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THE ART NEWSPAPER

Picasso painting offered in money-laundering scheme, US feds say

One defendant described the art business as "the only market that is unregulated", according to the Brooklyn indictment

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2nd March 2018 23:41 GMT



AP Photo/J. David Ake

On Friday (2 March), the US Department of Justice (DOJ) unveiled a multi-count indictment in a federal court in Brooklyn against four corporate and six individual defendants who prosecutors say were part of a \$50m international securities fraud and money laundering scheme that involved the attempted sale of a Picasso painting to an undercover agent.

“In order to discreetly receive their illegal proceeds, the defendants focused their efforts on laundering the money through a variety of means, including the art world, which they believed was a market free from direct regulation,” William Sweeney, Assistant Director-in-Charge, said in a statement released by the US Department of Justice.

Among the individual defendants is Matthew Green, [named in the court papers](#) as the owner of Mayfair Art Limited in London.

The multi-year international investigation involved the US Securities and Exchange Commission, the City of London Police, the UK’s Financial Conduct Authority and the Hungarian National Bureau of Investigation.

The allegations in the indictment date as recently as last month. According to [an official release](#) by the DOJ, between March 2014

and February 2018, the corporate defendants, Beaufort Securities and Beaufort Management, and two of their managers, manipulated price and trading volume in stocks of US publicly traded companies to defraud investors. In additional allegations, between January 2011 and February 2018, the so-called Beaufort Defendants, along with Loyal Bank, Loyal Agency and two employees there, facilitated a scheme to launder securities fraud proceeds for their clients, according to the DOJ.

In 2016, an undercover agent reached out to the Beaufort manager Panayiotis Kyriacou seeking to open an account at Beaufort Securities to use for trading in stock manipulation deals. Kyriacou, his uncle Aristos Aristodemou and Green were involved in a separate money laundering allegation. The trio allegedly came up with a plan to “clean up” £6.7m in money for an undercover agent, which he represented as profits of securities fraud, “through the purchase and subsequent sale of art”, specifically Picasso’s *Personnages, Painted 11 April 1965*.

According to the court documents, the undercover agent was told he could “purchase and then maintain ownership of the painting for a period of time and then Green would arrange for the resale of the painting. Green would then transfer proceeds of that sale back to the undercover agent through a bank account in the United States”. The indictment adds that Green said “that it was important for him to make more than a five percent profit on the transaction so that he would not be asked why he was ‘in the money laundering business’”. Paperwork was drafted for the transaction, but the scheme was stopped before the sale.

The painting was used to cover up the ill-gotten gains because, as Aristodemou explained during a recorded meeting with the undercover agent in December, “the art business was ‘the only market that is unregulated,’ and that art was a profitable investment because of ‘money laundering.’”

Green could not be immediately reached for comment.