

Insights



Evelyn Sheehan and Lara Levinson Explore Navigating Legal Risks in Luxury Asset Transactions in Private Client Global Elite's "The Month"

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The luxury market is characterized by high stakes and confidentiality, but recent developments in the market have led to greater government scrutiny and enforcement actions, which increases risk for market participants. Kobre & Kim's Evelyn Sheehan and Lara Levinson explore these risks in an article for Private Client Global Elite's "The Month."

Fraud and money laundering are long standing legal risks in the luxury market, despite regulations. Recently, there has been a global increase in sanctions due to the conflict in Ukraine. Some countries have restricted trade in Russian diamonds, while others have gone as far as to ban it altogether. These sanctions follow a demonstrated willingness by the United States government to bolster efforts to freeze art market assets related to Russian sanctioned individuals and entities. The United Kingdom has also tightened sanctions on Russia-related luxury and art market participants.

Ms. Sheehan and Ms. Levinson explain that proactive measures can mitigate these risks in luxury asset transactions, including obtaining legal counsel and preparing a game plan should an issue arise. Legal counsel can supplement due diligence through forensic analysis tools, as well as considering various strategies to protect assets and reputation in the face of government action, they say. To protect themselves and their clients, "those transacting in the luxury and art markets should remain ahead of the curve."

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