

Campaign: a call for regulation and transparency in the auctions art market.

Paolo Cirio is designing legal complaints and petitions to be submitted to the Commodity Futures Trading Commission (U.S.) and to the Financial Conduct Authority (U.K). This campaign is inspired by [Cirio's investigation into the bad business practices of auction houses](#). Ultimately, Cirio proposes the following list of urgent and innovative regulations in the secondary art market.

- Establish a 10% tax on auction house profits and the resale of artworks in order to generate revenue in support of non-profit art institutions and the careers of younger artists and art professionals.
- Scrutinize conflicts of interest between auction houses and bidders, third-party guarantees, and buyers. Investigations into shady agreements arranged by auction houses will reveal the actual financial values of artworks.
- Increase the transparency of international transactions to be more in line with recent EU and UK regulations requiring the verification of the identity of buyers and sellers. Currently such transparency can be avoided by arranging auctions in jurisdictions favorable to financial secrecy.
- Call on the US Congress to amend the Bank Secrecy Act to include transactions involving high-value art via both public auction and private sale. Currently the secondary art market lacks the formal regulatory requirements that the Bank Secrecy Act imposes on financial institutions.
- Issue fines for “transfer mispricing” in the art market, similar to other industries. The values of artifacts must be consistent in the chain of production throughout all international financial transactions and not altered for tax avoidance and/or value inflation.
- Ban the sale of works by artists without a history of exhibitions in art institutions. Fabricated artists such as [Beeple](#), [Doodle](#), or [Obvious](#) are commercial operations created by the auction houses in order to make up false value estimates for the purpose of financial speculation and to [defraud collectors](#). Moreover, these deceptive marketing operations damage the primary market and affect the careers of hard-working art professionals.
- Break the monopoly of auction houses in the secondary markets, thus allowing greater performance, competition, and platform diversity in the resale of artworks. Sotheby’s, Christie’s, and Phillips monopolize the market, stifling innovation and fostering unethical, inaccessible, and unregulated practices.
- Ensure that estimated values of artworks are validated by independent commissions of art historians and professionals before they go to auction. Estimates fixed by auction houses are a major conflict of interest, similar to ratings manipulations by financial institutions.
- Give artworks a unique ID with a system of classification that can be entered into an international inventory. This would allow the tracking of transactions and shipments across borders, helping mitigate forgery, tax evasion, and obfuscating ownership.
- Ban the flipping of prices with resales of artworks within a short time span. Establish regulations that would freeze the reselling of artworks for a minimum of a few years.
- Apply resale royalties and artist’s rights contracts on an international basis, in keeping with the EU directive for artists to receive royalties when their works are resold at auction.
- Establish ethical guidelines in art journalism and art criticism for reporting art auction records and sales. Journalists and critics need to address the speculative and manipulative factors underpinning sales, rather than merely reporting the amounts of transactions and positioning them as endorsements of the quality of the art sold.