



SOCIETY FOR ART COLLECTION

Art & Art Collection News

A BIWEEKLY NEWSLETTER

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LEGAL CONSIDERATIONS IN GROWING YOUR ART COLLECTION



By **Nwachukwu Obi**¹

Art collection is both a time-honoured activity as well as an ever-developing activity. Although art business may seem to be a modern concept, its history dates back to antiquity, to the time of art maestros and commissions in the reformation. It has grown over the years to a complex and intricate body of conventions, and laws regulated through municipal and international laws, rules, treaties and precedence. The last

three decades have seen the art industry experience something that has never happened before in art history. It is what can be termed a revolution of sorts being caused by many factors affecting the art market at the same time. The first one is globalisation and democratisation of the art market. If some time ago, the “global” commercial art market was mainly focused on Europe and the USA, today it is global – Africa, South America, Asia; the art market is everywhere now.² Democratisation

means that more and more people are interested in art.³ One can look at the sheer numbers of people attending art fairs and starting art collections.⁴ In Nigeria, intrinsic parts of the art ecosystem have become a veritable source of income for many. With an increase in the love of art, the critical question of how to adequately finance one’s collection comes up. This paper will highlight the significant legal and policy issues in growing one’s art collection.

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² *African Paintings Record Large Sales At Sotheby's London Auction*, Ventures Africa <<https://venturesafrica.com/blog/2020/04/16/african-paintings-record-large-sales-at-sothebys-london-auction/>>; *Stakeholders see bright future for Nigerian art*, Guardian Arts <<https://guardian.ng/art/stakeholders-see-bright-future-for-nigerian-art/>>

³ *The art market is increasing in transparency* – Artlaw.club. <https://artlaw.club/en/artfinance/the-art-market-is-increasing-in-transparency/>

⁴ *ART X Lagos 2019: More than an Art Fair?* | By adeoluwa oluwajoba <<https://thesoleadventurer.com/art-x-lagos-2019-more-than-an-art-fair-by-adeoluwa-oluwajoba/>>

“Many established collectors are wealthy and thus make outright cash purchases of pieces. This is not the same for budding collectors and institutions which wish to take risks purchasing expensive works of art. In those situations, providing the collateral/ security required by financial institutions to access capital is a significant challenge for many budding collectors.”

A general misconception that occurs is the belief that the collection of art is solely investment-driven or reserved for High Network Individuals, commonly referred to as HNIs or Ultra HNIs. It is founded on the misconception that art is an investment class that can be purchased and held on to sell for a profit. This view is misleading. The class of collector that looks purely at the official art investment market, it is a tiny one. The majority of collectors buy art for purely emotional reasons; that is the main driver. For instance, a brief journey back to the significant art patrons of the reformation, including the Medici's of Florence, would demonstrate that art collection was not an investment for them. They wanted to be patrons, and collected art and commissioned artworks to support their city; for glory; for their egos; the social impact. The Medici's did not have plans to resell their collection at the time they commissioned the creation of most of their pieces.

Nevertheless, today, for the majority of collectors, the financial component exists as well. What does that mean? For such collectors, it is not that it is like an investment class on which collectors are looking for a return on investment. Still, they do, however, want to be informed. Over time, art can become an essential part of one's financial assets and thus must be protected as such⁵. In some countries, art is taxed transactions possess specific tax concerns; In Nigeria, an art transaction is subject to Value Added Tax and Capital Gains Tax. Thus it is essential to know the value and possess documentation for one's collection. Thus, even though art is a personal asset, a collector has an even greater duty to protect the collection.

Art is a transferable asset, a movable asset; however, it does not have a particular currency attached to it; thus, it may be able to beat inflation. Some Collectors collect for the features as mentioned above, especially when one feels insecure in a particular place. It is undoubtedly easier to

covertly move a painting than a house. Art transactions have slowly grown from the simple sale of goods purchases governed under the *Sale of Goods Act 1893 (SGA)* to detailed and complex transactions often involving corporate finance. As such, any significant art transaction usually involves due diligence. This often involves; establishing the provenance (historical record of ownership), and if applicable, exhibition history of the artwork; identifying the artwork and its root of ownership (especially key for pieces that are jointly owned or are of cultural significance) and determining the artwork is free from encumbrances; verifying its authenticity through experts; determining its current condition artwork's composition, condition and recommended conservation and addressing all red flags. Once the due diligence is sorted out, the next major issue is securing the capital to fund the art purchase.

Quick, easy and relatively straightforward access to capital is one of the crucial factors in the growth and development of any art collection. Many established collectors are wealthy and thus make outright cash purchases of pieces. This is not the same for budding collectors and institutions which wish to take risks purchasing expensive works of art. In those situations, providing the collateral/ security required by financial institutions to access capital is a significant challenge for many budding collectors. The result is that many collectors, especially the young and low-income collectors, are unable to access the necessary capital to needed to build and expand their collection.

What may, in the long run, become the most significant legal innovation in the financing of art collections in Nigeria is the *Secured Transactions in Movable Assets Act 2017* (“the Act”). The Act provides a broad framework governing the creation of security interests in moveable assets (which art is), the rights and obligations of parties to registered security agreements,

mechanisms for perfecting security interests in moveable assets, the creation of a national collateral registry and the determination of priority of competing interests in secured assets. Thus, under the Act, a collector may use one of their pieces as collateral to finance the acquisition of another piece of art. A collector could also purchase a piece through a mortgage transaction and have the purchased piece used as collateral.

Another primary consideration many budding collectors are dealing with is insurance. With art now being deemed as an asset class, there is now a need for comprehensive and bespoke insurance policies. Many insurance companies insure artwork, but the choice of insurance will usually depend on the amount and value of one's art collection and also the kind of coverage one wants. There are generally two major types of art insurance coverage that offer protection for a work of fine art; they are title and property insurance. **Title insurance** insures against defective title upon purchase. For example, stolen or looted artwork that is later sold to a collector renders the collectors' title defective. **Property insurance**, on the other hand, is relatively similar to the commonly known homeowner's insurance as it insures against theft, damage or destruction. If one possesses a significant piece or collection, however, one would likely be better served by a policy underwritten by a separate insurance company that specialises in art⁶. The policy ought to cover a variety of situations that could affect one's collection such as theft, destruction or damage through fire, natural disasters, accidents at home, storage and transit. One may also want a separate policy if one loans their art, for display at exhibitions. The policy should reasonably cover both *replacement*, which covers the art if it is stolen or destroyed, and *restoration* if there is partial damage that can be repaired. The most crucial documentation in art insurance is provenance. While there is a shortage of such policies in Nigeria, many collectors

5 *Art as an Alternative Investment*, Oscar N. Onyema http://www.nse.com.ng/NSEPresentation/Ben%20Enwonwu_NSE_Art%20as%20an%20Investment_2014-11-15_vFinal.pdf; *Nigerian art as a new alternative asset for collateral*, Vanguard Newspaper, October 26, 2019 <<https://www.vanguardngr.com/2019/10/nigerian-art-as-a-new-alternative-asset-for-collateral/>>

6 The only existing art insurance provider in Nigeria is Leadway Insurance <<https://www.leadway.com/art-insurance/>>

have begun asking for bespoke insurance contracts for art collections.

In conclusion, building a collection is a beautiful thing. However, there are many serious financial considerations to take note of before taking the plunge. The art ecosystem is just growing into a strict corporate set up. As such, there is a need to keep alert with many more considerations than merely how the art makes one feel before deciding to make a purchase. A prudent collector will need to do some research before purchasing a piece as well as decide on the most suitable means to finance that art appetite adequately.

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I N T E R V I E W

Roanna Tella



Profile

Roanna Tella is a Nigerian artist living and working in Lagos, Nigeria, whose distorted portraits explore various emotional states. Particularly capturing distress, she urges one to explore grief not only as a solitary event to be traversed, but to get comfortable with viewing it as a state of mind, always there, sometimes shifting forward, oftentimes retreating.

Having completed and received her Bachelor's degree in Visual arts with a major in painting from the University of Lagos, Roanna has been part of different workshops and exhibitions in Nigeria and Tanzania, such as Impart Fair in 2019, Last Image Show in 2018 and A - Z: Experiments in Art making with Wura Ogunji in 2018. She was recently selected for the first edition of Nomad artist residency (Studio is in the head: The 3x3x3 project), and the second edition of Rele Arts Foundation's Young Contemporaries Bootcamp.

What does art mean to you?

Aside being a means of self-expression, art to me, is a means of communicating and telling stories I want to bring to people's notice through researching, learning, and then educating.

What do you think is integral to the work of an artist?

Honesty and relatability. Honesty in the narrative one chooses to work with and the way they go about telling that narrative.

What role do artists play in the society?

Artists play a number of roles which differs from artist to artist. Artists make social commentary, mirror things happening in the present, research and preserve history through proper documentation, while learning why things are the way they are. Artists also challenge people to think differently with their work.

What is your process in creating art?

My process is basically me feeding on what my brain has consumed from different sources, which is why I am very particular about what I read, watch and listen to. Most times, an idea just pops in my head and I have to write it down

immediately or it's gone. For times when I don't write it down, it takes everything to remember the details of the idea. After researching and creating references (because I never find the exact poses I want), I begin by sketching on canvas or paper and see where it goes. Developing the concept and transferring it to a surface usually takes 3-7 days for large works.

How do you give titles to your art pieces?

Titling my art isn't so hard because 98% of the time, I already know how I want it to look, and 99% of the time, I already have title options while developing the idea. I like titles that are three words or more because they give a peek into what the work is about, almost like a story.

What plans do you have in developing your career as an artist?

Aside finding my way into exhibition spaces, exposing my work to a new audience and developing my studio practice, I intend on participating in residencies which will help in research, developing my narrative and seeing how my work evolves in 2- 10 years.

Emerging Artist of the Week

Chinyere Akachukwu is a contemporary artist currently living and working in Lagos, Nigeria. Her medium of choice is acrylic on Canvas. She began her artistic journey in 2015 and has since been involved in some exhibitions in Lagos, Nigeria.

Her most recent exhibition was in February, 2020 at Terrakulture Art Gallery, Lagos, Nigeria. Though, a contemporary artist, she is very intrigued by the expressionism movement and many of her works hint at this.



'YOU CONSUME ME'/ ACRYLIC ON CANVAS/2017



'HERE WE GO AGAIN'/ACRYLIC ON CANVAS/2017

SPOTLIGHT

Okwui Enwezor

23.10.1963 - 15.03.2019

Okwui Enwezor was a Nigerian curator, art critic, writer, poet, and educator, specializing in art history. He lived in New York City and Munich. In 2014, he was ranked 24 in the ArtReview list of the 100 most powerful people of the art world.

Venice Art Biennial awarded its highest prize, a posthumous Golden Lions prize to Okwui Enwezor. This award is usually awarded to artists within their lifetime in relation to their works and contribution during a biennial.



Quote of the Week



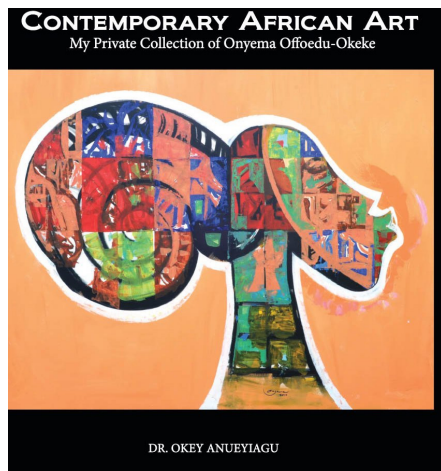
‘Art must never simply be the illustration of a problem: it has to transcend it.’

– Yinka Shonibare CBE.

ART BOOK SUGGESTIONS

Contemporary African Art: My Private Collection of Onyema Offoedu-Okeke by Dr Okey Anueyiagu.

This book presents the creative work of Onyema Offoedu-Okeke, a contemporary artist who lives and works in Nigeria. A trained architect that draws his inspiration largely from traditional Igbo culture, folklore, rituals and other African elements. Onyema’s works in this book are used as a means through art, to introduce the history and artistic creativity of the great civilization of African to the world. It incorporates multidimensional perspectives in various forms and images in such gregarious and seriously aesthetic contemporary style adjunct to Igbo and other African rituals, events and cultural elements.



Collecting Art: A handbook by Jess Castellote and Fabian Ajogwu:

is a primer for the Art Collector. It describes the characteristics of a great art collector and the elements of a great collection. It shows why every collector should have an objective for the collection and how to go about it. It does not attempt to answer the question of why or how people become avid and sometimes even compulsive, collectors of works of art; nor is it a sociological or academic study. However, it tries in a “systematic, knowledgeable, and organised way”, to be a “how-to” guide for the novice as well as established collectors; for art enthusiasts – journalists and critics; dealers and gallery owners; investors and scholars, on how to navigate the complex, and often-tortuous paths of art collection.



COLLECTING ART TIPS FOR BEGINNERS

- Get to know the art market by going for art fairs, visiting galleries and researching
- Build relationship with people various stake holders in the industry
- Set a budget for your collection
- Assess your options before buying
- Consider getting an art adviser
- Ask for a first-time discount on your purchase.



Announcements



Social Media



Sartcol



Society for Art Collection



Society for Art Collection



societyforartcollection

www.sartcol.org

Join us in changing the narrative of art collection. Visit our website

About SARTCOL

WHO WE ARE

The Society for Art Collection is a registered charity (CAC/IT/NO/110968) committed to providing a platform for the exchange of ideas amongst art collectors whilst promoting an appreciation for the arts. The society, through systematic, knowledgeable and organized means, will be a how- to guide for the novice as well as established collectors; art enthusiasts; journalists and critics; dealers and gallery owners; investors and scholars, on how to navigate the exclusive path of art. collection.

MISSION OF THE SOCIETY

To educate collectors on the intricacies of collecting art – provenance and rights of collectors, preserving sustainable collections, respecting the rights of artists, supporting artists, and connecting artists with prospective collectors of their works.

VISION OF THE SOCIETY

Our vision is to provide the platform for an “educated collection and promotion” of the arts.

WHAT WE DO

- Seminars for art collectors to discuss matters of interest relating to art collection, the purchase of art and art related materials.
- Sessions for collectors to speak about their collections and how to collect art.
- Fora support for the development of art and artists.
- Support of art programs and art exhibitions.
- Generating literature and database for art works.
- Organisation and support of events centred on fostering an appreciation and understanding of art (Hallowing Art Again).
- Art Auctions.

THE GOVERNING COUNCIL

- Dr Okey Anuieyagu - Chairman
- Professor Fabian Ajogwu, SAN
- Mr Jesse Castellote
- Ms Ngozi Edozien
- Mr Nero Asibelua
- Mr Ibrahim Dikko
- Mr Adedotun Sulaiman
- Mrs Ananya Kalu

OPERATION TEAM

- Obinna Okerekeocha
- Anita Nnaji

VOLUNTEERS

- Nwachukwu Obi
- Patricia Udeh
- Nimma Jo-Madugu

MEMBERSHIP

Joining the Society for Art Collection as a Patron helps us to make sure that significant works of art continue to enter public collections across the country, where they are valued as well as enjoyed. Our Patrons enjoy informed and inspirational involvement with all works of art and collecting. They receive a range of bespoke benefits including exclusive access to our artists, curators and collections in Nigeria. You can join the society as an:

- ARTIST
- COLLECTOR (Individual)
- COLLECTOR (Institution(s))
- ART ENTHUSIAST

BENEFITS

- Connecting with like-minded art collectors at VIP events - Networking
- A platform where you can socialise, discuss business, luxuriate and find common interests.
- Art collection services; documentation, insurance, etc, at a subsidised rate.
- Invitation to private events.
- Invitation to private events.
- Receive Art market insights.

CONTACT US

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**SOCIETY FOR
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