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## Case Review: Karlsson v. Mangan

*By Chris Michaels\**

On 11 June 2014, Plaintiff Anders Karlsson filed a case in the Central District of California against various individuals and entities alleging that they set up fraudulent investment schemes involving fake or forged artworks, attributed to Pollock and de Koonig, as well as breached their fiduciary duties to Plaintiff regarding his investment in a luxury yacht. The Plaintiff, Anders Karlsson, is engaged in mining, procuring, and wholesale and retail purchases and sales of boutique, minerals, fossils, gems, and natural history items. The named defendants are, John Leo Mangan III, Michael William Force, Taryn Burns, Jovian “John” Re, Leslie James, and the entities Art Possible, LLC, Art Force, LLC, and Raven Art, Inc.

In the Complaint, Karlsson alleges that his former personal friend of nineteen years, Defendant Leslie James, became aware that Karlsson was about to generate substantial sums of investment capital through the sale of an interest in one of his companies. The Complaint states that, armed with this information, Defendant James and the other Defendants conspired and acted in concert to defraud Karlsson through the use of fake and/or forged artworks.

The first claim in the Complaint involves the alleged breach of a Joint Venture Agreement (“JVA”) between Karlsson and Defendants Raven Art, Inc., Mangan, and Force. Pursuant to the JVA, Karlsson purchased a Jackson Pollock painting for \$1,000,000, in which Karlsson

maintained a 23.5% interest. The Raven Art Defendants represented the Pollock to be authentic and, according to Karlsson, he relied on their representations when purchasing the painting. Under the terms of the JVA, the painting was not to be moved from storage in Long Island City, New York without Karlsson's written consent nor without insurance approved by Karlsson. Additionally, the JVA stipulated that painting was not to be sold for less than \$30,000,000.

Karlsson maintains that, in spite of the terms of the JVA and in breach thereof, the painting was, in fact, moved without his consent and without the requisite insurance to an expert chemical art researcher in London, England. While the Complaint does not specifically state why the painting was moved to the researcher, it appears that the move was to have the researcher confirm the authenticity of the painting. In addition to the breach of contract claim on this issue, this claim of the Complaint also notes that Karlsson now has legitimate issues regarding the authenticity, provenance, and true value of the painting.

In the second claim, Karlsson maintains that he paid Defendant Re, identified in the Complaint as a "major source" of renowned artworks, \$793,000 for twenty-one artworks. The artworks were represented by Re, Art Force, and Art Possible to Karlsson as being genuine and authentic works, with documented valid provenance. Of the twenty-one works purchased, three of them were Jackson Pollock paintings. Karlsson states that works were purchased pursuant to "earn-in" contracts, under which the Re, Art Force, and Art Possible were required to perform services to authenticate the artworks. To date, Karlsson asserts that no authentication services have been performed by the Defendants and, in fact, Karlsson claims that at least four of the works are fake: all three Pollock paintings and a Max Ernst sculpture. Karlsson maintains that the Defendants had knowledge of the fakes, and also states that some of the remainder of the artworks purchased also appeared to be fakes and/or with falsified provenance. Among other things, Karlsson is seeking declaratory relief on the issues of authenticity, provenance, and the true value of the Re supplied artworks.

The third claim of the Complaint deals with another earn-in contract whereby Karlsson purchased works from the Art Force Defendants for \$695,000. Similar to the second claim, Karlsson states that he was coerced to buy the works, including a John Fernely, Sr. oil on canvas, because of representations made by Art Force that the works were authentic. Karlsson now claims that the works are fakes and he believes that the Art Force defendants knew of their falsity before the sale.

The fourth claim of the Complaint involves another earn-in contract issue, this time between Karlsson, Art Force and Art Possible, wherein Karlsson purchased nine artworks and agreed to provide the capital, time, and effort to arrange for repair and restoration of the works. As

stated in the Complaint, Karlsson now believes that at least five of the nine artworks are fakes and the other four are of uncertain authenticity.

The fifth claim in the Complaint, solely against Defendant Leslie James, alleges breach of contract, fraud in the inducement, and theft and conversion, among other causes of action. In this claim, Karlsson claims that James bought several fake Picasso artworks from the Art Force Defendants in order to include them in a compendium of works that James is self-publishing. As James was compiling works to include in his publication, Karlsson delivered to James a collection of twelve paintings by Gaston Longchamps to be photographed for inclusion. Karlsson claims that James returned eleven out the twelve paintings and is now refusing to return the last painting.

Additionally, Karlsson asserts here that he personally loaned James \$75,500 and James provided two paintings as collateral: a Pollock painting and a de Koonig painting. When Karlsson demanded repayment of the loan and James refused, Karlsson paid to have the paintings authenticated by art experts. The results of those authentication efforts were negative and, when Karlsson informed James of the results, James demanded their return so that they could be sold. Karlsson now alleges that James never intended to sell the paintings and states that they are now displayed in James' publication as authentic paintings.

Finally, the last claim of the Complaint avers that Defendants Art Possible, Mangan III, and Force induced Karlsson to purchase a yacht for a price that far exceeds its fair market value and that is less than the value represented to Karlsson by the Defendants.

Through the Complaint, Karlsson is seeking, among other things, compensatory, special and actual, consequential, and punitive and/or treble damages. Karlsson is also seeking injunctive relief to compel specific performance of the various agreements outlined above.

Interestingly, in the claims associated with the alleged fake and/or forged artworks, Plaintiff alleges he is entitled to declaratory relief as to the issues of authenticity, provenance, and true value of the artworks. Through this call for relief, it appears that Plaintiff is requesting the court to definitively rule on the authenticity of the works even though Plaintiff is stating that, for the majority of the works, the requisite provenance research and authentication efforts have yet to be performed. It seems likely that the expensive and lengthy process of determining the authenticity of these works will need to be performed by a third party before any determination is made.

Plaintiff is represented by Meir J. Westreich of Pasadena, CA.

**Sources:**

- Complaint, in Karlsson v. Mangan III, C.D. Cal., Filed on June 11, 2014).

**About:** Chris Michaels is a litigation attorney in the Philadelphia office of the Atlanta, GA-based law firm, Cruser & Mitchell, LLP, where he actively pursues his interest in the field of art law. He may be reached at (518) 421-7238, [chriswmichaels@gmail.com](mailto:chriswmichaels@gmail.com), or on Twitter @CMichaels88.

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