PROBLEM

- Growing counterfeit market
  - The new era of internet art retailers has made it more difficult to track and punish counterfeiters. Art forgery is becoming even more decentralized and easily profitable.
  - For example, Knoedler Gallery, a New York-based art gallery that had operated since 1846, closed in 2011 following the discovery that the gallery had sold about $70 million worth of counterfeit art.[1]
  - The FBI's Art Crime Team, launched in 2004, includes 13 special agents and three Department of Justice attorneys. To date, the team has recovered 850 cultural objects valued at more than $134 million.[3]

- Increasing quality
  - Many times, experts cannot differentiate between fake and real pieces because counterfeit technology has closely tracked that of anti-fraud.

PROBLEM (cont'd)

- Eroded confidence in authenticity shrinks sales
  - As counterfeiting penetrates even the oldest and most trusted names in fine art, buyers are increasingly fearful of making new purchases
  - The high risk of counterfeiting has made buyers wary of collecting art by unfamiliar names. This makes it even harder for smaller artists to complete major sales.[1]

- Dampens the image of the real artist and puts them in precarious situations
  - Artist Eric Fischl was recently forced to prove that he was not the artist responsible for a painting recently offered for over $100,000 that was being erroneously attributed to him[2] The fact that Fischl found himself unable to disavow the fake on appearance alone highlights the vail of uncertainty surrounding fine art

1 Ibid
2 Artsy

CURRENT SOLUTIONS

- Synthetic DNA paint embedded in the art piece
  - Pros: Nearly impossible to replicate or forge
  - Cons: Highly expensive and inconvenient to verify; creation of synthetic DNA in the lab requires a complex process

- Expert authentication
  - Verdict is often wrong and hence authentication gives little comfort. In fact, curators, artists' foundations and independent experts are so uncertain of their ability that they now often shy away from authenticating works for fear of being sued.[1] Another piece of evidence further proving the ineffectiveness of this method is the fact that one man fooled 45 museums into accepting and proudly displaying hundreds of his forged masterpieces.[2]
  - Limited number of authenticators and cannot be transported easily; not cost effective

- Gallery inter-mediation
  - Galleries can serve as "stamps of approval"
  - However, even highly regarded galleries have been found with counterfeit art (see page 1)

CHRONICLED SOLUTION

- Chronicled offers an authenticity tech platform that utilizes encrypted microchips embedded in a piece of art to create a unique and unforgeable digital identity for each product.

- Microchips cannot be copied, cloned or corrupted
  - No risk of false goods or information

- Open Source network is interoperable for developers, allowing for unfettered growth of the ecosystem
  - Brands and authorized developers can create quality, reliable content and supplementary plug-ins

- Facilitates transfer of ownership

- Other benefits
  - Cost-effective
  - The toolkit is seamless and easy for anyone to use
  - Every brand can easily supplement its existing brand App with a 'smart product authentication screen' via a standard module of code

INSURANCE & IDENTITY

- Show continuous possession
  - Works enter the market with ensured authenticity
  - Provable provenance with guaranteed validity
  - Creates social aspect in that buyers and owners can see who else has owned the piece

- Creates unique digital identity
  - An art piece with a digital identity that cannot be corrupted or copied allows people to see instantly whether it is real and who the rightful owner should be
  - For artists, other creators and collectors, unforgeable and incorruptible identities for fine art pieces will eliminate any question as to who created what
  - This removes the burden of legal action, particularly for smaller artists who lack sufficient resources to bring a lawsuit any time a counterfeiter attempts to imitate their art and sell it into the market

COLLATERAL & WARRANTY

- Easily collateralize an artwork
  - An owner of a blockchain-registered painting can seamlessly and easily offer it as collateral
  - Very likely reduces the need for paperwork proving ownership and possession
- Offer warranty
  - Digitization of paperwork enables easy access to records that cannot be tampered with and will last forever. It can display things like proof of payment, date of purchase, full warranty contract and details about the item itself. This information can prove critical in a dispute over a warranty deal.

SHOWROOMING FOR STORES

- People visiting a gallery can use augmented reality technology to access quality information instantly
  - Far more cost efficient for stores since need for sales personnel is reduced
  - Mediates unpredictability of each unique human interaction
  - Allows customers to buy pieces at the touch of the button
  - Offers information that otherwise would not be available. Provenance, history and artistic inspiration are some things that can be explored using Chronicled's technology. With this information, consumers can make more deliberative choices and do so with more confidence.