



Robin Rathmell on Fighting Money Laundering in the Art Market

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Crime bosses, kleptocrats and narcotraffickers have increasingly turned to the fine arts market to launder their illicit funds. How can law-abiding high-net-worth individuals (HNWIs) and stakeholders in the art market protect themselves and the industry? Kobre & Kim's Robin Rathmell, who focuses on representing international private clients, discusses in an FTI Consulting podcast, "Fraud Eats Strategy," with Scott Moritz.

Mr. Rathmell first explains how HNWIs, who often lawfully use the same financial vehicles as criminals do, can avoid suspicion by conducting a clean funds analysis. This allows them to engage more easily with financial service providers and readily shoot down public allegations. In terms of the art market, while the UK and EU have enacted legislation requiring those involved in art transactions to undertake due diligence, the U.S. has lagged behind. Mr. Rathmell advises parties in the U.S. to self-regulate in the meantime.

Despite the lack of regulation, Mr. Rathmell expresses confidence in the use of intermediaries in art transactions, as well as borrowing from auction houses by posting art as collateral, as long as all parties have engaged in proper due diligence. Still, Mr. Rathmell predicts that the art market will follow the banking industry in terms of regulation, a fact that all legitimate stakeholders should welcome.

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