

It Takes a Sophisticated Thief

Divesting of stolen masterpieces may be more difficult than stealing them.

By Leslie Werstein Hann

Robert Wittman found himself in an upscale Copenhagen hotel room checking the authenticity of a \$36 million self-portrait painted by Rembrandt in 1630. It was September 2005. The Philadelphia-based FBI agent was posing as an art professor hired to authenticate the painting for a potential buyer, a leader in an Eastern European organized crime gang.

The seller had already painstakingly counted out the bundles of \$100 bills, finding all \$250,000 present and accounted for. Now it was Wittman's turn. Inspecting the painting under a black light for the telltale copper backing, Wittman confirmed that, yes, indeed, this was the real thing. The son of an antiques dealer who retired last month as head of the FBI's art crime team, Wittman was struck by how well the painting had been cared for in the five years since it was stolen in an audacious heist from the Swedish National Museum.

Back on Dec. 23, 2000, just a few minutes before the museum's closing time, three robbers armed with automatic weapons ordered the guards to the floor and ran off with the Rembrandt and two Renoirs. While accomplices set off two diversionary explosions to delay the arrival of police, the thieves escaped in a motorboat. One of the Renoirs was recovered in a raid a year after the theft. Early in 2005, a drug bust in Los Angeles yielded the second Renoir and the lead that investigators needed to set up an international sting operation to recover the Rembrandt. It was a little beauty, just 6-by-4¾ inches without its frame. Wittman noted that the painting had been kept just as it was when it was stolen.

"When I was inspecting the piece, I looked at the 27-year-old guy in front of me, and I said, 'It's in the same frame,'" Wittman recalled in a recent interview. "He said, 'Of course. It's a Rembrandt.'"

Perhaps the man was insulted by the implication that he might harm such an important work of art. And, yes, sometimes art thieves *are* connoisseurs. But as sleuths like Wittman and art insurers will tell you, more often they're common criminals.

"The cliché of the billionaire collector trying to decorate his lair with stolen works just doesn't happen," says Natasha Fekula, fine art claims supervisor for XL Insurance.

Whether or not thieves know the value of the art they steal, they soon find there's no easy way to turn it into cash. In July, Bernard Jean Ternus, a French national who lives in South Florida, pleaded guilty to trying to sell four paintings stolen in August 2007 from the Musee des Beaux-Arts in Nice, France. The paintings included Monet's "Cliffs Near Dieppe," Alfred Sisley's "The Lane of Poplars at Moret" and two others by the 17th-century Flemish painter Brueghel the Elder. Ternus thought he had a buyer, a Philadelphia art dealer willing to pay \$4.6 million. Their courtship lasted months. The men drank champagne together aboard a yacht. Unfortunately for Ternus, however, his buyer was none other than Wittman, the undercover FBI agent.

"The true art in art theft is not in the stealing," Wittman likes to say, "it's in the selling."

Tempting Targets

The economy may be dampening the art sales hysteria of several years ago but not by much. While sales of artwork in the \$300,000 to \$2 million range seem to be slowing, big-ticket items are still hot, according to Hiscox, a specialty insurer that tracks art values for its customers with the Hiscox Art Market Research Index. In June, Hiscox reported that 19th century European art had seen a 13% rise in value from March 2007 to March 2008 and modern art values rose 29.7% in the same period. Sotheby's spring contemporary art auction brought in its largest take ever, with \$362 million in sales, including \$86.3 million for a 1976 Francis Bacon triptych. In recent years, a rare painting by Picasso and a famous portrait by Gustav Klimt have fetched more than \$100 million each.

Look at it The art market is said to be a \$200 billion industry, and \$80 billion worth of art changes hands in the U.S. each year. In what really can't be anything more than a wild guess, the FBI estimates that art crime represents a \$6 billion industry. The Art Loss Register has more than 169,000 works of art in its database of stolen art.

"It's a worldwide problem that very often affects insurers because they are the ones that are paying out on the claims," says Christopher Marinello, the Art Loss Register's executive director and general counsel.

The insurers paying art claims may be personal lines or commercial insurers covering homes, museums, galleries, corporate offices, university collections, truckers or warehouses.

It's a Small World

In many ways, the art insurance world is like a small club. After all, how many art-history majors wind up in underwriting and claims? Dorit Straus didn't know the first thing about insurance when she walked in the door at Chubb more than 25 years ago, but she knew a lot about pre-Columbian art, having worked in a museum that specialized in it. It just so happened that Chubb was sitting on some pre-Columbian sculptures that had been stolen from a policyholder and recovered years later in a locker at the Port Authority bus station in New York. The collector didn't want them back, so Straus helped Chubb find a buyer. She's now worldwide fine art manager with Chubb.

Nationwide Insurance finds itself in a similar situation. In June, a well-known Andrew Wyeth watercolor on paper turned up 7½ years after it and 21 other paintings were stolen from a Houston house while the owner was away on vacation. When a consigner offered it for sale through a gallery, the suspicious dealer contacted the Art Loss Register and learned it was stolen. Houston police retrieved the artwork from the prospective seller, who said he'd bought it from someone now dead. Nationwide, which had paid the insurance claim, offered the Wyeth back to the original owner, but she declined. The insurer will sell the watercolor, "A Bridge, Race Gate (Chadds Ford, Pennsylvania)" at Christie's auction house in December. It's currently valued at \$180,000 to \$200,000.

Standard homeowners and commercial property policies cover plenty of artwork on the walls of houses and offices, but collectors, galleries, museums and other institutions with valuable pieces usually turn to insurers with in-house specialists. In addition to Chubb, Hiscox, and other London Market insurers, these carriers include, Fireman's Fund, American International Group, Axa and XL.

ACE, which has insured museums and galleries, jumped into the market for private collectors as part of the high-net-worth personal lines business it acquired from Atlantic Mutual last year. W.R. Berkley also made a splash in the art insurance market this year, hiring a team from XL, led by Joseph Dowd, to start W.R. Berkley Asset Protection Underwriters.

"There are some really knowledgeable insurance companies offering capacity in the marketplace," says Steven Pincus, senior vice president and fine arts practice leader for brokerage DeWitt Stern. "When you work with the right insurance broker and carrier, you get a lot of insight. We keep our clients calm and make sure they do all the necessary things to increase the chances that the piece gets recovered. In this specialty area, it's more than just straight insurance."

Everyone in the art insurance world has a juicy theft story. Sometimes the claim is memorable because the artist was famous—sometimes because the circumstances were so unusual. Pincus tells the story of a private art dealer who invited a woman he'd just met back to his apartment. "The next thing he knew he had been drugged. He wakes up in the morning, and a number of art objects are missing from the apartment," Pincus says. "Obviously, that's quite embarrassing."

Insurance brokers should "encourage clients to get over the fact of embarrassment and come forward if you want [their] objects back," says Eric Fischer, senior vice president of Willis Maryland. With information traveling at the speed of the Internet, the diffusion of news of a stolen work increases the likelihood that someone will recognize it—and report it to authorities—when a thief tries to sell it.

through criminal eyes and it's easy to see the appeal of stealing art.

Ripped from the Headlines

Some thefts, for one reason or another, are kept quiet. It's the brazen thefts of extremely valuable artwork that grab the headlines. In February, three masked men forced workers at a Zurich museum to lie on the floor while they stole four paintings by Cezanne, Degas, Monet and van Gogh that were worth an estimated \$163 million. The two largest and most unwieldy, the Monet and the van Gogh, were recovered a week later in the parking lot of a nearby psychiatric hospital, but the other two are still missing. In August, five members of the notorious Johnson clan were sentenced in connection with a three-year spree during which they raided mansions and hauled off more than \$160 million in arts and antiques. The largest burglary was carried out in February 2006 at Ramsbury Manor, the home of collector Harry Hyams, where they stole some 300 museum-quality works of art, estimated at more than \$142 million.

If European heists seem more common, they are. The United Kingdom tops the list with 49,722 art thefts reported to the Art Loss Register.

"The number of violent acts against museums in the U.S. is nowhere near what occurs in Europe and in Asia," says Chubb's Straus. A major reason, she contends, is that "a lot more museums are insured in this country, so there's a lot more scrutiny about security." That's the thesis of a chapter Straus is writing for a book edited by Noah Charney, a self-styled art-crime scholar who founded the Association of Research into Crimes Against Art.

"Insured collections are much less likely to be victims of theft than uninsured collections because of the scrutiny of insurance companies," Straus says. "Most insurers are not looking to insure collections—whether in private homes, in galleries or in museums—that are not well protected."

Early Morning Hours

Security systems have been much improved since the largest art theft in U.S. history took place 18½ years ago—a case that remains unsolved today. In the early morning hours of March 18, 1990, two men, posing as Boston police officers, stole 13 works of art worth an estimated \$300 million from the Isabella Stewart Gardner Museum. They tricked their way into the museum, tied up the security guards with duct tape and handcuffs, and put them in the basement while they took off with the art—and the surveillance video. The museum's directors continue to hold out hope that a \$5 million reward might lead to the return of its precious art, which includes "The Concert," one of just 34 known Vermeers in the world.

The theft was the subject of a 2005 documentary, "Stolen," featuring Harold Smith, a well-respected claims adjuster who investigated art and jewelry claims for insurers worldwide. Smith was determined that he could solve the case and chased down every lead—including persistent theories about involvement by Irish Republican Army terrorists—until his death in February 2005.

"He was always disappointed he wasn't able to solve it," says Greg Smith, who followed his father into the fine-arts adjusting business and now is executive vice president in charge of claims for W.R. Berkley's new art specialty unit. "We spoke about it umpteen times. He really thought the loss of the Vermeer was such a tragedy to the world. He thought about it every day."

An art-crime investigator since 1986, Greg Smith has his share of tales, but the heartbreaker is still fresh as the day it happened 15 years ago. It's the big one that got away.

A painting by Soutine worth \$1.5 million to \$2 million that had just been framed was on an art-mover's truck in a driveway in New York. Thinking the driveway attendant had his back, the driver left the truck running to grab a cup of coffee. A young thug stole the truck, drove it to Harlem and abandoned it. When police found the truck, the Soutine was gone. As the adjuster on the case, Smith posted reward notices. One reward-seeker was bringing the painting to his office, but he called the office exasperated that the building was surrounded by police. Only then did Smith realize there'd been a bomb scare next door. The guy was spooked.

"He was close, and he was going to deliver the painting," Smith recalls. "We never saw that painting again."

Inside Job

At an annual meeting of the American Association of Museums several years ago, Wittman asked the audience, by a show of hands, how many had experienced theft from employees, visitors or contractors authorized to be there. More than half the hands went up. When he asked how many had reported those thefts, most of the hands went down.

"It's a huge embarrassment when something in the collection is stolen," says Willis' Fischer, but museums now seem more willing to publicize art thefts.

Interest by insurers and museums alike have grown in the wake of cases like the scholar who over many years carefully cut tens of millions of dollars worth of rare maps out of various university libraries.

Insurers, which often deleted "employee dishonesty" exclusions from museum policies, are putting them back in, and they are advising smaller institutions on how to apply loss prevention techniques with limited resources.

IMUA President Ronald Thornton is planning a seminar on insider theft for cultural institutions in January. Inventory control and management accountability might top the list. Brigham Young University is still trying to recover art works that a former employee from the 1970s "deaccessioned" from the collection and sold. An inventory in 1986 found that art thieves, dealers and previous donors had plundered more than 900 pieces of art, according to a recent article in the *Desert News*.

"It's like family, so it's very hard to accept that someone who loves these collections could be capable of stealing from them," Straus says.

Out from the Shadows

After 20 years at the FBI, during which he tracked down more than \$225 million in stolen art and cultural property, often by posing as an unscrupulous buyer himself, nothing would surprise Robert Wittman. He's helped recover art from devious organized crime figures and cargo thieves, like the guy who in November 2006 stole a Goya from a truck parked overnight outside a motel in Pennsylvania. The \$1 million painting was on its way from a museum in Toledo, Ohio, to an exhibition at the Solomon R. Guggenheim Museum in New York. After suspecting an inside job, authorities concluded the thief must have thought he was stealing something he could unload for cash when he took the crate. Wasn't going to happen with a Goya, but the \$50,000 reward offered by the insurance company was good bait. The painting "was offered back to the museum in exchange for the reward," Wittman says. "In that case they didn't get the reward, they got convicted."

In recent years, Wittman has become an art-crime celebrity, appearing in publications ranging from *The Wall Street Journal* to *Reader's Digest* to *GQ*. He's been compared to Indiana Jones, but he's more like Nicholas Cage in the movie "National Treasure." The guy's recovered one of the original 14 copies of the Bill of Rights, stolen by a Union soldier in North Carolina during the Civil War, and Native American Apache medicine man Geronimo's eagle-feathered war bonnet.

Last month, he retired from the FBI to join his longtime partner in solving crime, former Assistant U.S. Attorney Robert Goldman, who several years ago started the art litigation practice group at the Fox Rothschild law firm. "We're putting the Bob and Bob team back together," he says, offering art investigation and legal services to the insurance industry, museums, galleries and anyone else who might have a claim to stake in the art world.

"What we try to do," Wittman says, "is to recover the past and save it for the future."

Buyer Beware

Steven Spielberg's Norman Rockwell sparks art title insurance.

Whether filched by an employee, a petty burglar, an armed robber or a wartime looter, stolen art is most often discovered when it's offered for sale. If you're buying art from a gallery, at a flea market, from an auction house or on eBay, you'd better make sure the person you're buying it from is the rightful owner—even if you're a movie mogul.

The theft of "Russian Schoolroom," a 1967 Norman Rockwell, was reported to Clayton, Mo., police in 1973, but it wasn't on any stolen art lists when dealer Judy Goffman Cutler bought it at auction in 1988 and sold it to her friend and fellow Rockwell aficionado Steven Spielberg. In 2006, Spielberg's staff spotted it on the FBI's stolen art list. Cutler took back the painting from Spielberg in exchange for another of similar value. The oil on canvas remains in storage in Las Vegas while Cutler battles to retain ownership in litigation with the dealer who reported it stolen 35 years ago.

In the insurance business, loss creates opportunity for a new insurance product. The case of Steven Spielberg's Norman Rockwell, as much as any other, is helping to build interest in a new art title insurance policy developed by Judith Pearson, a former Aon broker, and her brother, art consultant and lawyer Lawrence Shindell. Their company, ARIS, is the first to issue life-of-ownership title insurance policies for art—just like the policy that the mortgage company requires for real estate transactions.

Art title insurance protects the policyholder from the risk that someone else is the rightful owner or has an ownership interest in a work of art.

Art ownership is a hot topic. Bounty hunters are helping to recover artwork for the heirs of Jewish families whose collections were looted by Nazis or sold under duress. A well-regarded New York gallery owner, Larry Salander, is accused of selling artwork on behalf of owners and investors who were never paid. An avalanche of claims forced him into bankruptcy, leaving buyers and sellers in a bind.

"In the art world, there is no such thing as finality in the art transaction," Pearson says.

Though ARIS hasn't sold many policies in its two years on the market, Pearson is pleased with the growing momentum. She's confident that title insurance will one day become as common as land title insurance as buyers, investors, lenders and institutions that accept art donations demand greater transparency.

While they don't insure the title of a work—meaning they won't reimburse clients who lose a title claim and must give back artwork—Chubb and Fireman's Fund will pay some of the defense costs. Chubb is also giving clients access to a service that checks the Art Loss Register and other sources to see that an artwork hasn't been reported stolen.

Plenty of influential art advisors say they recognize the reality of title risk and the benefits of a title insurance policy, yet they remain skeptical that ARIS will change the way the art world does business any time soon.

Hub Fine Arts brokers Norman Newman and Robbin Chanko pitched the ARIS policy to collectors whose dealings make them good prospects and to galleries that accept art on consignment. "We haven't heard a peep out of anybody," says Chanko. "Not even questions."

Art Loss Register: By the Numbers

The Art Loss Register tracks stolen art that has been reported to it. Before an auction house or dealer accepts a work or art for sale—or before a buyer plunks down a few mil for a long-sought treasure—they usually check with the Art Loss Register to see if it has been reported stolen. The ALR also has art historians and investigators in its New York and international offices combing art sales and catalogs for potential stolen works.

The problem, according to executive director and general counsel Christopher Marinello, is that not everyone reports objects that have been stolen to the registry.

"It's frustrating. We have contracts with some insurers, but you'd be surprised how many people think stolen art just somehow gets on the list," Marinello says. "We need the police to contact us when something's stolen. We need the adjusters and insurance companies to contact us when they pay a claim."

Marinello says that when the ALR recovers artwork for which insurers have already paid a claim, "We're like a money machine for them."

Top Countries Reporting Art Thefts

- 1 **UK** 49,722
- 2 **USA** 16,636
- 3 **Germany** 9,402
- 4 **France** 9,094
- 5 **Italy** 8,393
- 6 **Switzerland** 3,096
- 7 **Netherlands** 2,899
- 8 **Belgium** 2,889
- 9 **Austria** 1,995
- 10 **Poland** 1,363
- 11 **Canada** 1,269
- 12 **Ireland** 1,122

Where Stolen Art Comes From

Private property (residential) US 4,884 : Worldwide 49,945
Company (includes art galleries) US 3,040 : Worldwide 12,657
Museums US 889 : Worldwide 10,780
Unknown US 880 : Worldwide 7,018
Churches US 48 : Worldwide 4,902
Public Spaces* US 139 : Worldwide 2,838
Warehouses US 482 : Worldwide 1,180
In Transit US 388 : Worldwide 1,975

**Includes archeological sites, cemeteries and other outdoor spaces*

The FBI's Most Wanted

The FBI maintains a list of the top 10 art crimes on its Web site (www.fbi.gov/hq/cid/arttheft/arttheft.htm). Anyone with information about these thefts should call their local FBI office.

Iraqi Looted and Stolen Artifacts

Shortly after the U.S. invasion of Iraq in 2003, looters attacked Iraqi cultural institutions and archaeological sites, which lost priceless historical artifacts. Looting continues on a massive scale.

A number of artifacts stolen from the Iraq National Museum have been returned, but between 7,000 and 10,000 remain missing. In 2005, the FBI recovered and repatriated eight cylinder seals taken from archaeological sites in Iraq. In 2006, Immigration and Customs Enforcement announced recovery of the statue of King Entemena of Lagash, one of the most significant pieces looted from the museum.

Isabella Stewart Gardner Museum Theft

In March 1990, two unknown men posing as police robbed the Isabella Stewart Gardner Museum in Boston. The thieves removed works of art whose value has been estimated as high as \$300 million. These include: Vermeer's

"The Concert," Rembrandt's "A Lady and Gentleman in Black," Rembrandt's "The Storm on the Sea of Galilee," Rembrandt's "Self-Portrait," Govaert Flinck's "Landscape with Obelisk," and Manet's "Chez Tortoni." The museum has offered a \$5 million reward.

Theft of Caravaggio's "Nativity with San Lorenzo and San Francesco"

In October 1969, two thieves entered the Oratory of San Lorenzo, Palermo, Italy, and removed the Caravaggio Nativity from its frame. Experts estimate its value at \$20 million.

Theft of the Davidoff-Morini Stradivarius

In October 1995, a \$3 million Stradivarius violin was reported stolen from the New York City apartment of Erica Morini, a noted concert violinist. Made in 1727 by Antonio Stradivari, the violin is known as the Davidoff-Morini Stradivarius.

Van Gogh Museum Robbery

In December 2002, two thieves used a ladder to climb to the roof and break into the Vincent van Gogh Museum in Amsterdam. In just a few minutes the thieves stole two paintings, van Gogh's "View of the Sea at Scheveningen" and "Congregation Leaving the Reformed Church in Nuenen," valued at \$30 million. Dutch police convicted two men in December 2003 but did not recover the paintings.

Theft of Cezanne's "View of Auvers-sur-Oise"

During the fireworks that accompanied the Dec. 31, 1999, celebration of the millennium, a thief broke into the Ashmolean Museum in Oxford, England, to steal Cezanne's landscape painting "View of Auvers-sur-Oise." Valued at £3 million, the painting has been described as an important work illustrating the transition from early to mature Cezanne painting.

Theft of Gertrude Vanderbilt Whitney Murals

Two oil paintings by Maxfield Parrish were stolen during a July 2002 burglary of a gallery in West Hollywood, Calif. The paintings are two panels from a series commissioned for Gertrude Vanderbilt Whitney's Fifth Avenue mansion in New York. The paintings were cut from their frames during the theft. The value of the two paintings is estimated at \$4 million.

Theft from the Museu Chacara do Céu, Rio de Janeiro

Four armed men stole four works of art—including paintings by Matisse, Monet, Dalí and Picasso— and other objects from the Museu Chacara do Céu, Rio de Janeiro, in February 2006. The value of the stolen items has not been estimated.

Theft from Art Gallery of New South Wales

"A Cavalier," a self-portrait in oil on wood panel by Dutch Master Frans van Mieris, was stolen from the Art Gallery of New South Wales, Sydney, Australia, in June 2007. The piece was stolen while the gallery was open for public viewing. The relatively small portrait measures 20 x 16 cm. Its value is estimated at more than \$1 million.

Theft from E.G. Bührle Collection, Zurich

Four masterpieces were stolen in an armed robbery in February 2008 from the E.G. Bührle Collection in Zurich, Switzerland. Two paintings were recovered. "Boy in the Red Vest" by Paul Cezanne and "Count Lepic and His Daughters" by Edgar Degas remain missing.

Art Buyers, Beware...Then Be Safe

Tips from Robert Wittman, recently retired FBI art crime investigator, on safeguarding your art investment.

- Do your due diligence. Buy from people you trust and ensure what you are getting is real and that the person you are buying from owns it or has the right to sell it. Except under rare circumstances, if the art you purchase is stolen, even if you don't know it when buying, you don't really own it and have no right to keep it.
- Keep a good inventory of your art. Take good photographs, ideally with film rather than or in addition to digital so it can be identified if it's stolen. Several vendors offer database software to keep track of art, but a notebook, file cards or a spreadsheet can work well, too.
- Notify police as soon as possible if you have a robbery or theft. The longer you wait, the lower the odds. Maintain the crime scene to allow authorities to gather clues.
- Secure your home. Have burglary alarms on second story windows, not just on lower floors. That's how many burglars will get in.

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