

OPENING ADDRESS

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I am delighted to open the Australian Institute of Criminology's Art Crime Conference today.

Art crime is not a new phenomenon. The *Guinness Book of Fakes, Frauds and Forgeries* reports that in the 1490s Lorenzo de' Medici asked **Michelangelo** in Florence to make his statue of a cupid look "as if it has been buried" so that he could send it to Rome, where it would "pass for an ancient piece and sell much better". So why be concerned about art crime now?

The importance of the art industry

First, art is an increasingly important industry in its own right. The increasing accessibility of art, and the acceptance of contemporary art as an investment, have made the ownership of art more widespread in the last few decades.

Australians now spend hundreds of millions a year on art. As demand for art has risen, so too have prices. Inevitably, with the development of a large art market, the risks of collecting, buying and selling art have increased.

Criminals are increasingly realising that money can be made in the theft and forgery of art. The value of a beautiful painting as well as the fact that it can be rolled up and mailed around the world also make art vulnerable to being used for money laundering.

Art theft

The scale of art theft is another reason to be concerned about art crime. Consider these facts:

- Reports of stolen art received by the International Foundation for Art Research have more than tripled since the late 1970s.
- The number of stolen pieces identified by the Art Loss Register averages about one in 4,500 offered for sale.
- Estimates of the value of the international market for stolen art range from US\$500 million to a staggering US\$7.5 billion.
- The criminal traffic in stolen art is estimated to be the third largest in stolen goods, behind only drugs and guns.

In Australia, the art world has had its fair share of art theft. However, a number of Australian dealers are more concerned about fakes and fraud than theft. From their point of view fakes and frauds have the potential to undermined the credibility of the industry. I will talk about fakes and fraud shortly.

It is important that we take art theft seriously. It is estimated that Cambodia has lost 10 times more sculpture to theft over the past 30 years than the preceding 200 years. Law enforcement can help through border controls and the investigation of incidents. The industry must play a role as well.

Stolen art can circulate in illegal markets for years without being detected. The development of the Art Loss Register is very encouraging. The Art Loss Register provides information about stolen items so that they can be recovered. Even if the item is not recovered, wide publicity may decrease its resale value - a way of taking some of the proceeds of crime without a prosecution.

Art fraud

As I have said, in Australia fraud and forgery are often more serious crimes than theft for dealers and individual artists.

Forgery - Indigenous art

Forgery is a serious problem for both Indigenous art and mainstream Australian art. It is a particularly important issue for Indigenous art. With Indigenous art:

- Forgery might involve claiming that an art work is from one particular artist, when it is not, or
- Forgery might involve claiming that an artwork is from an Indigenous artist or group, when it is not.

The Australian Indigenous art industry is now worth \$200 million a year. Many of the paintings are highly valuable, while others are comparatively inexpensive. The size and diversity of the market mean that the production of fakes is a problem for the industry, and of course artists. Again, the industry needs to play a role in addressing this crime.

The National Indigenous Arts Advocacy Association has developed a system of labels that buyers will be able to use to confirm the authenticity of artwork. This is an example of the kind of industry self regulation approach that will, in the long term:

- Best meet the needs of buyers who want to be assured that the art that they have just purchased is genuine, and
- Best meet the needs of artists, who want to make sure that the value of their work is maintained.

It is also encouraging also to see recent reports of prosecutions relating to the forgery of Aboriginal art works.

Money laundering

If your not concerned about the art industry, money laundering gives a reason to be concerned about art crime. As with other luxury items, art is attractive to the money launderer. There is an active market for quality art and no cash reporting requirements.

In one recent Australian case expensive art work purchased in Australia and overseas has been used to launder the proceeds of narcotics importation. The importer allegedly began his art purchases with a \$600,000 painting, but over time began to purchase less obviously expensive

art, usually paying around \$50,000. Art was purchased with the expectation of a value increase and because it was unlikely to raise the suspicion of authorities in Australia. He became a recognised buyer overseas and dealers there would look for appropriate investments for him. Art bought overseas was allegedly paid for in cash. An interesting aspect of the case was that police investigators did not recognise the value of art in the suspect's possession when a warrant was executed. It was not until receipts for some art purchases were found that police began to take note of activity in this area.

Art could be attractive to persons wanting to launder money because authorities may not recognise the value of quality art. Whatever good work has been done regarding the authenticity of art works, the industry does not check the origin of buyers funds. Art can also be easily transferred overseas to an international market not concerned about the origins of funds used to purchase art, but the quality of art on offer. The use of art to launder the proceeds of organised crime should be a concern to us all.

Conclusion

Art theft and art forgery has a significant monetary impact on victims. The recovery rate for stolen art reported to the International Foundation for Art Research, Interpol and the FBI has been estimated to be as low as 10 per cent, and conviction of criminals for crimes involving art is even lower. There have only been a few convictions in Australia and these involved prosecutions for theft of art from private collections. Cases relating to fraud and authenticity have been mostly settled out of court.

My message today is that we need to remember that forgery and fraud, as well as the theft of art are crimes. Combating this crime requires cooperation. The art community, law enforcement agencies and governments must all play a role.

There is a role also for research into the transnational networks involved, the extent of their connections to the licit aspect of the art world and their links to other criminal markets. We should not allow art to become a refuge for criminal organisations who wish to launder money.

In the end, art cannot be measured by its dollar value. Art helps define who we are. Australia is proud of its artists. Few professions give more than they get. We need to support our artists by being aware of the risks that they face.