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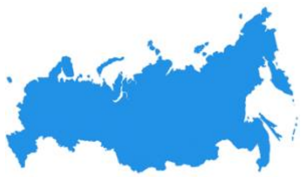
DIRTY MONEY IN THE ART MARKET UNDERMINES NATIONAL SECURITY

CONGRESS MUST PASS THE 'ART MARKET INTEGRITY ACT'

THE PROBLEM

The U.S. art market is a multi-billion-dollar, high-value financial market that remains outside modern anti-money laundering (AML) safeguards. Unlike banks and many other financial intermediaries, art dealers, galleries, and auction houses are not required to know their customers, keep basic records, or report suspicious activity. That opacity has been exploited by corrupt foreign officials, terrorist organizations, sanctioned oligarchs, and criminal networks to launder funds and evade sanctions—undermining U.S. national security, distorting markets, and disadvantaging law-abiding businesses.

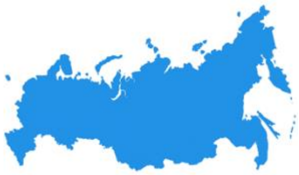
EXAMPLES OF THE PROBLEM



In 2020, a bipartisan Senate investigation found that Kremlin-linked oligarchs used intermediaries and anonymous transactions in the U.S. art market to move over $18 million, evading sanctions and exploiting the sector's opacity.

U.S. auction houses and vendors facilitated purchases by Teodoro Obiang Mangue, the Vice President of Equatorial Guinea, who laundered hundreds of millions in corruption proceeds. After long-running litigation, the U.S. secured forfeiture of $30 million in U.S.-based assets (including famous pop-culture memorabilia).

U.S. galleries and auction houses were used to acquire art—including works by Van Gogh and Monet—with funds embezzled from Malaysia's 1MDB sovereign wealth fund, exploiting U.S. markets to launder part of the multi-billion-dollar corruption scheme.



U.S. art dealers and auction houses sold artwork to two U.S. residents who laundered over $1 million and purchased art on behalf of a Channel One Russia television presenter and a sanctioned Russian oligarch—helping them evade U.S. sanctions.

THE SOLUTION

The bipartisan *Art Market Integrity Act* would amend the federal Bank Secrecy Act to cover certain intermediaries in the U.S. art market that are uniquely positioned to prevent criminals from abusing the market—such as dealers, galleries, and auction houses. Importantly, the bill uses a **risk-based approach**, using dollar thresholds in order to focus on higher-risk transactions, and exempting lower-risk actors, including artists selling their own work.

Under the Act, covered intermediaries would be required to perform due diligence on their customers, identify the true owners of their corporate customers, and report suspicious transactions to the U.S. Treasury. These basic AML safeguards would help Treasury, the Department of Justice, and other agencies follow and stop dirty money. Critically, the bill would *not* regulate artistic expression, tax private collections, or apply to small, low-risk artists. Instead, it would ensure that responsible dealers aren't undercut by bad actors willing to look the other way.

Years of bipartisan concern—and repeated U.S. government findings—show that the art market has become a preferred vehicle for laundering illicit funds and evading sanctions. Closing this gap will protect legitimate market participants, align the U.S. with global best practices, and equip law enforcement with the tools they need to crack down on financial crime.

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