



Wealth Talk: Jason Short on the Regulatory Crackdown in the Global Art World

November 30, 2020

Publication: *Family Wealth Report*

In the sixth episode of Kobre & Kim's ten-part Wealth Talk series with *Family Wealth Report* on the global challenges facing high-net-worth individuals (HNWIs) and their advisers, Kobre & Kim's Jason Short, who focuses on asset defense for HNWIs facing asset forfeiture and money laundering charges, delved into the "new era in the art world" with Robin Rathmell.

Throughout the past year, regulators have realized the art world is "uniquely vulnerable to unlawful conduct by money launderers." This has led to considerable advancements, most importantly the EU's Fifth Money Laundering Directive that extended existing anti-money laundering (AML) regulations to the art market, which the UK has also adopted. In contrast, the U.S. has lagged behind, but industry insiders and legislators have called for regulating the art market like the financial sector, and regulators are starting to rely on sanctions.

Moving forward, HNWIs will face increasing scrutiny when buying and selling artwork as regulation ramps up, such as from unexplained wealth orders in the UK compelling an explanation for sources of wealth. As such, Short advises HNWIs to engage with counsel experienced in money laundering matters to help develop "due diligence packages" that can help mitigate the risks and protect their interests.

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