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March 17, 1937

Dear Katherine;

I do not know whether Madame Roerich has made definite arrangements with Arsuna Gallery of Mrs. Clyde Gartner with respect to these paintings. I hope that Madame Roerich recognizes that in the transaction as I understand it, Madame Roerich is relying almost entirely on the personal and financial integrity and responsibility of Arsuna Gallery or Mrs. Gartner. It may very well be that it will work out alright but so far as I know, the payment of the purchase price of the paintings has not been or is not being secured in any legal way. I have told you that in my judgment it is very important that any and all sales take place in India, and by this I mean that title i.e. ownership of the paintings pass in India. There is no difficulty in accomplishing this if that is the understanding between the seller and the purchaser, and the title (ownership) to the paintings could pass when the paintings are delivered by Madame Roerich in India to a common carrier, that is to say, a railroad company, a steamship company, etc. So far, - so good. But how is the payment of the purchase price to be guaranteed? Here is a suggestion. You understand that when I say that it is important that title pass in India, I do so having our income tax law in mind. I can think of a number of ways of handling this transaction if Madame Roerich has any doubt about either the ability and readiness of Arsuna Gallery or Clyde Gartner to pay and when I say ability and readiness, I mean continued ability and willingness, - not present ability and willingness, because you know how circumstances and conditions change. One method that might be followed, would be to set up an American corporation which

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could buy the paintings from Madame Roerich in India. The paintings could then be shipped to the American corporation or wherever the American corporation directed them to be shipped. The American corporation could buy these paintings from Madame Roerich at prices approximating those at which it expected to resell them. In that event, the American corporation would not make a large profit, (or no profit) so that there would not be any tax to speak of. Of course, it would still be necessary for the American corporation to consider the matter of the risk involved in delivering the paintings to the Arsuna Gallery or to Clyde Gartner, unless the Arsuna Gallery was prepared to pay on delivery, which I suppose is not the case. Perhaps the American corporation would take a chattel mortgage from the gallery, if the gallery were willing to give a chattel mortgage. To be valid the chattel mortgage must be filed and some time there is objection to such a course, as possibly affecting credit. Perhaps all this is superfluous and perhaps Madame Roerich has made up her mind that she is entirely safe delivering future shipments of paintings and in having you deliver the paintings you have in your possession without requiring any such protection. But I feel and I think Madame Roerich will appreciate that that is a matter that she is to decide upon and a matter as to which you ought not to be asked to assume any responsibility, unless the matter is to be handled in a strictly businesslike and legal way. But having in mind that there was no response to my letter to Mr. Raigorodsky written last year dated July 21, 1936, of which I gave you a copy, and in which I made certain suggestions along these lines, I have a feeling that it would be difficult to get them to agree to tie the matter up too tight legally.

*This is only a draft written
by L.C.S. giving points as he
sees them.*

Sincerely yours,

(Signed) L.C. Stern