



## Alexandria Swette and Lara Levinson Explore Headwinds in the U.S. Art Market in Citywealth Magazine

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Undeterred by the pandemic, the U.S. art market is still going strong, but market participants should not let their guard down. Art fraud continues to be an issue, and fresh headwinds caused by increased regulatory scrutiny – both in the U.S. and abroad – and by the rise of digital art and non-fungible tokens (NFTs) means continued vigilance is advised, Kobre & Kim’s Alexandria Swette and Lara Levinson explained when they sat down with *Citywealth*.

Although a recent U.S. Department of Treasury report concluded immediate government intervention was not necessary to combat money laundering in the art market, Ms. Swette argues that “we are still likely to see increased regulatory scrutiny in the future.” Ms. Levinson also pointed out that other jurisdictions, including the UK and Europe, have already gone further, impacting cross-border art transactions. Art market participants should continue to ensure they are “conducting due diligence both on provenance and title, and with respect to clients and their source of funds,” as well as keep in mind the effect of any sanctions regimes that may be in play.

Art investors are also showing interest in NFTs, and market participants are exploring avenues offer both traditional and digital artworks to clients. Ms. Levinson cautions that NFTs “raise unique concerns about ownership rights, hacking and money laundering.” Ms. Swette added that there are risks to investors’ assets and reputations, but strategies are available to resist money laundering accusations and to preserve reputation.

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