separately Swiss authorities have said they are investigating his tax payments.

In the U.S. case, the authorities had amassed evidence that Bouvier had in fact bought the works at much lower prices than the amount he told Rybolovlev they would cost, according to people familiar with the investigation.

Prosecutors had also secured the testimony of Samuel Valette, a London-based vice chairman of Sotheby's and the head of international sales, to testify as a government witness if the case went to trial. Valette was intimately involved in some of the transactions, writing bullish assessments of the works' value and even attending a viewing in Vienna where Rybolovlev was shown Gustav Klimt's "Water Serpents II." Rybolovlev bought the work in a deal put together by Bouvier.

## 'No Knowledge'

In U.S. court filings, Rybolovlev has claimed that Sotheby's "aided and abetted" Bouvier, and has signaled plans to sue the auction house in the U.K. Neither Sotheby's nor Valette have been accused of wrongdoing by authorities.

"Sotheby's has repeatedly stated that it had no knowledge of what transpired between Dmitry Rybolovlev and Yves Bouvier, and did nothing to cause Mr. Rybolovlev any alleged harm," the auction house said in a written statement.

But even as prosecutors assembled evidence, complications began to emerge. Some of the witnesses and the transactions in the case were overseas, posing a challenge for prosecutors seeking to secure testimony in a U.S. court.

Rybolovlev's prior contact with Trump was also a concern, according to a person familiar with the matter. First, the Palm Beach mansion sale raised eyebrows because the sale price was twice what Trump had paid for it just four years earlier. Then, in the spring of 2017, it emerged that Rybolovlev's private plane had turned up at airports in the U.S. where Trump was holding campaign events during the 2016 election.

Although Trump and Rybolovlev have said they never met, pursuing a case where the victim is a Russian oligarch who's had dealings with Trump could have undercut the case with a jury, the person familiar with the matter said.

## A Key Work

Several months passed. Then Rybolovlev put up the "Salvator Mundi" for sale.

The painting was the linchpin of the U.S. probe. Though it was only one of the transactions under scrutiny in the investigation, it was a key work -- both because of its dollar value and because it was one of the few pieces that were sold in the U.S.

The piece was auctioned at Christie's rarefied New York headquarters in Rockefeller Center last November. A 20-minute bidding war broke out, with prices quickly surpassing previous world records. When the gavel fell, the "Salvator Mundi" had resold for \$320 million more than Rybolovlev paid, shattering the record for the most expensive piece of art in history.