

## This Month's Articles

**Valuables and Collectables - 1**

**In the Courtroom - 2**

**Estate Planning Tips - 3**

**Take A Break - 3**

**It's National... - 4**

## It's National...

### Go to an Art Museum Day on November 9.

In 1793, the First Public Art Museum, The Louvre, and the world's largest art museum, opens in Paris, France. In 1870, the Metropolitan Museum of Art of New York City, is founded. It is the largest art museum in the United States. The Detroit Institute of Arts' collection is regarded as among the top six museums in the United States. It has an encyclopedic collection and its art collection is valued in billions of dollars, up to \$8.1 billion according to a 2014 appraisal.

So today, go to a museum and discover something new!



November 2021 | Vol. 6

# Estate Planning Buzz

## Valuables and Collectables

We once had five people in four different states enter an online waiting room to try to secure tickets for Yayoi Kusama's Infinity Rooms. Two people were successful and we were lucky to see this popular traveling art exhibit. In our house, art is something we enjoy and make an effort to see either in the area or when we travel. While many of us might not own a Monet or other outrageously valuable piece of art or collectable, we still have items in our possession that can be quite valuable.

Over the years I've been amazed at the various objects and collections people have amassed. From comic books, baseball cards, to even music posters, it is important to examine our possessions when we create an estate plan. These items often hold a lot of emotional value and memories in addition to the monetary value. In our plans we help specify who receives these items and when so they are not overlooked.

To learn more contact us at (248) 409-0256 or [info@ferrilawpllc.com](mailto:info@ferrilawpllc.com). I look forward to hearing what new collectibles are out there and helping you plan!

# Inside and Outside of the Courtroom

## IRS Swoops in on "Canyon"

Ileana Sonnabend was an art gallery owner and collector who died in October 2007. At her death, her heirs, a daughter and adopted son, were faced with an estate in which the artwork alone was valued at over \$1 billion. In order to pay the hefty estate taxes – the federal portion of which was \$331 million- Sonnabend’s heirs sold about \$600 million worth of art.

One work, a “combine” work by Robert Rauschenberg that incorporates found items presented a problem. In Canyon, the artist attached a stuffed bald eagle with wings spread to a canvas inspired by a Greek myth in which Zeus assumed the form an eagle to abduct a boy named Ganymede. Under U.S. law, the work cannot ever be sold since it contains a stuffed bald eagle, a violation of the country’s 1940 Bald and Golden Eagle Protection Act as well as the 1918 Migratory Bird Treaty Act.

The law provides criminal penalties for persons who “take, possess, sell, purchase, barter, offer to sell, purchase or barter, transport, export or import, at any time or any manner, any bald eagle...alive or dead, or any part, nest, or egg thereof,” according to the U.S. Fish and Wildlife Service website.

Sonnabend acquired Canyon in 1959 from the gallery of her former husband. It was 20 years later that Sonnabend learned that the work was problematic. Canyon was often loaned to major museum venues in the United States and Europe.

However, in 1981, as the work returned to the United States, Fish and Wildlife agents became aware of the work. Agents notified the Sonnabend Gallery that restrictions written into the bald-eagle and migratory-bird acts applied to the artwork. Sonnabend applied for and received a special permit under which she was permitted to retain possession of the work. U.S. officials stipulated that the whereabouts of Canyon must always be on record that that the work could never be sold in or outside of the U.S.

Since the work was unsellable, Sonnabend’s heirs and three qualified appraisers valued the work at “zero” for estate tax purposes.

However, the IRS Art Advisory Panel valued the work at \$65 million and sent the estate a “Notice of Deficiency” informing the heirs that they must pay another \$29.2 million in taxes, as well as the related penalty of \$11.7 million.

Art experts questioned the \$65 million valuation since the highest price paid for a Rauschenberg at auction was \$14.6 million. It was a difficult situation for the heirs, if they sold the work to help pay for the taxes it was a criminal offense and if they did not they were still required to pay a hefty tax. Litigation ensued.

In the end, the IRS agreed to settle with the family so long as the work was donated to a museum and that they claimed no tax deduction. The work is now on view at the Museum of Modern Art, in New York City and the museum acknowledges Ileana Sonnabend as a founder in its lobby.

# Tips for Your Estate Plan

## Some simple steps to take

When leaving your valuables or collectibles to your family:

1. Share any sentimentality of your collection with your family
  - Will they care for the item the same way you do?
2. If your family is not interested in it, donate it to a charity/museum or sell it yourself before you pass away so you can oversee the sale
3. If you’re planning on passing it down to family members have documentation or a record in place (certificate of authenticity, etc.)
  - What is it? (Painting – name and artist; specific train model, etc.) so family doesn’t have to try and track that information down
  - What is it worth? Was it ever appraised; do you have any insurance over the collection?
  - Where is it located?
  - How should it be stored/maintained in the future

## Take A Break

### Artist Word Scramble

1. aueCld neotM \_\_\_\_\_
2. aLrnodeo Da nciVi \_\_\_\_\_
3. aetmnRrdb \_\_\_\_\_
4. Anyd oWalrh \_\_\_\_\_
5. aiocPss \_\_\_\_\_
6. intnecV nVa Ggoh \_\_\_\_\_
7. aiecnhlgleMo \_\_\_\_\_
8. eoaigGr O’efeKef \_\_\_\_\_
9. ryaM Cttassa \_\_\_\_\_