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Entrenched secrecy leaves the art world open to fraud

Simon Bushell

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Inigo Philbrick was a high-flying art dealer with a glittering client list and an impeccable pedigree. Behind the scenes, however, he was selling the same paintings to multiple buyers, using client-owned art as collateral for personal loans, and telling a string of lies to keep the scheme afloat.

By the time his fraud was exposed in 2019, investors had lost tens of millions. Arrested in 2020 while hiding in Vanuatu, he was sentenced to seven years in prison but released last year.

Yet Philbrick's scheme was no anomaly. Hidden fees, misrepresentation, undisclosed conflicts of interest and unauthorised sales remain rife in the art world. The art market thrives on secrecy, but that same discretion makes it vulnerable to fraud. Buyers and sellers rely on intermediaries — dealers, advisers, agents — to navigate high-value transactions while avoiding publicity and security risks. These gatekeepers wield enormous influence, positioning themselves as trusted confidants with unique access to opportunities and personal connections.

This process makes requests for formal documentation feel like an affront. But that attitude leaves buyers exposed, with key safeguards — provenance research, title verification, escrow arrangements — frequently overlooked. Even where paperwork exists, it is often assumed to be sufficient without thorough scrutiny.

Blurred roles between dealers and advisers magnify these risks. A dealer's job is to make a work "shimmer" to a collector, but when they also profit from the sale, conflicts of interest abound. Buyers may assume they are getting impartial advice when, in reality, they are dealing with someone driven by a strong desire, if not necessity, to make a sale.

Custody and control are further weak points. Who physically holds an artwork, and what authority do they have to sell or loan it? Many deals involve intermediaries taking possession of pieces, yet without clear agreements, opportunities for misconduct abound.

The EU's Fifth Anti-Money Laundering Directive came into force in 2020 and was meant to improve transparency by requiring dealers to verify the ultimate beneficial owners of transactions of more than €10,000 (£8,300) and in some cases scrutinise the buyer's source of funds. But while these rules exist on paper, weak enforcement has allowed the market's culture of discretion to persist largely undisturbed.

Loopholes also remain, particularly in cross-border deals beyond the directive's reach. Since it applies only in the EU and UK — the legislation was implemented before Brexit — transactions in jurisdictions such as the US continue to operate under weaker controls. Without stronger enforcement and global alignment, these measures risk being little more than a regulatory fig leaf.

Until transparency and enforceable legal protections take centre stage, the art world will remain vulnerable. Philbrick may be out of prison, but there will always be another dealer willing to test the limits of trust.

Simon Bushell is Senior Partner at Seladore Legal