

Art Market *United States*

Nowhere to hide: new tool brings technical firepower to the fight against fraudsters

Proprietary screening software will trawl the dark web for fakes and unauthorised copies sold online

ART CRIME

Washington, DC. A new platform launching this month from Art Fraud Insights seeks to clean up the unregulated online art marketplace by hunting down fakes, forgeries and copyright infringement. The Art and Artistic Legacy Protection (AALP) service will work with artists and artist-endowed foundations to scour the darkest corners of the internet for bogus sale listings and unauthorised copies.

"There is a vast network of highly organised internet sellers that are doing an enormous amount of volume online," says Colette Loll, the founder of the Washington, DC-based research

"Criminals hide in the back room—but we can get into that area"

and forensics firm. Hired by eBay in 2015 to survey art fraud, she estimated that more than 30% of listings on online art marketplaces and e-commerce sites are problematic—and for certain artists, that figure can be as high as 80%.

Loll teamed up with Singapore-based Strategic IP Information, which specialises in policing online intellectual property violations in the luxury, pharmaceutical and entertainment industries. Over the past six months, they have developed proprietary screening software that trawls the web to identify problematic listings on e-commerce



Water Lilies by Claude Monet (1919). The French Impressionist is a favourite among online scammers

sites, mobile apps and social media. When one is found, AALP will alert the client, send cease-and-desist letters to infringers and collaborate with lawyers to seek payment from them.

AALP aims to capitalise on two trends: the growth in online art sales and the expanding influence of artists' estates and foundations. The online art market—one of the least regulated sectors of the industry—is expected to grow 24% annually, according to a report published last year by insurer Hiscox. At the same time, artists' foundations are becoming an increasingly significant

market force, with aggregate assets of \$3.48bn and growing, according to a 2010 study by the Aspen Institute.

While several companies already exist to police artists' copyright, few have the technical firepower to search the dark web for works that are potentially stolen or forged.

Bharat Kapoor, the chief operating officer of Strategic IP Information, says: "Criminals hide in the back room—but we can get into that area."

There are limits to the approach. Loll acknowledges that squashing infringements can be like a game of

"whack-a-mole"—just as one problematic listing is taken down, another pops up. Furthermore, some foundations are focused on expanding access; last year, the Rauschenberg Foundation enacted a fair-use policy that encourages artists, scholars and others to freely reproduce images of the artist's work (although it still charges for commercial use).

But, says Loll, for foundations that "generate a significant part of their annual revenue from licensing", the problem can only get worse, because online fraud "is not going away".

Julia Halperin

HOW TO SPOT THE WARNING SIGNS

Colette Loll, the founder of Art Fraud Insights, has surveyed tens of thousands of listings and developed a keen eye for red flags.



Some sellers are **Colette Loll** flagrant. "We kept seeing the same woman showing up—she was Photoshopped holding 500 different pictures," Loll says. Other warning signs are more difficult to detect, such as doctored certificates of authenticity.

Sellers based in certain regions—including the Balkans, southern Spain, Costa Rica and eastern Europe—should raise alarm bells.

The most vulnerable segments of the market, Loll has found, are drawings between \$500 and \$25,000; paintings between \$1,000 and \$5,000; and prints between \$5,000 and \$15,000. And if you are looking to buy a work online by Marc Chagall, Salvador Dalí, Keith Haring, Henri Matisse, Andy Warhol, Roy Lichtenstein, Claude Monet, Joan Miró, Jackson Pollock, Pierre-Auguste Renoir or Pablo Picasso, you might want to do a little extra homework first, as they are common targets for scammers. J.H.

Collectors reserve space as New York's first art freeport prepares for summer launch

New facility offers museum-quality environment and cutting-edge security

COLLECTING

New York. Soon the burgeoning Harlem art scene will boast one venue where the works will pointedly not be on view: Arcis, a 110,000 sq. ft. purpose-built art storage facility within a federally designated Foreign Trade Zone (FTZ) that is insured to hold up to \$3bn in art.

Scheduled to open in July, Arcis is the fruit of nearly two years' work by former executives of the art logistics firms Crozier and Dietl and developer Cayre Equities to create storage to serve the needs of international collectors in Manhattan. As in international freeports in Geneva and Singapore, works of art held within the facility will be exempt from US duty and excise tax until they exit. (New York state sales tax may apply; Arcis advises clients to seek legal advice on tax implications.) Collectors are already reserving space.

"While the FTZ designation is receiving a lot of deserved attention, the foundation of Arcis is providing real, museum-level sustainable storage to the private sector," Tom Sapienza, Arcis's executive director, says. He and the director of operations, Kevin Lay, partnered with the Van Gogh Museum in Amsterdam and Vidaris,

the consulting firm used by the Whitney Museum for the envelope of its new building, to create a sustainable microclimate system that filters the air three to six times per hour (LEED and BREEAM environmental assessment certifications are in the works).

Comparing Arcis with other storage facilities he has worked in, Lay says, like comparing "apples and oranges". The building has ceiling heights of up to 16ft in one of its viewing rooms and "robust, 21st-century" security features, such as retinal scanning.

The proprietary business model was a key factor in obtaining the FTZ nod—the first of its kind in New York—while the West 146th Street site, formerly a parking lot, allowed for the highest possible insurance rating from broker Willis Towers Watson, which saw no "accumulation risk", in contrast to



Arcis, which means "fortress" in Latin, will open in Harlem in July

locations in the city's Chelsea area.

"Manhattan lost 165,000 sq. ft of traditional art storage capacity in the summer of 2016," Sapienza notes. "The art market was ready for an upgrade."

It is hard to overstate that upgrade when coupled with the option of tax-free status. Freeports have come under scrutiny as tax shelters, particularly for works of art. While Arcis contracts put the onus of disclosure on the client, Lay says: "This is not a place for subterfuge or malfeasance. If the FBI or Interpol should come along, assuming there is a warrant or our lawyers tell us it's OK, we will comply."

Sarah P. Hanson



Arcis directors Tom Sapienza (left) and Kevin Lay

'I have decided to shift my life': Chelsea stalwart Andrea Rosen to close West 24th Street gallery

The gallerist Andrea Rosen, who operates two adjacent spaces on West 24th Street in Chelsea, announced at the end of February that she would cease representation of living artists. The news broke in an email that, though widespread, was personal in tone.

"I have come to realise that in order for me to be fearlessly open and responsive to our times and the future, requires mobility, flexibility and the willingness to change, and consequently, I have decided to shift my life, and the focus of the gallery, in a significant way," Rosen wrote.

The estate of Félix González-Torres, closely identified with the gallery, is now co-represented by Rosen and David Zwirner Gallery. The final exhibitions, of work by Elliott Hundley and Martha Friedman, closed on 11 March, but most of Rosen's team will stay on until the summer.

Rosen, who opened her gallery in SoHo in 1990, is often credited with launching not only the career of González-Torres—her first show—but also that of Wolfgang Tillmans in the US. In recent years her roster had tilted towards established mid-career artists such as Andrea Zittel, Ryan Trecartin and Lizzie Fitch, and David Altmejd.

The artist Matthew Ritchie, represented by Rosen since 1999, says: "It's obviously a personal and professional loss, as we worked well together and I think she contributed a lot to the art world in general."

New York's mid-market galleries—catering neither to clients for whom price is no object nor to those seeking fresh talents—have felt an economic squeeze in recent years, but Rosen brushed away the



Rosen is refocusing her efforts on the Félix González-Torres Foundation

idea that the closure might be related to financial difficulties. She will be maintaining her smaller gallery space as an office for her ongoing activities with the Félix González-Torres Foundation.

"Félix is such a great model because there's a way of having things be incredibly meaningful without the complexity of the tangible," Rosen says.

Zwirner, she adds, was the "obvious choice" to share representation of the artist's estate. The gallery will open a show of González-Torres's work on 27 April at its West 20th Street space.

Dan Duray