



# THE GREAT PARK WEST GALLERY \$40 MILLION DONATION...

## HONEST OBJECTIVE OR SHAM?

by Theresa Franks for  
Fine Art Registry®

**I**t was recently brought to our attention through Caponigro Public Relations, Inc. (Park West's PR spin doctor) that Albert Scaglione and Park West Gallery donated over 40 million dollars (that's right – 40 million dollars) of its own inventory to a number of public universities and institutions across the U.S., the bulk of them educational institutions in the states of New Jersey, New York, Michigan and Ohio.

Before we get into the meat of this study, let's take a look at the artwork donations Park West Gallery and Albert Scaglione say they made. The donated artwork consisted of "lithographs, silkscreen prints and etchings" by Itzhak Tarkay, Jamie Wyeth, Barbara Wood, Marcel Mouly, Fanch Ledan, Yaacov Agam, and Victor Vasarely.

In fact, Albert Scaglione and Park West Gallery boldly claim they "have donated *over* \$40 million worth of art to institutions...and the other universities...."

What follows is a list of the universities and institutions that received the donations and the number of pieces received by each entity. All of this information was published by Park West Gallery and Albert Scaglione and is a matter of public record on the Park West Gallery web site. We have provided screen shots of the respective Park West Gallery web pages here as evidence of the donations made, as follows:



QUIET REFLECTION by Itzhak Tarkay

## PARK WEST GALLERY® AND CENTRAL MICHIGAN UNIVERSITY

Over the past few years, [Central Michigan University](#) has been the recipient of over 1,300 pieces of contemporary artwork. This unique gift of fine art was made through the generosity of Albert Scaglione, CEO, Park West Gallery®. The collection includes lithographs, silkscreen prints and etchings from internationally renowned artists such as Itzhak Tarkay, Jamie Wyeth, Barbara Wood and Marcel Mouly.

To date, Mr. Scaglione has donated over \$40 million worth of art to institutions like CMU and the other [universities](#) listed on this website.

Central Michigan University  
Mt. Pleasant, Michigan  
1300 pieces

Eastern Michigan University  
Ypsilanti, Michigan  
600 pieces



QUIET REFLECTION by Itzhak Tarkay

## PARK WEST GALLERY® AND EASTERN MICHIGAN UNIVERSITY

Over the past few years, [Eastern Michigan University](#) has been the recipient of over 600 pieces of contemporary artwork. This unique gift of fine art was made through the generosity of Albert Scaglione, CEO, Park West Gallery®. The collection includes lithographs, silkscreen prints and etchings from internationally renowned artists such as Itzhak Tarkay, Jamie Wyeth, Barbara Wood and Marcel Mouly.

To date, Mr. Scaglione has donated over \$40 million worth of art to institutions like EMU and the other [universities](#) listed on this website.



## PARK WEST GALLERY® AND FERRIS STATE UNIVERSITY

Over the past few years, [Ferris State University](#) has been the recipient of approximately 300 pieces of contemporary artwork. This unique gift of fine art was made through the generosity of Albert Scaglione, CEO, Park West Gallery®. The collection includes lithographs, silkscreen prints and etchings from internationally renowned artists such as Itzchak Tarkay, Jamie Wyeth, Barbara Wood and Marcel Mouly.

To date, Mr. Scaglione has donated over \$40 million worth of art to institutions like FSU and the other [universities](#) listed on this website.

Ferris State University and the Kendall School of Art and Design  
Big Rapids, Michigan  
300 pieces

Grand Valley State University  
Allendale, Michigan  
130 pieces



## PARK WEST GALLERY® AND GRAND VALLEY STATE UNIVERSITY

Over the past several years, [Grand Valley State University](#) has been the recipient of over 130 pieces of contemporary artwork. This unique gift of fine art was made through the generosity of Albert Scaglione, CEO, Park West Gallery®. The collection includes lithographs, silkscreen prints and etchings from internationally renowned artists such as Itzchak Tarkay, Jamie Wyeth, Barbara Wood and Marcel Mouly.

To date, Mr. Scaglione has donated over \$40 million worth of art to institutions like GVSU and the other [universities](#) listed on this website.



QUIET REFLECTION by Itzchak Tarkay

## PARK WEST GALLERY® AND HENRY FORD COMMUNITY COLLEGE

Over the past few years, [Henry Ford Community College](#) has been the recipient of over 400 pieces of contemporary artwork. This unique gift of fine art was made through the generosity of Albert Scaglione, CEO, Park West Gallery®. The collection includes lithographs, silkscreen prints and etchings from internationally renowned artists such as Itzchak Tarkay, Jamie Wyeth, Barbara Wood and Marcel Mouly.

To date, Mr. Scaglione has donated over \$40 million worth of art to institutions like HFCC and the other [universities](#) listed on this website.

Henry Ford Community College Foundation  
Dearborn, Michigan  
400 pieces

Jackson Community College  
Jackson, Michigan  
3600 pieces



## PARK WEST GALLERY® AND JACKSON COMMUNITY COLLEGE

Over the past few years, [Jackson Community College](#) has been the recipient of over 3,600 pieces of contemporary artwork. This unique gift of fine art was made through the generosity of Albert Scaglione, CEO, Park West Gallery®. The collection includes lithographs, silkscreen prints and etchings from internationally renowned artists such as Itzchak Tarkay, Jamie Wyeth, Barbara Wood and Marcel Mouly.

To date, Mr. Scaglione has donated over \$40 million worth of art to institutions like JCC and the other [universities](#) listed on this website.



QUIET REFLECTION by Itzchak Tarkay

## PARK WEST GALLERY® AND LAWRENCE TECHNOLOGICAL UNIVERSITY

Over the past few years, [Lawrence Technological University](#) has been the recipient of approximately 300 pieces of contemporary artwork. This unique gift of fine art was made through the generosity of Albert Scaglione, CEO, Park West Gallery®. The collection includes lithographs, silkscreen prints and etchings from internationally renowned artists such as Itzchak Tarkay, Jamie Wyeth, Barbara Wood and Marcel Mouly.

To date, Mr. Scaglione has donated over \$40 million worth of art to institutions like LTU and the other [universities](#) listed on this website.

Lawrence Technological  
University  
Southfield, Michigan  
300 pieces

Lake Michigan College  
Benton Harbor, Michigan  
1100 pieces



QUIET REFLECTION by Itzchak Tarkay

## PARK WEST GALLERY® AND LAKE MICHIGAN COLLEGE

Over the past few years, [Lake Michigan College](#) has been the recipient of over 1,100 pieces of contemporary artwork. This unique gift of fine art was made through the generosity of Albert Scaglione, CEO, Park West Gallery®. The collection includes lithographs, silkscreen prints and etchings from internationally renowned artists such as Itzchak Tarkay, Jamie Wyeth, Barbara Wood and Marcel Mouly.

To date, Mr. Scaglione has donated over \$40 million worth of art to institutions like LMC and the other [universities](#) listed on this website.



## PARK WEST GALLERY® AND THE NEW JERSEY INSTITUTE OF TECHNOLOGY

Over the past few years, the [New Jersey Institute of Technology](#) has been the recipient of over 400 pieces of contemporary artwork. This unique gift of fine art was made through the generosity of Albert Scaglione, CEO, Park West Gallery®. The collection includes lithographs, silkscreen prints and etchings from internationally renowned artists such as Itzhak Tarkay, Jamie Wyeth, Barbara Wood and Marcel Mouly.

To date, Mr. Scaglione has donated over \$40 million worth of art to institutions like NJIT and the other [universities](#) listed on this website.

New Jersey Institute of Technology  
Newark, New Jersey  
400 pieces

Northwest State Community College  
Archbold, Ohio  
600 pieces



## PARK WEST GALLERY® AND NORTHWEST STATE COMMUNITY COLLEGE

Over the past few years [Northwest State Community College](#) has been the recipient of over 600 pieces of contemporary artwork. This unique gift of fine art was made through the generosity of Albert Scaglione, CEO, Park West Gallery®. The collection includes lithographs, silkscreen prints and etchings from internationally renowned artists such as Itzhak Tarkay, Jamie Wyeth, Barbara Wood and Marcel Mouly.

To date, Mr. Scaglione has donated over \$40 million worth of art to institutions like Northwest State and the other [universities](#) listed on this website.



QUIET REFLECTION by Itzhak Tarkay

## PARK WEST GALLERY® AND WITTENBERG UNIVERSITY

Over the past few years, [Wittenberg University](#) has been the recipient of over 600 pieces of contemporary artwork. This unique gift of fine art was made through the generosity of Albert Scaglione, CEO, Park West Gallery®. The collection includes lithographs, silkscreen prints and etchings from internationally renowned artists such as Itzhak Tarkay, Jamie Wyeth, Barbara Wood and Marcel Mouly.

To date, Mr. Scaglione has donated over \$40 million worth of art to institutions like Wittenberg and the other [universities](#) listed on this website.

Wittenberg University  
Springfield, Ohio  
600 pieces

Assuming that the above referenced donations of artwork were actually made – and we have no reason to believe otherwise – then it would stand to reason that documentation must exist regarding the details of the transfer of the donated property (Internal Revenue Service (IRS) Form 8283) and presumably a deduction of the charitable non-cash contribution would reflect on Park West Gallery’s corporate tax returns and possibly even Albert Scaglione’s personal returns.

It is also true that the entities receiving the donations are likewise required to file a tax document with the IRS (Form 8282 – Donee Information Return for Donations of \$5,000 or more) representing the aggregate value of the donation (the fair market value of the Park West art) and additional information concerning the details of the donation in order for the tax benefits to be approved and applied. Make no mistake about it; the IRS is crystal clear on what qualifies as a deduction when making non-cash contributions in the form of artwork and the IRS is especially instructive when it comes to appraisals which we will cover in depth below. We’ll take a closer look at the “economic reality” within the whole of the Park West Gallery \$40 million dollar contribution scheme [or plan].

## **Insuring the \$40 million dollar donation**

**B**efore we get into a general discussion about IRS provisions when donating artwork, there is another important factor to consider and that is the protection (from economic loss) of the \$40 million dollars of artwork once the transfer of the donated property was made to the entities. Certainly policies of insurance must exist on the donated property, especially given the enormity of the dollar value involved in the donations and considering many of the donees are public institutions. Insurance against losses and risks must be taken into account when institutions are receiving large non-cash donations of artwork. It is a matter of public policy.

So the subject of securing property & casualty insurance on the \$40 million dollar donation raises some very serious questions concerning fundamental principles of public policy that should be reviewed for the preservation of the good and respected reputations of the long-standing educational institutions to which the Park West Gallery artwork donations were made.

In referring to the list of donees above, there are a total of 12 different entities referenced that Park West Gallery claims to have bestowed upon a collective \$40 million dollars in art prints. To keep things simple, averaging the \$40 million over 12 entities, one can assume for purposes of argument that each entity received approximately \$3.3 million dollars in assets from Park West Gallery.

Assuming \$3.3 million dollars in assets, the universities (and others) named above would certainly have been required to obtain a property & casualty insurance policy or a rider/endorsement to its existing insurance policy which leads to the following public policy questions:

1. Who, what and how was the Park West Gallery donation of artwork valued for insurance purposes by the public entities accepting the donated artwork?
2. How was the artwork underwritten for insurance purposes and what documents and appraisals were provided as evidence of the value(s) to be underwritten?
3. Did the insurance carrier(s) rely on the same stringent type of “Qualified Appraisals” in insuring the artwork as the IRS does (in other words is the standard at the same level for insurers?), or did the insurance carriers (and specifically the underwriters) accept the usual Scaglione and Shapiro signed Park West Gallery certificates of authenticity and dealer-processed appraisals which are widely known in the industry to be significantly inflated?
4. Are the entities which accepted the donated artwork required to return to Park West Gallery for

updated appraisals if the artwork is exclusive to Park West Gallery? After all, an updated appraisal is often requested on an annual basis when renewing a policy. Park West Gallery encourages its buyers to purchase dealer-processed “updated appraisals.” It would be interesting to know if Park West Gallery, its staff, or its appraisers Bernard Ewell or Caroline Ashleigh are or were involved in the insurance appraisal process of the \$40 million dollar donation and whether it was, or is Park West Gallery who is contacted by the donees above to provide updated appraisals that are required periodically by insurance carriers?

Insurance is a significant consideration for the entities who received the Park West Gallery donated artwork. It is the insurance policy that covers the risk of loss that could result from a variety of causes such as theft, fire, earthquake, and a whole host of other risks associated with maintaining an art collection, especially at a public institution.

Usually an insurance policy will cover appreciation in value, too. Therefore, a new appraisal for insurance purposes is needed at least on an annual basis in order to keep the policy and the values fresh and current in case of loss. The entities acquiring the insurance should maintain inventory records, appraisals, photographs, invoices and other documentation sufficient to prove the existence and ownership of the insured collection.

Billions of dollars are lost each year by the insurance industry as the result of fraudulent claims and as the result of bogus, inflated appraisals as well as other faked and forged documentation supporting artwork which has no value.

## **The \$40 Million Dollar Question Who prepared and signed the appraisals for Park West?**

**W**as it Albert Scaglione? Morris Shapiro? No, not possible. Both would be immediately disqualified under IRS regulations. Eliminating

Scaglione and Shapiro as possible appraisers of the \$40 million in donated artwork, perhaps Park West Gallery might have retained the services of appraiser, Bernard Ewell to assess the value of the artwork? Or maybe it was Caroline Ashleigh, another Park West Gallery appraiser.

Ewell and Ashleigh are the two individuals that Park West Gallery has historically and consistently used to authenticate and value artwork sold by Park West Gallery. To our knowledge, Park West Gallery still uses these two appraisers to the present day. Would either Ewell or Ashleigh qualify under the IRS Code to provide \$40 million dollars in appraisals for Park West Gallery donated artwork? Let’s take a look at what the IRS has to say about it.

The IRS specifically EXCLUDES as qualified appraisers the following:

1. The donor of the property, or the taxpayer who claims the deduction.
2. The donee of the property.
3. “A Party to the transaction in which the donor acquired the property to be appraised...”

[For example, we question the motives of Jeff Caponigro of Caponigro Public Relations, Inc. [\[LINK TO FORUM POST ABOUT CMU\]](#) What, if any, role did Jeff Caponigro have in the Park West Gallery artwork donations to Central Michigan University? Caponigro’s public relations company was directly engaged by Park West Gallery and Albert Scaglione at the same time Jeff Caponigro was acting in the capacity as a member of the board of trustees at the college.]

4. “Any person employed by any of the above persons...”

[Park West Gallery and Albert Scaglione owned the inventory they donated. This exclusion could be interpreted to mean that appraisers Bernard Ewell and Caroline Ashleigh would be excluded as qualified appraisers for purposes of the Park West Gallery \$40 million dollar donation.]

5. “Any person related under section 267(b) of the Internal Revenue Code to any of the above persons...

6. **“An appraiser who appraises regularly for a person in (1), (2), or (3), and who does not perform a majority of his or her appraisals made during his or her tax year for other persons.**

**“In addition, a person is not a qualified appraiser for a particular donation if the donor had knowledge of facts that would cause a reasonable person to expect the appraiser to falsely overstate the value of the donated property. For example, if the donor and the appraiser make an agreement concerning the amount at which the property will be valued, and the donor knows that the amount is more than the FMV of the property, the appraiser is not a qualified appraiser for the donation.”**

[Wouldn't Bernard Ewell and Caroline Ashleigh be disqualified as appraisers under this exclusion if indeed either authored the appraisals for the Park West Gallery \$40 million dollar donation? Perhaps Park West Gallery used the services of other appraisers. We'll give them the benefit of the doubt for now until we learn otherwise. Our investigation will continue until we uncover the truth.]

Another important point. The appraisals issued by Park West Gallery that are signed by Albert Scaglione and Morris Shapiro are completely worthless to support the value of the Park West Gallery artwork as it relates to non-cash charitable donations. **The IRS does not allow or permit the owners or donors of the artwork to appraise their own inventory.** Fraud abounds in the area of appraisals, and especially over-valuations.

Finally, the IRS warns against appraisers that issue fraudulent appraisals as follows:

**“...any appraiser who falsely or fraudulently overstates the value of property described in a qualified appraisal of a Form 8283 that the appraiser has signed may be subject to a civil**

**penalty for aiding and abetting as understatement of tax liability, and may have his or her appraisal disregarded.”**

The \$40 million dollar donation of artwork by Park West Gallery gives rise to serious questions and concerns as to the actual value of what was donated to the entities listed above, especially in light of the reports we have received from numerous sources since April of 2007. Fine Art Registry will continue to report on what we discover as we continue to investigate.

## **More on valuation of the Park West Gallery \$40 million dollar donation**

The IRS states that if \$20,000 or more for donations of art are claimed as a deduction, a complete copy of an IRS “Qualified Appraisal” must be attached to the tax return (Form 8283) at the time the claim for the deduction is made. The IRS also makes it clear that “no part of the fee arrangement for a qualified appraisal can be based on a percentage of the appraised value of the property.”

If Park West Gallery and Albert Scaglione filed “Qualified Appraisals” for the \$40 million dollars in donated artwork, the information on the appraisal must have included the following (quoted in part from IRS Publication 561):

1. “A description of the property in sufficient detail for a person who is not generally familiar with the type of property to determine that the property appraised is the property that was (or will be) contributed,”

[With the exception of the Print Club of Albany perhaps, it is unknown how many of the entities above actually are familiar with the artwork/property that was donated by Park West Gallery. We refer to a 1976 newspaper article where in 1968 the Detroit Institute of Arts rejected a large donation. The article is worth the read and sheds a bit of back story on

Park West Gallery and Albert Scaglione, too. It would be interesting to know if any of the entities to which the Park West Gallery artwork was donated actually performed any due diligence on the authenticity and/or the Park West Gallery stated value of the donated artwork. After all, many of the entities that Park West donated to are public educational institutions and if there is a discrepancy in values, then the public has a right to know.]

2. “The physical condition of any tangible property,”

[Park West Gallery’s prints and graphics are in all cases we have witnessed housed in frames where defects and substrates can remain hidden and undiscovered for years.]

3. “The date (or expected date) of contribution,”

[This important question remains unanswered. It goes straight to the heart of how much of a contribution was actually made and how the \$40 million dollars in donated art was valued. For example, how long did Park West Gallery or Albert Scaglione hold the artwork inventory before it was donated? What did they pay for the artwork that was donated?]

4. “The terms of any agreement or understanding entered into (or expected to be entered into) by or on behalf of the donor that relates to the use, sale, or other disposition of the donated property...

[Written agreements and/or letters of understanding should be on file with the entities that accepted the donated artwork. Likewise, Park West Gallery and Albert Scaglione should have a copy of the same on file. These records should be available and open to the public for review.]

5. “The name, address, and taxpayer identification number of the qualified appraiser and, if the appraiser is a partner, an employee, or an independent contractor engaged by a person other than the donor, the name, address, and taxpayer identification number of the partnership or the person who employs

or engages the appraiser.”

[What is the identity or the identities of the appraisers Park West Gallery and Albert Scaglione used or retained to prepare the qualified appraisals of its \$40 million dollar artwork donation?]

6. “The qualifications of the qualified appraiser who signs the appraisal, including the appraiser’s background, experience, education, and any membership in professional appraisal associations,”

[It would be great to know the qualifications of the appraisers who signed their names on the dotted line for the Park West Gallery \$40 million dollar donation. The IRS requires that the appraiser be “an expert as to the particular type of property being appraised.”]

7. “A statement that the appraisal was prepared for income tax purposes,”

8. “The date (or dates) on which the property was valued,”

9. “The appraised FMV (Fair Market Value) on the date (or expected date) of contribution,”

[The Fair Market Value is defined by the IRS as “the price that property would sell for on the open market. It is the price that would be agreed on between a willing buyer and a willing seller, with neither being required to act, and both having reasonable knowledge of the relevant facts.” The cost or the selling price of the property may have less weight if the property was not bought or sold reasonably close to the date of contribution. This then begs the question. Did Park West Gallery determine the fair market value of its \$40 million dollar donation based on an “open market” analysis as required by the IRS?

The sale price of property itself in an arm’s-length transaction in an open market is often the best evidence of an artwork’s value. Remember, the \$40 million dollar donation consists of prints and graphics donated from Park West Gallery and Albert Scaglione’s own inventory of artwork. IRS Publication

561 states: “When you rely on sales of comparable property, the sales must have been made in an open market. If those sales were made in a market that was artificially supported or stimulated so as not to be truly representative, the prices at which the sales were made will not indicate a FMV. For example, liquidation sale prices usually do not indicate the FMV.” It is important to note that Park West Gallery claims its art is exclusive to them. Therefore valuation of Park West Gallery art, according to Park West Gallery’s own policies and procedures and business practices would be subject to a “closed market,” meaning Park West Gallery pricing and “insider [Park West Gallery generated] auction sales records” only.]

10. “The method of valuation used to determine FMV, such as the income approach, the comparable sales or market data approach, or the replacement cost less depreciation approach, and”

[Which valuation approach did Park West Gallery and Albert Scaglione use? Presumably an art dealer’s donation would be based on the cost of the goods rather than any fair market value analysis. It is common knowledge that Park West Gallery is known to buy inventory at wholesale pricing from the artists it contracts with. It is also well known that Park West Gallery buys art inventory outright. Corporate records show that Park West Gallery, Inc. operates under the assumed name of “Circle Fine Art Liquidators, Inc.” The bankrupt stock of Circle Fine Art was liquidated and purchased by Park West Gallery years ago at around the year 2003. It would be

interesting to know if any part of the Circle Fine Art liquidation inventory is part of the \$40 million dollar Park West Gallery donation.]

11. “The specific basis for the valuation, such as any specific comparable sales transaction.”

[Since Park West Gallery bases its appraisal values on its own sales records, a “closed market,” the question is what basis did the qualified appraiser use to prepare appraisals for the \$40 million in donated artwork?].

For “Art Objects” the IRS is also quite specific as to what information should be included in the qualified appraisals for donated property. See the entirety of IRS Publication 561 for a full discussion on the subject of non-cash contributions. [[IRS PUBLICATION 561 ONLINE PDF](#)].

## Conclusion

Park West Gallery has Jeff Caponigro and its own public relations firm, Caponigro Public Relations, Inc., to thank for bringing to the fore and raising serious questions concerning the great Park West Gallery \$40 million dollar donation. We are certain there are those other than Fine Art Registry members and readers that would be interested in knowing just how the appraisals for the donated collection of prints and graphics were arrived at.

**To Be Continued...**



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