
Building an Art Market for the Future

Guidelines for Countering Money Laundering
and Terrorist Financing Threats

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Lafa 
Luxembourg Art Law and Art & Finance Association

RAM
Responsible Art Market

The RAM Initiative

- A non-profit & cross-market initiative
- *“Building a responsible art market”*
- Raise awareness amongst Art Businesses of risks faced by the art industry in Switzerland and abroad and to provide practical guidance and a platform for the sharing of best practices to address those risks

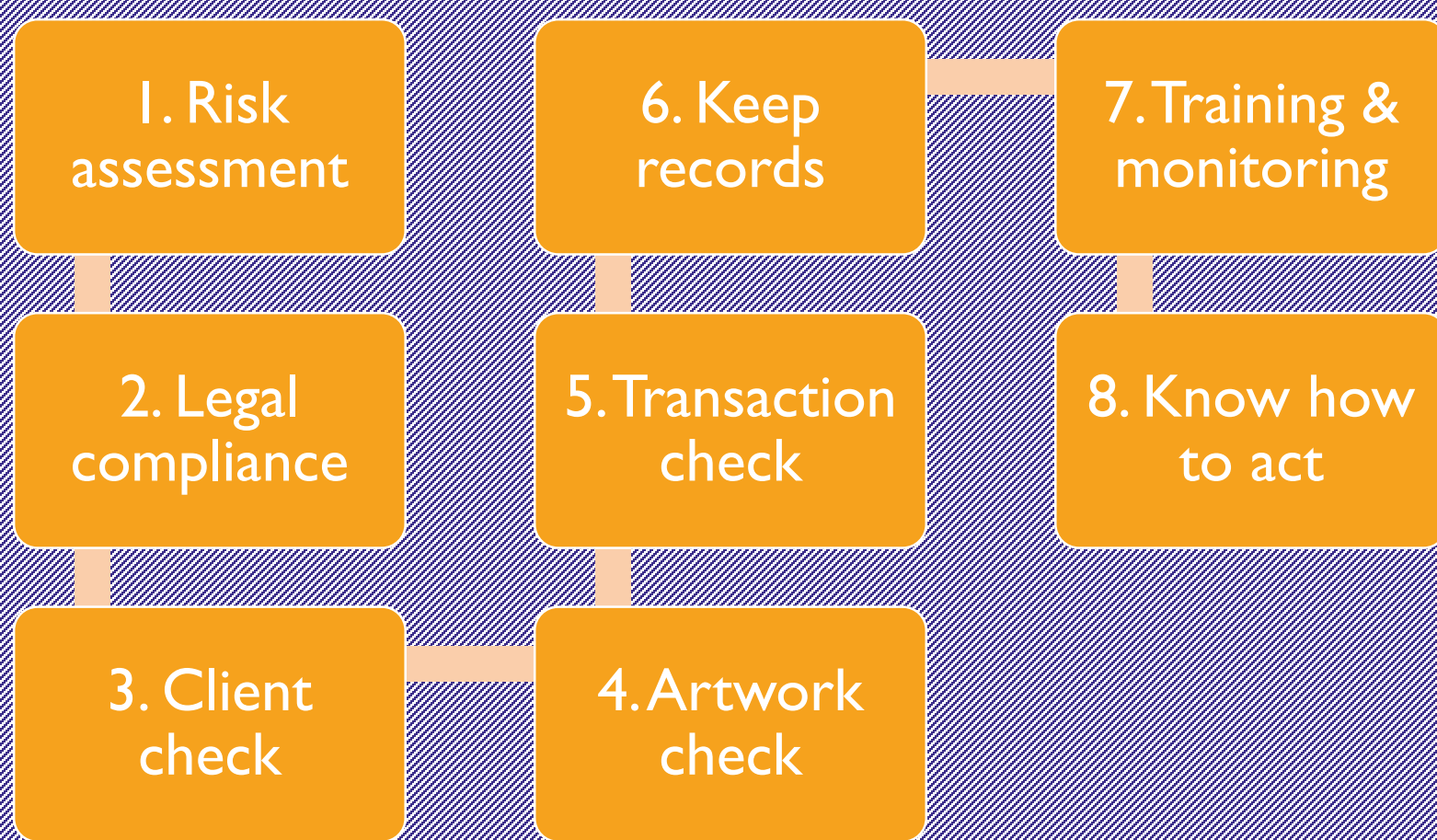
The RAM Group

- **Founding members**
 - Ports Francs et Entrepôts de Genève
 - SGS Art Services
 - Thomas Seydoux & Associés
 - Christie's
 - The Art Law Foundation
 - The Art-Law Centre, University of Geneva
 - Ursula Cassani, Professor, University of Geneva
 - Jean-Bernard Schmid, Public prosecutor, Geneva
- **Consulted experts and consultation round**

The RAM **AML** Guidelines

- Money laundering & terrorist financing
- Targeted at Art Businesses
- Risk-based approach & best practices
- Aim to facilitate art transactions

Guidelines 9



Guideline 6 – Transaction Red Flags

TRANSACTION RED FLAGS

Clients who knowingly wish to sell at an artificially low or inflated price

Clients who ask detailed questions about the Art Business' procedures for reporting suspicious activity and/or financial matters to tax authorities

Seller / Consignor is unable or unwilling to provide adequate proof of ownership for items that they are wishing to consign

- Exercise enhanced due diligence over the transaction

Quick Reference Guide

RAM

Responsible Art Market

Quick Reference Guide

Responsible measures to counter money laundering and terrorist financing threats

This Quick Reference Guide has been produced by the Responsible Art Market Initiative (RAM) as an "aide memoire". Please refer to the full guidelines published on the RAM website www.responsibleartmarket.org for further detail and practical guidance. This Quick Reference Guide should be used together with and not as a substitute for the full guidelines.

Guideline 3

Apply risk based measures and be alert to "red flags"

Responsible AML measures for art transactions should be "risk based". This means adopting AML processes, procedures and compliance controls based on the type and level of risk associated with your business. A risk based approach includes the following areas of enquiry:

- Risk profile of the Art Business (see Guideline 2)
- Client due diligence (see Guideline 4)
- Artwork due diligence (see Guideline 5)
- Transaction due diligence (see Guideline 6)

The enquiries made should focus on indicators of suspicious activity ("red flags").

See the **Red Flag Lists** published on the RAM website www.responsibleartmarket.org for more details.

Guideline 4

Know Your Clients (KYC) and establish their risk profiles – Check for client red flags

Obtain information on the client and understand the purpose and intended nature of the transaction to establish the client's risk profile. Consider the following questions:

- Are you dealing with an individual or a legal entity (company, trust or another corporate vehicle)?
- Are you dealing with an intermediary?
- Have you asked who is / do you know the natural person behind the company, trust or other corporate vehicle?
- Have you collected documentation verifying what you have been told?
- Have you updated old information?
- Have you done internet media searches and /or screened names against "PEP" lists?

The client's risk profile will inform the applicability and level of ongoing monitoring of the transaction.

www.responsibleartmarket.org