

Old Masters come out of the attic

Auctions

The appetite for Russian art shows no sign of abating, writes **Isabel Gorst**

When Lord Poltmore called and politely withdrew an invitation to a party at the Sotheby's auction house, the MacDougalls took it as a compliment.

"We had become competitors," says William MacDougall, co-founder of the London-based MacDougall's Fine Art Auctions house, a specialist in Russian paintings and art works.

The MacDougalls are a husband and wife team who quit jobs in the City – Moscow-born Catherine was a Gazprom analyst at Kleinwort Benson and William a bond trader at Hill Samuel – for the art business seven years ago.

A minnow among the world's venerable auction houses, MacDougall's has gone head-to-head with Sotheby's, Christie's and Bonhams in one of the most vibrant areas of the art market.

Art collecting became fashionable in Russia in the early 1990s, when the newly rich oligarchs began buying masterpieces of their national heritage that were available at the time for a

song.

Prices for Russian paintings have risen by more than 800 per cent in the past two decades – even faster than Russian equities, says Mr MacDougall.

MacDougall's Fine Art has offices in Moscow, but its auction room is in London, the epicentre of the Russian art market.

Specialist art sales are held there by all the main auction houses in the so-called Russia Art Weeks every June and December.

The MacDougalls admit their first auction in 2004 was a "total disaster", but they had a lucky break when someone called from Los Angeles offering to sell a painting by Konstantin Korovin, the Russian Impressionist, that the local branch of a rival auction house had shunned.

"Ballerina in a Green Dress" was part of the collection of Theodore Kosloff, a dancer in the Imperial Russian ballet who emigrated to the US and became a silent movie star. MacDougall's sold the entire collection for £2.5m

in 2005, establishing the firm on the London market for Russian art.

Apart from a dip during the financial crisis, MacDougall's earnings have risen steadily since then, reaching £25m last year when it was the largest seller of Russian paintings at specialised London auctions. At least 90 per cent of the bidders at MacDougall's auctions are Russian or Ukrainian and most fly into London from Moscow or Kiev for the sales.

Russian art weeks are society events, but also have a practical purpose, allowing Russian art buyers to bypass rules blocking the export of national treasures from their country. Art works can be taken in and

out of Russia legally if they have been bought overseas.

Art collecting was a favourite pursuit of the super-rich in Tsarist times, but after the revolution, the authorities confiscated privately owned works and placed them in state museums. Thousands of icons were burnt and some of the nation's most precious art



treasures were sold to repay foreign debt in the 1920s, when the new rulers in the Kremlin were struggling to balance the economy.

The oligarchs, who built their fortunes during the wild early years of post-Soviet capitalism, revived the tradition of collecting, amassing large quantities of mainly Russian art.

Much of the art appearing at London auctions first arrived in the west in the suitcases of émigrés fleeing oppression, or of foreign diplomats serving in Moscow during Soviet times.

Within Russia, art works concealed in attics or KGB vaults for decades began surfacing in the 1990s, as word spread about the surging value of paintings and sculptures largely overlooked in the Soviet era. Many of these have made their way to London auction rooms, enriching their owners beyond their wildest dreams.

Authentication is a serious challenge for auction houses in a market bedevilled by fakes

A troubled history may add value-enhancing poignancy to some art works, but also makes for sketchy provenance.

Authentication is a serious challenge for auction houses striving to uphold their reputations in a market bedevilled by fakes.

“If someone came to you in the west and said they had kept a Goncharova [Natalia Goncharova, the Russian cubist painter] hidden under their bed for 50 years, you would be a bit suspicious. But in Russia, it happens,” says Mr MacDou-

gall. Some Russian art buyers have made “bad mistakes,” he adds

Peter Aven, president of Alfa-Bank, stopped adding to his huge collection of Russian avant garde art after reports that more fake versions were in circulation than genuine works. Other Russian collectors such as Viktor Vekselberg, the billionaire oil and metals tycoon, have sued auction houses for allegedly selling them forged paintings.

At first, Russian collectors focused on renowned Old Masters. But they are now casting their nets wider, buying contemporary and émigré works unknown in the Soviet era and branching out into European art.

Russians’ growing confidence may help the MacDougalls capture more business from traditional auction houses.

They themselves add value, says Mr MacDougall. “Rich Russians no longer need the validity of a brand when buying art.”

