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### **A partnership purchases a masterpiece**

#### **How does \$3.4 million sound?**

#### **Like a world-class violin**

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Most people dream of owning their first "starter" house. Professional violinists dream of a "starter" violin, thinking of mortgage payments on a multi-thousand-dollar instrument much the same way others view home ownership.

Unlike property owners, though, violinists cannot simply add an extension or renovate when their needs outgrow the house. They must upgrade. For top violinists, that eventually means casting their eye on a Stradivarius or Guarnerius violin, rare 18th-century beauties crafted in Italy at the height of that country's international musical dominance and still considered the finest instruments available today.

American violinist **Robert McDuffie**, 42, is no exception. The problem he faced in 1995 when he set his hopes on a 1735 Guarnerius del Gesu violin once played by Paganini, though, was the price tag: about \$3.4 million. On Monday, a long cherished plan of McDuffie's to purchase the so-called "Ladenburg" violin came true, but in a most unusual way.

As one of 16 partners - in what seems to be a first-ever American limited partnership formed solely to purchase an instrument and assign it to a single artist - McDuffie now co-owns the violin, and has exclusive rights to play it until he turns 65. This new limited partnership, called the 1735 del Gesu Partners, L.P., officially closed its offering and completed the purchase of the instrument on Monday.

In 2023, the violin will be sold and the partners, which include McDuffie, Dietmar Machold (the violin dealer who is selling the violin but remains managing partner in the new partnership), NFL commissioner Paul Tagliabue, R.E.M. bass player Mike Mills, a Wall Street broker and others, will split the future sales price of the instrument.

How good an investment is it? For McDuffie, who put \$100,000 of his own money into the purchase and persuaded several friends and relatives to do likewise, it is priceless.

"I fell in love with it the minute I started to play it," says McDuffie, a Georgia native who now lives in New York. "I feel it fits my personal approach to violin playing. I know these next 20 years are going to be the prime of my performing career, and now I have one of the three or four greatest violins in the world."

For Machold, the German-based dealer whose family has been selling rare violins for five generations, and who often takes three to five years to sell a single instrument, the benefit is also clear. Antique violins, like racehorses, must be regularly exercised and kept in prime performance shape to retain their value; McDuffie's stewardship will assure that. McDuffie will also pay annual insurance and maintenance costs, which run between \$15,000-\$20,000 a year.

Instead of taking his usual sales commission fee, Machold plowed \$350,000 back into the partnership to encourage other investors. "For me, it's important I don't lose track of this instrument: This is my future deal, the day when I get it back and can sell it again."

For the others, the investment has a much softer value. "\$100,000-plus is a meaningful amount of money," says John Townsend, a partner at Goldman Sachs and a longtime friend of McDuffie's who eventually bought into the violin partnership. "I made a leap of faith in my mind, that in the long term I could make a liquid investment that would not be sold for many years. In the short term, I would get some psychic return, knowing this would enable an important musician and someone I knew to continue their career on the basis they wanted. There's also the satisfaction in being an investor in something truly unique."

McDuffie's rare feat, that of uniting Wall Street, major sports figures, rock musicians, even a non-profit performing arts institution, behind the banner of one antique violin, is a story of much sweat and tears. It is one, he hopes, that will stimulate discussion about the soaring prices of these valuable instruments.

"I think it's safe to say that culture is not America's pastime," McDuffie says, noting the Austrian government recently purchased an entire library of precious instruments for use by Austrian musicians, and that, in other countries, corporations and foundations sometimes provide instruments for musicians out of a sense of national pride. "I would love for a dialogue to be forced here."

McDuffie is the last of the so-called "brat pack" class out of Juilliard pedagogue Dorothy DeLay's studio to find his stardom. Earlier bloomers Cho-Liang Lin, Nadja Salerno-Sonnenberg, Joseph Swenson, Nigel Kennedy and Shlomo Mintz all had big enough careers a decade ago to purchase instruments for millions less.

"My career didn't start really going until I was in my 30s," says McDuffie, who now has major recording contracts and is considered an important violinist with an original musical voice. "I don't know if I was ready to play this caliber of violin in my 20s."

Unfortunately for McDuffie, his late-blooming career coincided with the largest escalation in values on rare Guarneri and Stradivari violins in history, in part because more willing and able buyers from China, Japan and Korea are vying for the same, finite group of about 600 violins. The "Ladenburg," for instance, was sold in the mid-'70s for about \$250,000; Machold himself has previously sold it twice, once in 1992 for \$1.6 million, and once in 1995 for \$2.2 million. At that rate of appreciation, the "Ladenburg," whose value has already been reap-praised at \$4 million in the two years since the partnership began seeking partners, might sell for as much as \$20 million or even \$30 million in 2028.

That, of course, is a very speculative return.

"We've not given 10 seconds of thought to the return down the road," says Tagliabue, who along with his wife became a key visible partner in the project, and ultimately hosted several soirees, some around the Atlanta Super Bowl, to find co-investors. This was no small contribution; prior to the interest of the Tagliabues, who are family friends of McDuffie and his wife, Townsend had warned McDuffie that no real investors would appear until a very prominent person stepped up and cast money on the plate. Tagliabue, who also encouraged several NFL owners to consider the partnership, proved to be that person.

"It's an investment in a talent. We really view it as a charitable contribution without a deduction," Tagliabue says. "I guess, too, my ancestors were from northern Italy, so there's some ancestral pride in the fact that this violin was crafted in Cremona and is still one of the best." Besides the latent financial investment, McDuffie has also promised to give a few concerts a year solely for the benefit of the partners.

But the re-education of **Robert McDuffie** began, as he tells it, the day after he fell in love with the "Ladenburg." "I didn't start wor-rying about the money until I found the violin," he says.

Sticker shock soon faded to naive confidence. As a Georgia native and internationally visible artist, McDuffie approached Sun-Trust Banks in Atlanta, thinking it might be interested in purchasing the violin for him, in exchange for the positive public relations value. A Japanese corporation had purchased a Stradivarius for the violinist Midori just a few years previously, and he hoped a precedent was set.

"I was sweating in that meeting," McDuffie recalls. The result: The bank told McDuffie they loved him, were proud of his success, but had no interest in laying down that kind of cash.

McDuffie next approached an-other bank, which briefly consid-ered a long-term, low-interest loan, which also fell through. Besides outright ownership, some violinists "borrow" their instruments from foundations or pri-vate owners interested in seeing them played, but McDuffie wasn't comfortable with the revocable privileges of those arrangements.

Lawyer Russell Prince, a Glen Ridge resident and local orchestra fan whose Wall Street law firm, Seward & Kissel, designed the partnership, says the idea of banding disparate partners to-gether behind the market value of a single violin was a challenge.

"Most partnership people go in expecting to make a profit; this one may or may not," Prince says. "One of my (colleagues) is con-vinced they'll invent a synthetic substitute for a Guarneri that will cost \$20. So the real investment here is in Bobby."

No one really knows why Guarneri violins are so good. Var-ious theories credit the varnish, or the caliber of wood in those pre-polluted times. The mystery is still part of the attraction.

"I think the first time Bobby approached me about the violin, the price took me completely by surprise," says Townsend. "I re-ally had no appreciation at that point for the value of the instrument he played, and the importance to him, the extent to which he felt he was defined by that particular instrument."

It was McDuffie's ability to translate this nebulous relationship between a violinist and his violin, to sell himself, in essence, and his hopes for future career goals that secured this maverick partnership. It has been, he says, a sobering experience.

"We all believe this will set a precedent, a very strong one, and may pave the way for deserving artists to secure instruments they ought to play," McDuffie says. "What they are really investing in is the future of classical music."