

Auction for Prestigious Jewelry Collection Halted

The international jewelry community gathers in New York every Spring for the most prestigious auctions of the year. In April, dealers went to Christie's on two successive evenings for *Rare Jewels and Gemstones: The Eye of a Connoisseur*, and witnessed the sale being called off, rescheduled, and ultimately called off again. The jewelry, which included more than 100 pieces of museum quality antique pieces, had been collected by Ralph Esmerian, a fourth generation jeweler and his late father, the renowned French stone cutter and merchant, Raphael Esmerian.

With his collection of jewels as collateral, Esmerian borrowed money from Merrill Lynch in order to purchase estate jewelry company Fred Leighton in 2006, which has stores in New York and Las Vegas. He defaulted on the \$187 million loan last Fall, and the bank arranged for the pieces to be auctioned through Christie's.

The collection includes 14-carat pink diamond ring worth \$15 million, a diamond bow brooch owned by Empress Eugenie, wife of Napoleon III and later Mrs. William Astor, a Van Cleef & Arpels brooch from the 1940s, and a Lalique bracelet. Christie's reportedly spent \$500,000 promoting the sale, sending the collection to Geneva, Moscow and Dubai for viewings.

Esmerian intended to sell many of the pieces at a Fred Leighton boutique in Beverly Hills, scheduled to open in September. He was unhappy about the forced auction and its estimates totaling about \$34 million, and believed much higher figures could be achieved through private sales.

The day before the scheduled auction, Esmerian filed an emergency motion, halting the sale, only to have Merrill Lynch win an appeal the next day. Esmerian went back to court and filed a bankruptcy petition, stopping the auction for the second time. Buyers were at Christie's waiting for the sale to begin when word was received that it had been called off again. Attendees of the sale, many of whom had traveled internationally for it, were annoyed and felt that Christie's had been careless in rushing the sale.

Merrill Lynch is not pursuing another auction and has agreed to settle the case within bankruptcy court. Esmerian's assertion that the jewelry would sell for higher prices has proven correct, as *Empress Eugenie's Bow* was sold to the Louvre for \$10.7 million, 78% higher than Christie's estimate. The problems, however, still are not over for Esmerian. In early May his sister filed a motion that most of the collection is property of a family trust.

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