

TUESDAY, MARCH 14, 2017

PERSPECTIVE

Looming legal battle over Bullitt Mustang

By Jonathan Michaels

For some, ownership of a rare automobile is as enjoyable and relevant as possession of historically significant fine art. Though automobiles were conceived as a means of convenient transportation, the last century has laid witness to their migration into vessels of luxury, sport and collection.

Markets have responded accordingly. The most expensive Rembrandt ever sold at auction was “Portrait of a man, half-length, with his arms akimbo” — a stellar masterpiece painted in 1658, which sold to Steve Wynn for a cool \$33.2 million. The most expensive Ferrari ever sold at auction was the 1962 Ferrari 250 GTO — one of 39 built, which was hammered at \$38.1 million.

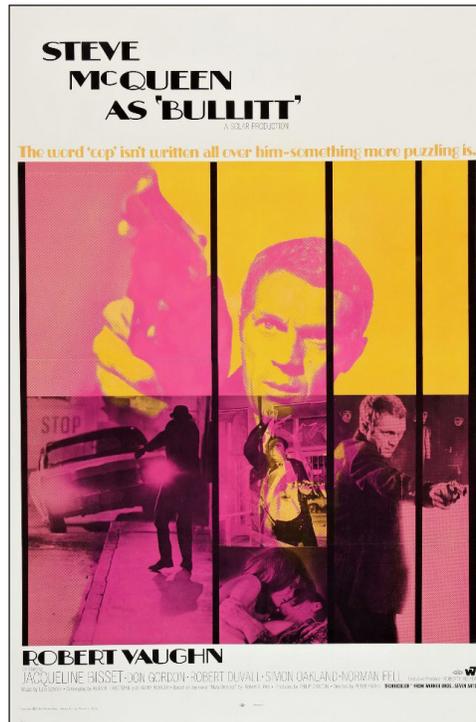
The collector car market has burgeoned into a highly specialized and exacting art form of sorts, not unlike the fine art industry, where historically significant assets trade for millions. And like the fine art industry, when lost treasures suddenly resurface, collectors rejoice.

One such event occurred last week, when it was reported that the famed Mustang that Steve McQueen drove in the 1968 movie “Bullitt” had been found, after having gone missing some 49 years earlier. As urban legend goes, Warner Bros. lost track of the car after filming was complete, giving rise to swirling theories of conspiracy.

The car was not insignificant, nor was the movie. The Bullitt Mustang has been one of the most sought after missing vehicles for decades, eclipsed only by the Porsche 550 Spyder that James Dean was driving when he was killed. For the movie’s part, in 2007 the Library of Congress selected “Bullitt” for preservation in the U.S. National Film Registry as being “culturally, historically, or aesthetically significant.”

Experts believe that the Bullitt Mustang will sell for over \$1 million at auction, which raises a relevant point: To whom will the money belong? The two car restorers who found the Mustang will undoubtedly claim ownership, and proceeds from the sale. Yet Warner Bros., the producer of the movie and the owner of the vehicle at the time of disappearance, will likely do the same. And what if an insurance company paid Warner Bros. for the loss in 1968; would it be entitled to the proceeds? And if it is, would it be the \$2,500 it likely paid in 1968 for the value of the car (plus time-value of money), or the seven-figure purse that will undoubtedly be paid by the winning bidder?

A similar scenario was cast in what is considered the largest treasure recovery in U.S. maritime



history. In the 1850s, Eastern Seaboard residents flocked to Northern California to capitalize on the nation’s gold rush. With air and rail travel yet to be developed, steam ships were used to transport prospectors from New York to San Francisco to harvest the gold, returning them later to the east coast with their newfound treasures.

In September 1857, the SS Central America — one of the major gold rush transportation vessels — was caught off the coast of South Carolina in a category 2 hurricane, sinking the steamer, 500 souls and 30,000 pounds of gold. The sinking kicked off the “Panic of 1857” — the predecessor to the Great Depression and the first worldwide economic crisis.

For 131 years, the SS Central America and its treasure of gold laid 7,200 feet below the surface, at a depth thought to be unrecoverable. Yet in 1988, a team of scientists developed a submersible that could withstand the crushing atmospheric pressure at that depth, recovering the gold that had been considered lost forever.

The recovery was valued at \$150 million, and with that a firestorm of litigation ensued. Thirty-nine insurance companies filed suit, claiming that they paid out \$1.2 million in claims to the owners of the gold, and that they were entitled to the proceeds. The recovery team claimed that the gold had long been abandoned, that the insurance

companies made no efforts to find it, and that they were the rightful owners.

After years of litigation, the U.S. District Court for the Eastern District Virginia ruled that the recovery team was entitled to 90 percent of the proceeds, with the insurance companies splitting the balance. Central to the court’s reasoning was the fact that the recovery team spent “three frustrating years” and \$10 million scouring the sea floor in search of the gold.

The SS Central America is not alone in determining the rightful owner of lost artifacts. In 2011, General William Lyon sold a 1935 Mercedes-Benz 500 K Roadster at a Pebble Beach collector car auction for \$3.8 million. The car was one of 29 built, and was the centerpiece of the Mercedes-Benz display at the 1935 Berlin Motor Show before being sold to German industrialist Hans Prym later that year.

The car also had another important attribute: It had been confiscated by U.S. troops during World War II, and then shipped to the U.S. where it was sold on the collector car market. In 2012, however, a court in Hamburg, Germany, ruled that the heirs of Hans Prym had ownership rights to the seized vehicle. When Dutch car collector Frans van Haren, the person who bought the car from General Lyon in 2011, brought the car to Germany for the Techno Classica collector car event, the Prym heirs were waiting with German police who impounded the car.

The event presents a perfect candidate for yet another bevy of litigation, where generations of buyers will try to unwind their purchase and recoup their loss. Yet with so much time having passed, success is far from certain.

Ownership of lost or stolen assets presents an interesting dilemma, with a trifecta of legitimate claimants vying for possession. And while the Bullitt Mustang has been found, many more are still at large. Quentin Tarantino’s Chevy from the movie “Pulp Fiction,” Sylvester Stallone’s 1950 Mercury, and nine James Bond cars from the film “Spectre” are among those stolen and still missing. When and if the cars are found, many will rejoice and the process of determining to whom the treasure tolls will begin, once again.



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