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£3bn art fraud case collapses after German court told 'fakes' are real thing



Israeli art dealer Itzhak Zarug was cleared of all charges

- [Justin Huggler](#), BERLIN

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One of the biggest art fraud cases of recent years collapsed on Thursday as a German court ruled that a £650m collection of paintings seized by the authorities as suspected forgeries is almost certainly genuine.

Itzhak Zarug, a 72-year-old Israeli art dealer who was arrested by German police and held for three years was cleared of charges of running an international fraud ring.

He was found guilty of lesser charges of falsifying the provenance of some pictures and sentenced to time already served.

The court ordered that Mr Zarug be returned all but three of his collection of 1,800 Russian modernist paintings, which were seized by police in 2013.

In a deeply embarrassing judgement for the German authorities, the court ruled that a five-year international investigation had found no evidence to back claims the rest of the paintings were forged.

“Reason and justice have prevailed, and my pictures can at last be enjoyed without suspicion or concern,” Mr Zarug said in a statement.



Inside the Chagall Museum in Nice, France. Paintings by artists such as Marc Chagall were banned in the Soviet Union under Stalin CREDIT: EDUCATION IMAGES/UIG VIA GETTY IMAGES

“I am pleased that the allegations against me and against my pictures have been proven to be unfounded. The degree of thorough scientific and historical analysis can leave no doubt that these paintings are true and genuine masterpieces of the Russian avant garde.”

Mr Zarug personally built up one of the world’s leading collections of Russian avant garde paintings by hunting down lost works in eastern Europe after the fall of communism.

Paintings by artists such as Marc Chagall and Kazimir Malevich were banned in the Soviet Union under Stalin and many were dispersed and hidden to prevent their destruction.

When Mr Zarug was first building his collection there was little international interest in the artists, and he was able to buy works for as little as \$25 (£18).

Prices have risen steeply since then. In 2008 a Malevich painting sold for \$60m (\$43m), and Mr Zarug's collection has been valued at over €750m (£660m).

But in 2013 a gallery he owned in the German city of Wiesbaden was raided by police, and he was arrested on charges of running an international fraud ring and selling forged works.



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He was held without bail for three years, before finally being released in 2016 as it began to emerge that the case against him was not as strong as first thought.

The court ordered exhaustive analysis of the paintings. Separate investigations were undertaken in the UK, France, Israel, Spain and Switzerland, and more than ten expert witnesses testified in court.

“If only the same diligence had been evident before I was arrested three years ago, we may have been spared this ordeal,” Mr Zarug said yesterday. “Issues of authenticity are rampant in the market for the Russian avant-garde, but it is no excuse for a witch-hunt.”



Red Cavalry, 1932, painted by Ukrainian artist Kazimir Malevich. When Mr Zarug was first building his collection there was little international interest in artists such as Malevich CREDIT: ROBERTO SERRA - IGUANA PRESS/GETTY IMAGES

The Russian avant garde is notorious in art circles for the ease with which works can be forged. There are few records of lost paintings, and the materials used by the artists are easier to obtain than those from older periods.

The court retained three works out of the collection of 1,800 after tests found traces of pigments that do not match the date of the pictures. Mr Zarug maintained he had bought the pictures in good faith.

He was found guilty on lesser charges after a business associate, Moez Ben Hazaz, admitted falsifying the provenance of some works in order to drive up the price. As owner of the business Mr Zarug was found legally culpable despite denying knowledge of the falsification.

He was sentenced to two years and eight months, which he has already served on remand. Mr Ben Hazaz was sentenced to three years.

“I hope my struggle will serve as an example to the art market that exercising caution is not the same as indulging in gratuitous allegations in the hope of exposing the next great scandal,” Mr Zarug said. “I hope that I can now move on from this matter and be able to focus on bringing a fascinating period in art history to more people.”

