

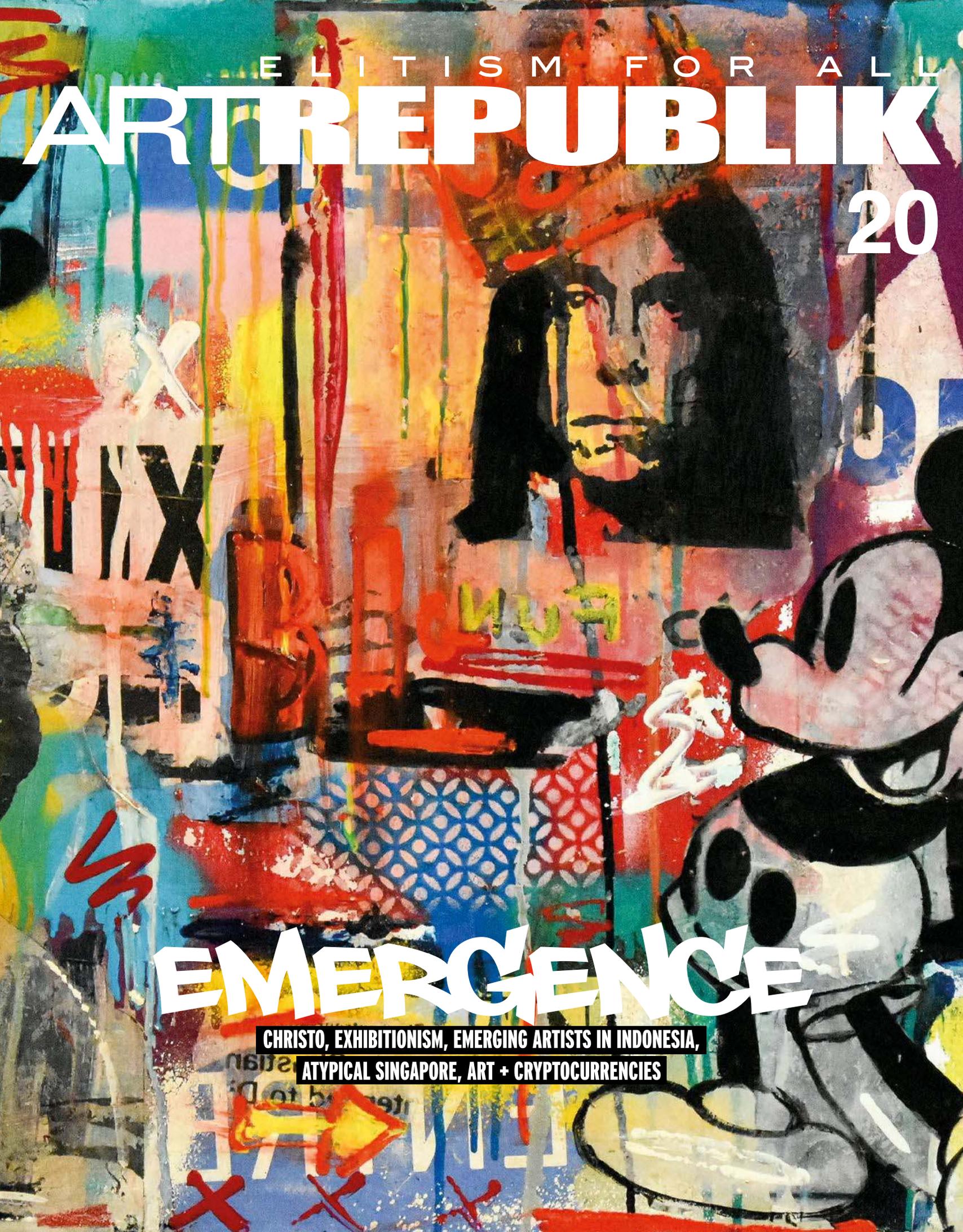
ELITISM FOR ALL

ART REPUBLIK

20

EMERGENCE

**CHRISTO, EXHIBITIONISM, EMERGING ARTISTS IN INDONESIA,
ATYPICAL SINGAPORE, ART + CRYPTOCURRENCIES**



CONTRIBUTORS



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GUILLAUME LEVY-LAMBERT A serendipitous encounter with a painting in Los Angeles led Guillaume Levy-Lambert on a quest to understand and on a mission to spread art's uniquely powerful transformative power. He is a TEDx speaker and conceptual artist, Guillaume is co-founder of The MaGMA Collection, and of Art Porters Gallery whose mission is "sharing happiness with art".



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THE RISE AND FALL OF CRYPTOCURRENCIES: AN ANALYSIS OF MAECENAS ART CURRENCY

VIRTUAL CURRENCIES, MORE SPECIFICALLY BITCOIN HAVE GARNERED WIDESPREAD ATTENTION AND WHILST SOME ARE ALREADY EXPERTS ON THE CURRENCY IT IS STILL SOMEWHAT CONFUSING TO MANY

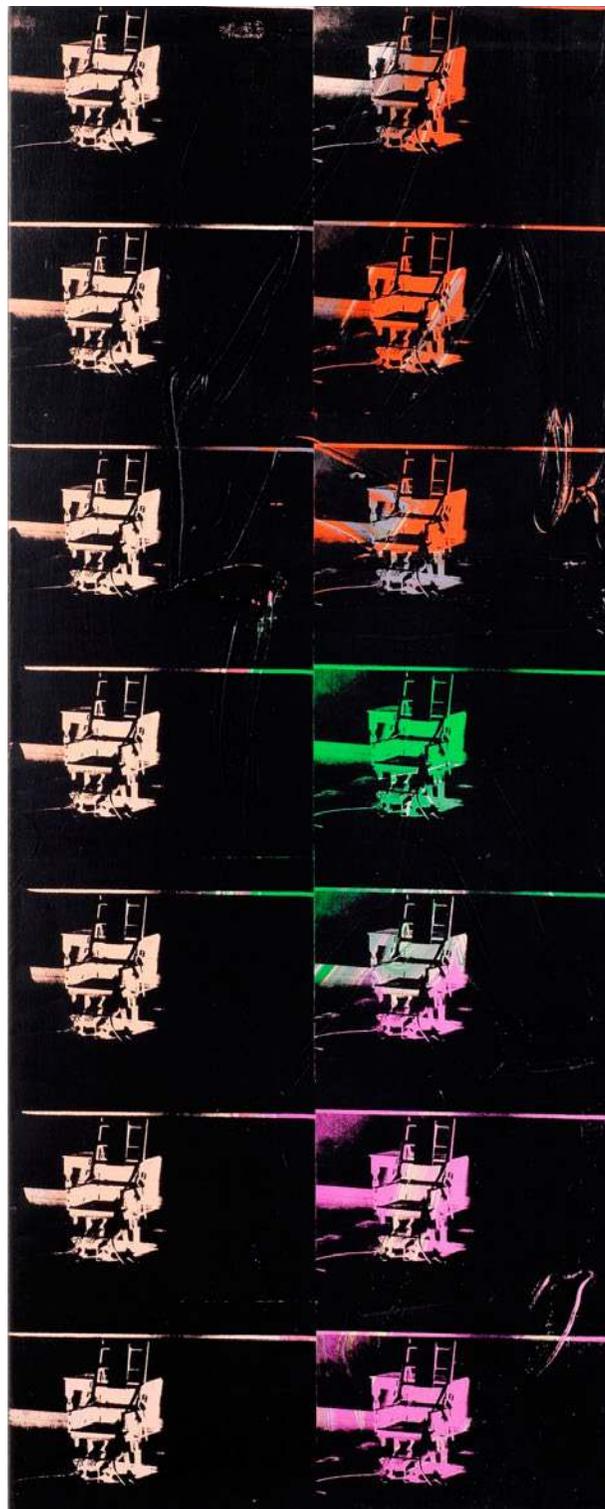
By **FRÉDÉRIC DE SENARCLENS**,
Founder of ArtMarketGuru

Cryptocurrencies have recently been hailed as the future of banking, trading and economy. Additionally, the acknowledgment of cryptocurrencies as legal tender in multiple countries and on trading floors has only served to strengthen the argument for its future as an asset class and a currency in its own right. The increasing validation of these online currencies has resulted in their absorption into the art market.

Maecenas, which describes itself as “the first open blockchain platform that democratizes fine art” has developed and released its own cryptocurrency ART through an Initial Coin Offering (ICO). Maecenas believes that blockchain technology has the ability to disrupt and potentially help ‘clean up’ the art market as well as benefit art and crypto investors.

The launch of Maecenas’ ART token began with an ICO in the autumn of 2017, when Maecenas raised over US\$15.5 million. The amount was a significant increase on the company’s initial crowdfunding campaign, which failed to raise US\$400,000 in funds through Seedrs four months prior.

January 2018, the capital value of ART was US\$65 million. Comparatively, recently ART was quoted at US\$0.329069 for a total market value of US\$1.5 million, compared to a high of US\$2.23 on 11 January 2018. This declining trend coincided with a global drop in cryptocurrency value.





ArtMarketGuru released the first industry report on Maecenas earlier this year, which called into question the need for Maecenas to issue a cryptocurrency. Also, analysed was the top three market risks related to using cryptocurrencies in their current business model including the speculative nature of cryptocurrencies in general, currency market fluctuations and the volatility of the art markets. The recent fall of ART could imply our earlier predictions to be correct.

On September 6, 2018 Maecenas announced they had successfully tokenized the first multi-million-dollar artwork on the blockchain, with the Company stating “For the first time ever, Maecenas has successfully tokenized a multi-million dollar artwork, a painting by Andy Warhol named ‘14 Small Electric Chairs (1980)’. The beta auction raised US\$1.7m for 31.5% of the artwork at a valuation of US\$5.6m. And 100 participants were hand-picked to participate in the auction out of more than 800 plus sign-ups from 56 countries. Mostly based in Asia and Europe”.

Marcelo García Casil, CEO of Maecenas, said of the sale, “This is a historical moment, for us and for the blockchain community. We have achieved a significant milestone that marks the beginning of a new era. Tokenization of assets is the most prominent and exciting use case of blockchain technology, and we’re proud to be pioneers in this space. This Warhol painting is the first of many more to come and we are looking forward to seeing and leading the financial revolution for the art market”.

This being said, queries are being raised in regards to the substantial drop in the price of the ART token and the future of cryptocurrencies, with many asking if the regulation of these currencies, including ART; as well as a seeming lack of infrastructure supporting the ART token is the cause.

Investors are closely following the two Maecenas Telegram channels, including ArtMarketGuru. There is a noticeable increase in the nervousness and anxiety from Crypto investors who have recently suffered dramatic losses. Investors seem to be fearful they may lose the majority of their investments, others wonder if Maecenas have the capability to turn the situation around? As mentioned, in our Industry Note on Maecenas, we explored whether there was a need for Maecenas to issue a cryptocurrency at all.

The conclusion of our Industry Note stated: “While Maecenas offers an exciting and potentially disruptive approach to investing in ne art works, it will take several more rounds of funding to move the project from proof of concept to viability, and viability to profitability”. This is a common theme amongst the user’s posting on the company’s two Telegram accounts, although they may support the concept behind the token, they may be questioning the implementation and application of ART.

Following the first “successful” auction and tokenization of an art asset, the need for ART cryptocurrency remains unclear. This has been highlighted by the damaging dichotomy that has occurred as the value of ART and all cryptocurrencies have

Opposite page:
Andy Warhol's '14 Small Electric Chairs', 1980, silkscreen ink and polymer paint on canvas, 202 x 82 cm (79 3/4 x 32 1/6 in).

Top left to right:
ArtMarketGuru founder Frédéric de Senarclens talking at the Christie's Art and Tech Summit; Maecenas Industry Note.

fallen, and yet Maecenas's have an on-going positive support of tokenization. When working in emerging and comparatively new industries it is vital to be realistic to the fluctuations of the markets and instability that can arise with emerging products.

At the time of the 2017 ICO, in facilitating the funding, company Cofound.it were, according to Marcelo Garcia Casil, allocated 4% of the ART Token. Cofound.it has since ceased operating and the company is going through a voluntary winding down. All assets owned by Cofound. it will be sold and we ask how much ART do Cofound.it still own, and whether or not their percentage share will affect the ART token price?

It is interesting to compare current news against Maecenas' previous Industry Note predictions and as the Cryptocurrency markets continue to decrease and become more unstable, it begs one to question how Maecenas will fair. Although Maecenas has had a disruptive effect and is a forward-thinking business plan that manages to tap into a growing emerging market, it seems they are not at a stage where they can ensure shareholder value and a stable product available on public markets. It will be interesting to keep watching Maecenas and monitor their progress during what is proving to be a pivotal moment in their history. 

More information at
artmarket.guru

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