

The Art Due Diligence Group MI Reports share qualitative market intelligence providing a deeper and more nuanced understanding of aspects of the art market and how it functions. The reports reflect a review of different aspects of complex, high end art sales and international ownership and movement, drawing on industry experts actively involved in the market. Their purpose is to address reality and practicality rather than being highly theoretical.

The reports are generated from the ADDG round table discussions to share knowledge on specialist topics and to share best practice and to generate solutions to support safe, compliant and trouble-free transactions in the high-end art market.

The ADDG has developed a structured and formalised approach to highlight existing and emerging risks in the market and to evaluate the effectiveness of current practice and the impact of regulatory developments.

**SECURITY & LOGISTICS ROUND TABLE:
5TH SEPTEMBER 2017**

The ADDG conducted this forum with leading service providers in the arts industry, hosted by The 36 Group, 36 Bedford Row, London.

The event was organised by Jessica Franes of Vitruvian Arts Consultancy Ltd. and Pandora Mather-Lees of Pandora Art Services Ltd. The discussion was opened and introduced by Malcolm Taylor with Frank Morey and Ian Hall of Virtus Risk Management leading the discussion. The event was hosted by 36 Art at The 36 Group.

AIMS:

- to explore the optimum security and logistics required for transporting a very high value and vulnerable artwork;
- to harness the collective opinions of various art market stakeholders in order to obtain “joined up thinking” on how to create safe and secure transport, delivery and installation of an extremely high value artwork; and
- to examine four key topics on security and logistics in the context of moving a high value work through international borders.

Participants included: insurers, trust and tax advisors, customs specialists, yacht specialists, art advisers, security advisers, valuers and shippers.

SECURITY & LOGISTICS: INTRODUCTION

The art market has become truly globalised with an increase in the movement of fine art objects due to the growth of international art fairs, exhibitions, freeport storage solutions and strong emerging markets. Every time a piece of art is moved it presents a challenge for the multiple parties involved. Issues of competence, knowledge and trust exist along with the requirement to keep costs to a minimum whilst being fully compliant and preserving the value of the object.

This round table explored key challenges that face security and logistics services and service providers working alongside them in the context of a hypothetical transportation of a high value, sizeable object, such as a Van Gogh masterpiece across international borders from a superyacht in Monaco.

What are the security considerations presented by the yacht owner prior to artwork collection?

The group identified 6 critical factors in the due diligence process:

- pre-deployment due diligence;
- insurance;
- logistics planning;
- customs – imports/exports;
- security in situ; and
- continuity and communication.

I. PRE-DEPLOYMENT DUE DILIGENCE

Important work starts before the asset is moved in order to mitigate risk. Maintaining a good circle of information security is paramount in the early phase of planning to limit access to knowledge of both the move and the viewing location of any high value object.

- The information circle should be on ‘as & when’ and need-to-know bases. Keeping the ‘Circle of Trust’ tight depends on the nature and size of the vessel, the artwork and the type of move.
- Access to details of the pending movement should be limited. Restricting details of who, where, when and how until the last minute will minimise risks.
- Full due diligence on all individuals involved should be carried out.
- Recognising that insider threat is one of the weakest links is critical. Checks on super yacht staff, selected screening of the shipping company and any private individuals involved in the project must be conducted, despite routine screening of crew prior to onboarding.