

## Forensic & AML Services for Art Market Professionals

### Understanding the global art market and its needs against Financial Crime



Forensic & anti-money laundering procedures are increasingly becoming essential to keep your art market business safe.

The art market presents a significant target for financial crime. Art works are high value goods that can be readily transported, and are traded in a market defined by discretion where protecting client privacy is paramount. For these reasons, both fraudulent and money laundering activities can become an issue in the art world.

The recent case at a major auction house in Paris that sold a painting without verifying its origin, nor establishing the identity of the vendor, exposed the firm to money laundering and resulted in a suspension of one of its auctioneers.

This has brought to light the need for performing regular due diligence on vendor, purchaser and to the extent possible, the art piece itself, as one of the necessary safeguards against financial crime.

'Knowing Your Counterparties' does not consist in merely collecting ID documents but calls for actual understanding of the counterparties background and their source of wealth.

#### How Forensic & AML can help

Art market professionals have business pressure from financial sector proximity and a legal obligation, depending on their jurisdiction, as retailers of high value goods to undertake protective measures against money laundering and terrorist financing. With the help of guidance and procedures, art market professionals can efficiently yet discreetly monitor activities related to their business relationships and lower the risk of financial crime.

Deloitte Luxembourg provides a cluster of expert services (Anti-Money Laundering, Forensic and Business Intelligence Services) for the art market.

## Forensic & AML

Deloitte offers a wide range of forensic and consulting services pertaining to the art world:

### Anti-Money Laundering (“AML”)

- Anti-Money Laundering training
- Counterparty due diligence assistance
- Name screening on persons: “uComply” solution to check client/prospect database against the blacklists and internal risk lists
- Selection and implementation of AML systems with Deloitte Consulting
- AML compliance reviews
- Remediation projects in order to update KYC documentation
- Compliance guidance for Luxembourg private equity Art funds
- Forensic due diligence of intermediaries such as fund distributors
- Forensic due diligence of client portfolios
- Investigations into suspicious transactions
- Support with Business Intelligence Services for background search on buyer/seller (with a focus on the persons, not the artwork)

### Fraud and Investigations

- Awareness of common fraud typologies, training, procedures, and controls design/review
- Fraud prevention and detection
- Forensic technology (computer investigations)
- Fraud investigation
- Asset tracing and recovery
- Support with Business Intelligence Services for background search on third parties

### Business Intelligence

- Advanced search on physical and legal persons
- Searches in several languages (English, French, Spanish, German, Farsi, Russian, etc.)
- Deep web search capabilities

## Luxembourg Art & Finance cluster

The Luxembourg Government is keen to develop the Art & Finance industry in Luxembourg. Deloitte Luxembourg has been actively involved in this initiative. One aspect of this initiative is the planned Luxembourg Freeport facilities, which will be used to keep for an unlimited period of time high-value objects – fine wine, art, jewellery - in duty-free and tax-free warehouses providing

state-of-the-art security. It will consist of an innovative, environment-friendly, low-energy facility of around 25,000 m<sup>2</sup>, to be built within the Luxembourg airport area. The facility will be operated by specialised, duly licensed agents, with expertise in the handling and forwarding of valuable goods. The Luxembourg Freeport is expected to open for business in Q3 2014.

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