

Insights



Polly Wilkins and Lara Levinson on Responding to Legal Risks for NFT Investors in Sotheby's Arts & Collections

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Non-fungible tokens (NFTs) have taken the art world by storm, but the unique nature of these digital assets present new legal risks for artists, galleries, auction houses and high-net-worth investors. Kobre & Kim's Polly Wilkins and Lara Levinson outline how NFT stakeholders can protect themselves, their assets and their reputations in an article for *Arts & Collections*, a magazine associated with fine arts company Sotheby's.

Some of the risks are familiar to participants, but others are peculiar to digital assets or amped up due to current interest. Fraud is one of the big risks, as is government attempts to disrupt sales, seize works or bring charges from anywhere in the world. The authors recommend investors bring in counsel with in-house blockchain forensic capabilities to produce evidence of the legitimate source of funds. Counsel can also prepare strategies in response to government enforcement and reputational damage.

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