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Russian billionaire Rybolovlev sues Sotheby's for \$380m in fraud damages

The mega-collector's latest lawsuit, filed in New York, escalates his three-year legal feud with Swiss dealer Yves Bouvier

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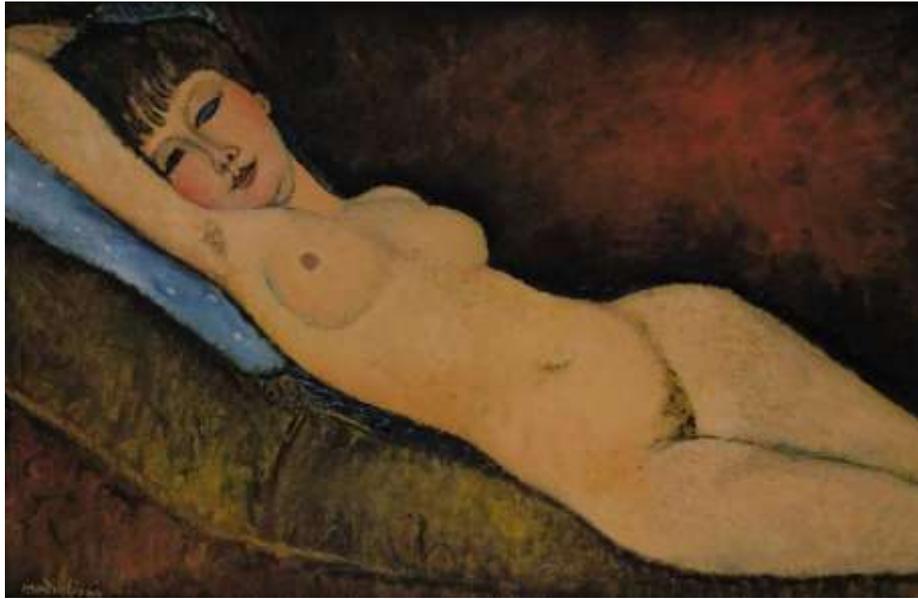
Rybolovlev served Sotheby's with a \$380m suit in a New York federal court despite a similar pending case in Geneva Francknataf

The ongoing and vitriolic battle between the Russian fertiliser billionaire turned art collector Dmitry Rybolovlev and Yves Bouvier, an entrepreneurial Swiss art dealer and freeport magnate, reached dramatic new heights on Tuesday (2 October) when Rybolovlev filed a \$380m lawsuit against Sotheby's in a Manhattan federal court.

The charges are brought by two of Rybolovlev's companies and claim that the auction house materially assisted what the collector refers to as the "largest art fraud in history", as first reported by Bloomberg. It is the latest attempt by the Russian oligarch to recoup \$1bn from Bouvier after first claiming in 2015 that he was overcharged by the dealer on 38 works of art purchased for a total of \$2bn over the course of a decade, among them Leonardo's Salvator Mundi. Sotheby's was involved in the sale of 14 of the works in question.

According to the court papers, Bouvier "masterminded" the fraud by acquiring the paintings at lower prices than he represented before selling them to Rybolovlev at unduly marked up rates, fraudulently pocketing millions for himself. Sotheby's, the complaint contends, knowingly and intentionally bolstered the plaintiffs' "trust and confidence in Bouvier and rendered the whole edifice of fraud plausible and credible" by brokering certain sales and inflated valuations. The papers implicate members of Sotheby's staff by name, such as Alexander Bell, the house's co-chairman of Old Master paintings, and the vice chairman of worldwide private sales, Samuel Valette.

In its official statement offered on the case, the auction house calls Rybolovlev's case "desperate" and "entirely without merit". Sotheby's jointly sued Rybolovlev with Bouvier in Geneva in November 2017 in order to block a lawsuit the Russian oligarch was planning to file in the UK. Since then, however, Rybolovlev has been [granted the use of confidential documents](#) from Sotheby's to build his case by a New York court. The complaint filed in Manhattan on Tuesday yesterday likely stems from this development, though the documents remain publicly undisclosed.



Bouvier acquired Modigliani's Nu Couché au coussin Bleu (1916) from Sotheby's before selling it to Rybolovlev with a much higher price tag. Wikimedia Commons

Beyond the unprecedented amount being sought in damages, Rybolovlev's latest claims do not differ much from the those already being litigated in the Swiss courts, in which Sotheby's has averred that it did not engage in any wrongdoing. "We will vigorously defend the company and our employees against these baseless claims," Sotheby's says, adding that the auction house will move to dismiss the action in New York while continuing to pursue the case currently in processing in Geneva.

Some of the works in question include Gustav Klimt's Wasserschlangen II (1904), which Bouvier reportedly bought in 2012 for \$112m before selling it to Rybolovlev for \$183.8m plus \$3.6m in commission, as well as Amedeo Modigliani's Nu Couché au Coussin Bleu (1917), for which the collector paid over \$120m including commission fees in 2012 although Bouvier had procured it for him at only \$95m.

Perhaps the highest-profile example of the purported fraud is in the 2013 sale of Leonardo da Vinci's Salvator Mundi to Rybolovlev for a total of \$128.7m, which represents a mark-up of \$45m from what Bouvier paid for it through a private sale facilitated by Sotheby's.

Though the Russian oligarch pushed for a federal investigation into this sale, the inquiry was brought to a halt in June after the painting fetched a gobsmacking \$450.3m at Christie's last November—which netted Rybolovlev a healthy profit in excess of \$300m on the work.

Sotheby's maintains that the title for these works passed directly to Bouvier and that it did not have prior knowledge of whom the dealer may have intended to sell them to once he acquired them, thus absolving the auction house of culpability. In the case of the Leonardo painting specifically, Sotheby's pre-emptively filed papers in a New York court in November 2016 to block such a suit, stating in which it claims that it did no't know that Bouvier had the Russian billionaire on the sidelines waiting to pay much more for the work.



Sotheby's filed court papers in November 2016 to pre-empt a possible lawsuit over Bouvier's private sale of Leonardo's Salvator Mundi to Rybolovlev. Courtesy of Christie's

Unlike the case filed in Geneva, the \$380m lawsuit brought against the auction house in New York does not include charges against Bouvier, the key actor in the exchanges. This, along with the pending Swiss suit, could factor heavily into a judge's decision to throw out the case.

Over the last few years, Rybolovlev's companies have filed suits against Bouvier in Monaco, Singapore, Hong Kong, Bern and the canton of Geneva, though none of them have yet been resolved in

the collector's favour. In the billionaire's case against Sotheby's, he accuses the company of aiding and abetting Bouvier—who is identified in the court papers as a “major player in the art world” and “valuable” to the auction house—to better its bottom line. The allegations state: “Sotheby's conduct was willful, wanton, reckless and intentional.”

Rybolovlev's representative confirmed that the businessman's family trust companies filed a complaint against Sotheby's seeking \$380m in damages, plus interest, but declined to give any further comments.

