

PRESS RELEASE

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<https://Art-Derivatives.com>

The artist [Paolo Cirio](#) would like to thank you for purchasing artworks on *Art-Derivatives.com* and your [support for enhancing transparency and fairness in the art market](#).

In one year from the launch of [Art-Derivatives.com](#), the project made international headlines and engaged hundreds of micro-collectors with the sale of digital art derivatives. For celebrating one year of [Art-Derivatives.com](#) the site now offers [for sale a special series of 100 derivatives from the infamous work by Beeple](#) sold as an [NFT at Christie's in 2021](#). Buy one of these derivatives or other ones to support the project and subvert the [auction houses' fraudulent market](#).

Lately, investments in digital art authenticated with cryptography brought excitement as well as a million dollar art market. This is something Paolo Cirio envisioned several years ago, as one of the first artists to outline methods and analyses of this future art economy. [In Art Commodities \(2014\) Paolo Cirio applied research into smart contract and blockchain technology](#), as Pau Waelder, expert and researcher in the history of the digital art market states “Cirio developed his model at a time when it was still not integrated in the art market, and saw the possibility of creating a radically different system, based on abundance instead of scarcity, and on sharing the artworks instead of keeping a unique object at home or in a storage room.” Paolo Cirio not only predicted the use of this technology in art but also addressed the disrupted systems of the art market and its future financial and aesthetic reconfigurations. In this [new audio interview with Waelder, Paolo Cirio discusses his early research and the most recent craze of the NFT art market](#).

[Art-Derivatives.com](#) has just been [featured in Flash Art International with a personal statement](#) and in 2020 it has been featured by news outlets such as [ArtNet](#), [SCMP Hong Kong](#), [Süddeutsche Zeitung](#), [L'Espresso](#), [Politiken](#), and with interviews in [The Clot](#) and [Zero Deux](#) magazines.

Meanwhile, this year the real economy of the art world struggled as never before, with art venues closing, museums laying off staff, art fairs disappearing, and outlets and artists losing revenue streams. Yet the art market of the speculators remained largely unaffected, simply turning online and in the process rendering the immaterial and abstract nature of art's financialization even more speculative. We have seen record [online sales in the auction houses made remotely by anonymous buyers and sellers](#), who transfer millions without even unwrapping the artworks, all taking place behind screens, phones, locked doors and so with less scrutiny than ever.

Indeed, secrecy in the market increased in online auctions and [now objects that don't sell are even listed as "withdrawn" rather than "unsold"](#). Such opacity could even affect the derivatives on [Art-Derivatives.com](#) that bet against the future values of artworks. We must demand more transparency in art auctions, a call for that in 2020 came even from the U.S. Congress after [an infamous scandal of money laundering](#), which just [escalated with further evidence](#).

Now with NFT crypto art on blockchain the need for transparency and fairness is even more urgent. Anonymous transactions on works of dubious artists use cryptocurrencies untaxed and of inflated values on top of the overestimated values of artworks.

After all, NFT or bananas, the substance doesn't change. It's all about the prices, not about the art. And even if it's all about the financial value, its economy is still barely discussed. Then, not the market, nor the art, but only the numbers forming the price make people blink. It's not a matter of taste, nor this is art at all, it's only financial fraud, inequality deepening, and cultural corruption. Therefore, we must take action.

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.