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GLOBAL BANKING &
Finance
review

First ever multi-million-dollar artwork tokenised and sold on blockchain

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Warhol painting successfully raises funds using smart contracts and cryptocurrencies. For the first time ever, a multi-million dollar tokenised artwork, Andy Warhol's 14 Small Electric Chairs (1980), has been sold to participants on Maecenas, an art investment platform built on blockchain, in the private beta launch of the platform.

Facilitated in partnership with London-based Dadiani Syndicate, a fine art gallery, the cryptocurrency auction attracted over 800 sign-ups within weeks, several times the expected number.

The auction raised US\$1.7m for 31.5% of the artwork at a valuation of US\$5.6m.

It is the first time that a high-profile artwork from an internationally renowned artist has been tokenised and auctioned successfully using blockchain technology. The highest bid in the Dutch auction was US\$6.5 million and more than 6 million ART tokens were used by the Ethereum smart contract during the auction. Maecenas was successful in achieving its main goal for this private beta launch, which was to validate the end-to-end process of the Dutch auction and artwork tokenisation using blockchain technology.

The buyers were a mix of sophisticated investors, crypto enthusiasts and fine art professionals. The participants were mostly from Europe and Asia.

Marcelo García Casil, CEO of Maecenas, said:

“This is a historical moment, for us and for the blockchain community. We have achieved a significant milestone that marks the beginning of a new era. Tokenisation of assets is the most prominent and exciting use case of blockchain technology, and we’re proud to be pioneers in this space. This Warhol painting is the first of many more to come and we are looking forward to seeing and leading the financial revolution for the art market.”

EleesaDadiani, founder of Dadiani Syndicate, added:

“This auction was uncharted territory; a new model in an age-old market. The unprecedented demand, and speed with which the first fraction has been sold, has gone a long way to validating our vision of a more democratic and open art investment market.”

Maecenas tokenised 14 Small Electric Chairs by converting it into tamper-proof digital certificates or “fractions” based on the Ethereum network. Buyers then purchased fractions of 14 Small Electric Chairs with Bitcoin, Ether or the ART token, a cryptocurrency created for Maecenas. The auction was run entirely by a smart contract.

The Maecenas blockchain gives buyers access to artworks that have been verified and are stored securely. Both the sale and subsequent trading of these certificates are tracked on a blockchain. Owners of the artwork fractions can sell their certificates to other buyers at any time via the Maecenas marketplace. The success of this auction makes a new progress from banks to cryptocurrencies that’ll lead a new way to invest in artwork, as Maecenas pursues its goal to democratise access to fine art.

14 Small Electric Chairs is part of Warhol’s 1980 Reversal series – a postmodern reworking of his iconic 1960s Death and Disaster Series. The artwork is certificated from the Andy Warhol Art Authentication Board in New York.

The auction of the artwork started on Wednesday, 25 July 2018, and closed after four weeks, which was two weeks ahead of schedule. The final price for the piece was determined by a smart contract run on Ethereum, which is acclaimed as the fairest and most transparent pricing mechanism to date on the blockchain.