



THE WATCH ■ REGISTER®

www.thewatchregister.com



THE WATCH REGISTER

10-year Anniversary Report

Executive Summary

Watch crime has gone from a niche problem to front-page news. Looking to the future, this report assesses the obstacles that remain to a more effective fight against watch crime and how they are best overcome

- This report looks back at the evolution of The Watch Register over the last 10 years from a deliberately human-led investigative team to a global database, using sophisticated input and search algorithms while retaining expert human oversight. It highlights the outstanding achievements of The Watch Register, both in terms of the growth of the database and the watches matched and recovered. Looking to the future, this report assesses the obstacles that remain to a more effective fight against watch crime and how they are best overcome.
- The Watch Register was created in 2014 as a subset of the hugely successful Art Loss Register. With most watches carrying a model number and a unique serial number, they are even more suited to a searchable database than art and antiques. The need for accurate input and search data means The Watch Register relies on a combination of database technology and human interaction to ensure that the input data is clean and every possible opportunity to make a match is considered. Years of experience in cross-border negotiation and close cooperation with international law enforcement means that if a match is made, The Watch Register is best placed to reunite the watch with its legal owner. This is demonstrated through numerous case studies of successful recoveries.
- There has been a proliferation of companies offering database services relating to lost and stolen watches. This report compares the pros and cons of their open database approach to the managed service that The Watch Register operates and considers whether open databases might actually benefit criminals more than the victims.
- The Watch Register's service is of immense value to a wide variety of stakeholders, including law enforcement, insurers, auction houses, and watch manufacturers, in addition to watch dealers and private collectors. This report examines those relationships, how they have evolved, and what further development is possible.
- An area of watch crime that is of increasing concern is counterfeiting. This remains a largely unknown aspect of The Watch Register's work. Still, as the fakes get better, the ability to search for known counterfeit serial numbers on The Watch Register database is a vital weapon to prevent these fakes from being traded as the real thing.
- The Watch Register continues to go from strength to strength. The data shows that the number of registered watches, searches and matches is growing yearly. This is from the watch trade's increasing use of The Watch Register and more collaboration from international law enforcement, sharing their stolen watch records. Watches are being found quicker as a stolen watch's first commercial contact is more likely to conduct a Watch Register search. A no-match certificate is rapidly becoming the gold standard in watch trade due diligence.
- A broader acceptance of the vital role that serial numbers play at each stage of a watch's journey from point of sale to insurance cover and any eventual police report would equip The Watch Register with the data to help even more victims of watch crime. Future buy-in from the watch manufacturers would close the loop at the point of service, further preventing criminal access to the legitimate watch industry.

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Photographer

James Hills

THE WATCH REGISTER 10-year Anniversary Report

1. Past, Present and Future of THE WATCH REGISTER

As The Watch Register reaches its 10-year anniversary, it is an appropriate point to examine its aims, the impact that it has had on the watch market since its inception, and its plans for the future. While The Watch Register was founded in 2014, its parent company has included watches as part of a wider remit for much longer. 1990 saw the inception of the Art Loss Register as a commercial enterprise backed by the auction, dealer, and insurance industries. This formalised an even older project, the not-for-profit organisation IFAR (International Foundation for Art Research), established in New York in 1969, which began publishing the 'Stolen Art Alert' in 1976. As the numbers and values grew, a not-for-profit operation became unsustainable, and the Art Loss Register took over a process that currently involves over 450,000 checks per year against a database of over 700,000 items.

As a subset of lost and stolen items, watches are particularly suited to database registration, with most carrying a unique serial number. This, combined with a brand name and a model name or number, is all one needs to positively identify a watch. The dawn of the new millennium saw the emergence of pre-owned watch dealing as a growing business, at first steadily, then since 2010 with increasing rapidity. A lack of data available to the trade and the public meant that lost or stolen watches could be bought and sold with impunity. This is the gap that, in 2014, The Watch Register sought to fill.

The Watch Register aims to become the world's foremost trusted authority on lost, stolen and counterfeit watches and, in doing so, disrupt the trade in these illicit items by providing trade due diligence and making The Watch Register certificate the industry norm for any watch transaction. A decision was made in the early years to take a human-centric approach, with each search being monitored by specialist Watch Register staff.

Not only did this provide the best experience for the searcher, but it also provided the insight and data to allow the later development of algorithms for automatic searching.

In its current form, The Watch Register acts both proactively and reactively. Details of lost or stolen watches are provided by members of the public, insurance companies, or the police. These are checked to ensure that they correspond to the correct format of model and serial number for the brand in question before they are added to the database. This 'cleansing' of the data is crucial; if mistakes are made, a lost watch will never be found. In addition to the provision of data from external sources, The Watch Register will actively search out details of watches from publicly reported crimes, whether robberies or thefts. Any serial numbers that can be added to the database increase the chance of watches being returned to their rightful owner and offer better protection to traders searching the database.



The core business of The Watch Register is running searches against the database of lost and stolen watches. Currently, The Watch Register processes over 200,000 searches annually, with one in every 250 searches producing a match. Responses to the search are tiered; if no serial number closely resembles the search term, a 'no match' result is returned. If there is a close resemblance to an existing number, the search is flagged for investigation.



In the same way as cleansing the uploaded serial number data, this human interaction is a crucial way to minimise the possibility of matches slipping through the net, something an open-access database cannot achieve. While this is a labour-intensive manual process, new, sophisticated search algorithms have been developed for launch in 2024, allowing 24/7 searching with instantaneous responses while maintaining the same accuracy level.

In the event of a match being made, the human aspect of The Watch Register comes to the fore. Consideration is given to various factors before further steps are taken. Speed is a primary consideration as there is a strong possibility that the watch is in the possession of the person requesting the search, so there is the opportunity to secure it pending further investigation. The nature of the user is assessed, and follow-up is handled accordingly.

Once a match has been identified, The Watch Register offers services to locate the watch and allow the owner to manage the negotiations themselves or use a full recovery service on a 'no

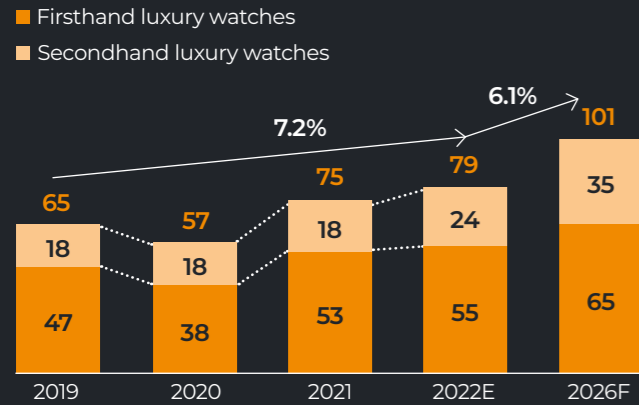
win, no fee' basis. The Register's years of experience negotiating legal titles, even across borders, make their recovery fee highly competitive compared to going it alone, especially as their fee is only paid after the watch is returned. In contrast, the costs of privately recovering a watch using solicitors are paid upfront, regardless of whether the effort is successful. With 1 in 7 watches located by The Watch Register having crossed an international border, assistance in this area is a vital part of the company's work. Recovery is not just about returning a watch to the original owner. It is essential to assess the circumstances of loss, the age of the incident, what proof of loss is available to support the claim, and where the watch has surfaced relative to where it was stolen. If an insurer has paid out a settlement of a watch, they are the owner and should be the recipient.

The next evolution of The Watch Register is to move from an 'office-hours' service to a 24/7 searchable database, which combines automation and human oversight. This will allow The Watch Register to be a 'live' service to a global audience while still retaining the level of rigour for which it has become noted.

2. An overview of the current state of the luxury watch market

The last decade has seen watch collecting rise from a niche hobby, limited to online forums and obscure blogs, to the forefront of celebrity culture. Record-breaking auction results, such as the sale of actor Paul Newman's eponymous Rolex Daytona for \$17.8 million, reached the front pages of mainstream newspapers in 2017. Now, what watch a celebrity is wearing is examined as closely as what designer their wardrobe is governed by. Internet blogs have gone from forensic discussions of watchmaking minutiae to taste-making style bibles.

Growth of luxury watch market

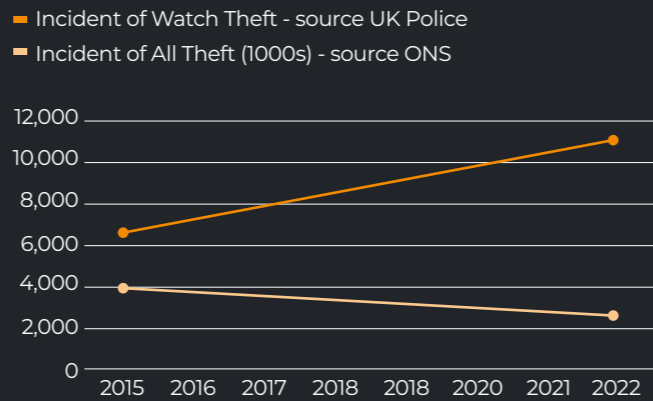


Figures in Billion \$
Data for 2022 estimated. Data for 2026 Forecast. Source BCG

This growth was steady for the first ten years of the new millennium, with Watchfinder being founded in the UK in 2002, Chrono24 launching in Germany the following year, and Hodinkee, the New York online magazine, arriving in 2008 to comment on the burgeoning scene. As the second decade drew to a close, the market started to heat up. Since its launch in 1988, the stainless steel Rolex Daytona has been subject to waiting lists of varying lengths, but the launch of its successor in 2016 saw the spread of the demand/supply imbalance spread to other steel sports Rolex models and to other brands such as Patek Philippe and Audemars Piguet. Waiting lists became a phenomenon for the Patek Philippe Nautilus in steel, leading buyers to opt for Gerald Genta's other 1970s creation, the Audemars Piguet Royal Oak, which likewise became more challenging to find at retail. The traditional relationship between

the retail and pre-owned watch market was that retail was where you paid a premium, while those in search of a deal went pre-owned. As 2020 approached, many watch models became more expensive in the pre-owned market due to their unavailability at retail, with buyers willing to pay a premium to own the hottest references.

Growth in UK Watch Theft



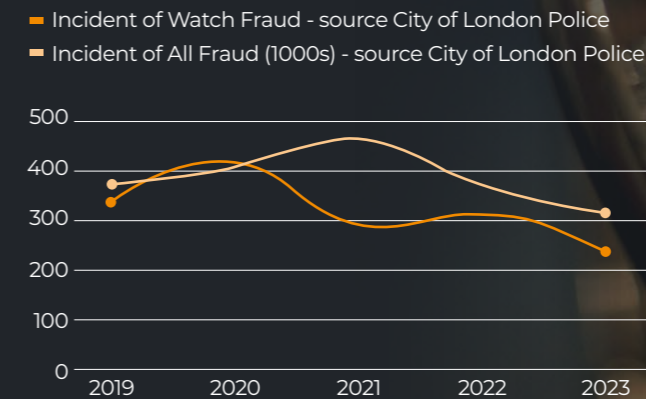
The impact of the COVID pandemic on the watch market in 2020 was multi-faceted. The well-off had more disposable income due to restricted travel and spending opportunities. Government support made cheap loans readily available. Consumers stuck at home turned online for shopping and social media to learn what to buy. Add to this the large sums of money made from digital assets such as NFTs and cryptocurrency, and luxury products, particularly watches, became highly sought after.

Reported thefts in the UK



This coincided with a shuttering of watch manufacturers across Switzerland, which exacerbated supply problems. The resulting bubble drove watch values to an all-time high. Buyers would pay a premium for a sought-after watch, knowing they could sell for a profit a few weeks later. The rise in values spread from the usual core brands and models to encompass an ever more comprehensive range, with speculators believing that all watches rise in value from RRP and that easy profits could be made. As the world returned to normal in early 2022, the three bubble markets of cryptocurrency, NFTs and watches all burst, and watches are currently returning to pre-pandemic values.

Trends in Watch Fraud



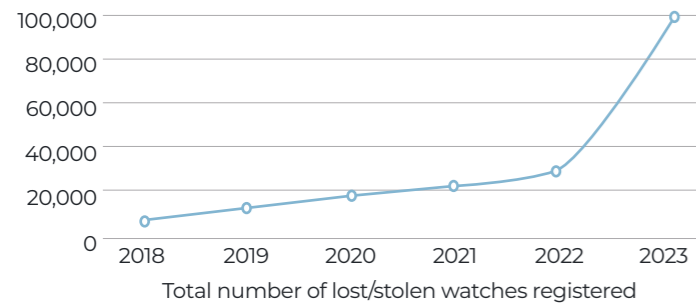
Inevitably, not all the observers of the rise in watch values had honest intentions. As the spotlight fell on watches, criminals were quick to take advantage. In a hot market, watches were a highly liquid asset that could be resold immediately. Street robberies in London and other European cities rose to the point that they became newsworthy. At the same time, the isolation of lockdown saw a rise in fraud cases, either through online transactions or insurance claims. A Freedom of Information request by The Watch Register revealed that in the 5 years prior to the end of 2023, 29,000 watches had been reported to the UK Metropolitan Police as stolen. 20% of those robberies involved violence, and over 50% of all UK watch thefts occurred in London.



3. Key achievements of THE WATCH REGISTER: registrations, searches, recoveries

With the increasing interest in watches from collectors and criminals, it is no surprise that the use of The Watch Register has increased dramatically since its launch. The number of watches listed as lost or stolen now exceeds 100,000. The growth rate was sporadic in the early years as the regular flow of registrations was periodically augmented by a significant data source such as an insurer's archive. Still, between 2021 and 2022, the number of watches listed on the database rose by 60%. This figure does not represent the total of stolen watches reported to The Watch Register, as only those with a serial number can be searched for, so only these can be added. Many more are reported but without the necessary identifying numbers.

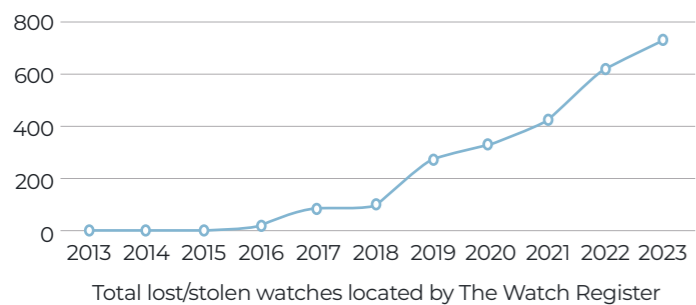
Total watches registered on the database



The average value of a registered watch sits between £10,000 and £20,000, giving a total value of watches recorded as lost or stolen over £1.5 billion.

In 2023 alone, The Watch Register prevented over £4 million worth of stolen or fake watches from entering the secondary market.

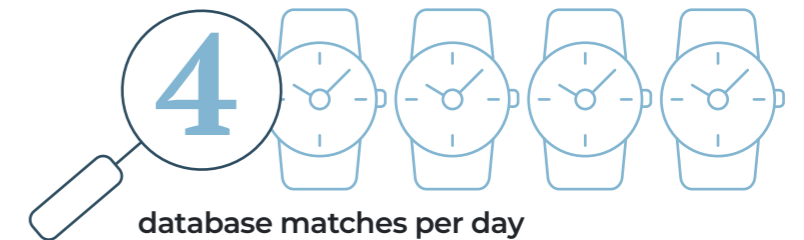
Watches located by the database



Katya Hills, Managing Director of The Watch Register, holding a Rolex Oyster Perpetual Cosmograph Daytona recovered in July 2023

THE WATCH REGISTER in action

It is enlightening to examine the various ways in which The Watch Register can act to recover stolen watches or recover their financial value to the legitimate owner



In 2023, 50% of the lost or stolen watches located by The Watch Register were found within a year of their disappearance, and 35% within six months. This shows an increase from 2022, when 30% of watches were found within a year and only 25% within six months, showing that The Register is becoming a more efficient service.

“The Watch Register is a substantial company with unmatched data, experience, market recognition, and connections across police, insurers, auction houses – both in the UK and internationally. Their Watch Register has a critical mass in the market, and with this, they give solid service and support. They should be everybody’s first choice – best in class, at a very modest cost”

■ Milton’s Jewellers – Liverpool, UK

THE WATCH REGISTER in action

A victim was assaulted at a petrol station in the UK in June 2023 by two men who wrestled her to the ground and stole her Patek Philippe Aquanaut, fleeing in a car. Just one month later, The Watch Register found the £50,000 watch with a dealer in California. Due to the speed of the recovery, The Watch Register prevented the insurer from paying out on the claim and the watch was shipped straight back to the victim.

An Omega Seamaster was stolen in a house burglary in Belgium in 2022. Six months later, The Watch Register located the watch with a German dealer. The watch was uninsured, so the victim appointed The Watch Register to recover the watch on their behalf. The £7,000 watch was returned to the victim within just 2 weeks of its location.

The Danish owner of a Rolex GMT Master II was robbed at gunpoint in London in 2022. One year later, The Watch Register discovered the £10,000 watch with a UK pawnbroker. The victim was keen to recover the watch for sentimental reasons. The Watch Register agreed a buy back with insurers so the watch could be returned to the victim in Denmark.

A street robbery in Marktplatz in Basel in 2018 saw the loss of an IWC Portugieser. The Watch Register found the £7,000 watch with a UK dealer five years later. The insurer appointed The Watch Register to recover the watch and sell the salvage on their behalf.

A stolen Rolex located by The Watch Register led to an international police investigation and the recovery of 35 watches from the same theft. 38 watches were stolen in a €440,000 armed robbery at a jewellery store in Athens in 2018. The following year, a Rolex from this theft was found with a London watch trader. The resulting police investigation traced the previous ownership to a Moldovan in Greece who was arrested. 34 other watches from the theft were still in his possession and were recovered. The investigation led to the dismantling of a criminal organisation that systematically committed robberies at jewellery stores and against elderly people.

A Rolex Cellini was stolen from a Hong Kong owner in the UK in 1994. 25 years later, the watch was found at a UK auction house, showing it's never too late to recover your watch. The £5,000 watch had been a graduation present from the victim's late father and held significant sentimental value. The victim bought back rights to the recovery from her insurer. The day the watch was back in her hands was, she said, "one of the most extraordinary events of my life".

The Watch Register recovered Premier League footballer Rico Henry's watch just 36 days after its loss. The £30,000 'Root Beer' Rolex had slipped out of the Brentford FC player's pocket at a hotel in London. It fell into the hands of an opportunist, who attempted to sell the watch at a nearby pawnbroker store. When challenged, the seller quickly surrendered the watch and it was handed back to a delighted Mr Henry.

The Watch Register has located a total of 11 watches in separate incidents reported by insurers over the years where the watch was alleged to have been 'lost in the sea'. The presence of these watches on the market – with no signs of water damage, and in some cases offered for sale by the policyholder themselves – is a clear indicator of insurance fraud.

4. Competitor analysis

Success leads to imitation, and an increasing number of databases are being launched that claim to offer some level of security and due diligence for victims of loss or potential watch purchasers. Not all databases are created equally or have the same motivation behind their actions. While each may claim to be working in the interests of watch collectors, some of their activities may be counterproductive.

Open-access or managed database?

It may seem that an open database is a preferred solution as it provides a quick and easy 24/7 solution for searchers and registrants. This naive viewpoint misses the fundamental aim of the search, which should be to identify a stolen watch and return it to its rightful owner. An open database has limited control over the data that is uploaded to it. If a registrant makes a mistake in the serial number of a stolen watch, that watch will never be found, and the registration is futile. There is a limit to how much analysis an open automated database can do on the data it receives to ensure that the numbers are in the correct format and contain the correct characters. Os can easily be mistaken for 0s if the victim is unfamiliar with the brand rules. The same can be said at the searching stage, where a stolen watch may not be identified if an error is made in the search form.

Open databases may be easy to access but can also be problematic. Accurate, verified details of both the registrant and the searcher are essential to successfully recovering a watch and detecting insurance fraud. The requested information and proof of loss for registration must be sufficient to substantiate a claim and consider the varying documentation provided by law enforcement around the world; otherwise, stolen watches may not be able to be registered at all.

The most concerning aspect of an open database is the lack of obligation on the searcher to do anything with the information they receive on the



watch status. On receiving a match notification, a potential buyer may choose not to proceed with a purchase, but there is no obligation to retain the watch or pass on the owner's details. Indeed, with no oversight or follow-up and minimal registration details, there is nothing to stop a thief from using an open database to check whether a watch has been flagged or is safe to sell on. With no follow-up or investigation, a flagged watch is never resolved. The return of a stolen watch to its rightful owner might never be facilitated. Furthermore, false matches cannot be cleared. For example, the watch may be from an insurance claim that has been settled, recovered, and resold legitimately. Alternatively, input error may have led to a watch being mistakenly flagged.

	The Watch Register	Enquirus	Digital Watch Vault	My Stolen Watch
Year established	1990, t/a The Watch Register since 2014	2023	2023	2017
Open-access or managed?	Managed	Open-access	Open-access	Open-access
Free or chargeable?	Chargeable	Free	Free	Free to register a loss; €5 to check the database
Contact details required of users?	Full name, address, email, tel.	Full name, email, tel.	Full name, email, tel.	None to check the database; full name, email, tel. to register a loss
Vetting of serial number accuracy?	Yes for all watches	Yes for some brands	No	No
Response time to database checks	5 minutes currently; instant from mid-2024	Instant	Instant	Instant
Human oversight of database checks?	Yes, even post-automation	No	No	No
Customer service support?	Full customer service support	Email only	Email only	Email only
User required to secure lost/stolen watch?	Yes	No	No	No
Registrant notified of watch found?	Yes	Not always	No	No
Recovery service?	Full specialist recovery service	No	No	No

With a managed database, the gatekeeping activity of the database owner provides numerous benefits. There is an opportunity for data cleansing at both the registration and search stages. Duplicate registrations for the same watch can be identified, and the correct title can be established. With a match flagged to the database internally before being communicated to the searcher, there is an opportunity for a strategic response to maximise the opportunity to secure the watch. To use the service, searchers agree to cooperate with The Watch Register in retaining a matched watch if it is safe to do so or to pass on details of the holder if not.

The implicit aim of any victim using a 'Lost and Stolen' register is the recovery of goods and their return to the rightful owner. Open databases do very little to facilitate this and, it could be argued, flag stolen watches in a way that drives them further underground and impedes their recovery. On the other hand, the human oversight of a managed database gives a high chance of recovery once a match is made. From the experience of The Watch Register recoveries team, if the searcher is not called within minutes of the search, then in 95% of cases, the recovery opportunity is lost.

Proliferation of databases

The searcher considers receiving a negative result on a database search to indicate that the watch has not been reported stolen and has a clear provenance. This effectiveness is proportional to the size of the database and the quality of the data within it. If the database contains errors, stolen watches will not be matched against the listed serial numbers. Likewise, if the dataset is small, the chance of a match will be low. Any database must contain serial numbers from as wide a variety of sources as possible, including data held by insurers and police forces globally and uploaded by private individuals. The advantage goes to the database that has been active for the longest time and accrues data from the broadest range of sources; otherwise, it gives the searcher a false sense of security, and the negative result means nothing. Numerous small databases are counterproductive as searchers will not necessarily look in the same place as the loss is recorded and are unlikely to consult multiple sites. It confuses and fragments the data, which is terrible for matches. Even the data passed directly from victims to the watch

manufacturer is only meaningful if that data can be added to a larger searchable pool accessible to secondary market traders or relies on the watch being identified if and when it comes in for service once every few years.

Neutrality

A lost and stolen database should focus on identifying and recovering lost and stolen watches. If the database is owned by a company with additional interest in the watch market, then there will always be the potential for conflict of interest. As the saying goes, 'If you're not paying for the product, then you're the product'. Services provided for free are owned by either watch manufacturers or independent watch dealers. They are interested in customer data, but as their business approach demonstrates, they have little interest in recovery. User error, automation, and a lack of obligation on behalf of the searcher mean that these databases, at best, allow dealers to claim some form of due diligence and, at worst, warn thieves that their goods are too hot for the legitimate market. An independent, high-quality, managed service with human interaction throughout the process, focussed on recovery, is costly to maintain. This means the service has to be chargeable, but you get what you pay for.

Technology

Much is made of the high-tech nature of some of these start-up databases. Words such as 'Exclusive Blockchain Technology' are used without fully explaining how the blockchain will add benefits beyond a traditional database. Blockchain is typically used to prevent data tampering when goods are passed from one owner to another. A good example is the diamond industry, where verifiable provenance is essential. There is no suggestion that database records are being tampered with or updated without the owner's knowledge, so 'blockchain security' appears to be an unnecessary addition used as a marketing tool. A clean, well-formatted database that accounts for user error at the reporting stage and during a search is far more critical to identifying and recovering lost and stolen watches. This is the technology that The Watch Register has invested heavily in and is making available through their new 24/7 search facility.



Katya Hills, Managing Director, and Guy Welchman, Recoveries Manager, holding a Rolex Oyster Perpetual Date GMT Master II recovered in November 2023

5. Challenges to future database success

The recent spike in watch crime has focussed the industry's mind on the best approach to tackle it. The Watch Register is an essential factor in reducing the liquidity of stolen watches, making them a less attractive commodity to steal. There are challenges to the future growth and success of The Watch Register.

- As mentioned, the proliferation of 'lost and stolen' databases hinders the watch's practical identification and recovery. This problem is exacerbated when other databases are of low quality and either fail to match stolen watches, producing a false negative, or achieve a match and then do nothing with the result. The searching public does not understand the complex issues as to why a database is effective and will use the one with the highest profile. This fragmentation of searching reduces the chance of watches being found as users will be unlikely to make repeated searches with different companies, assuming each one's coverage is universal.
- A database is only as good as the data it is supplied with. The Watch Register is the market leader regarding the cleanliness of the numbers uploaded. Years of experience ensure the accuracy of results. But all the effort is for nothing if the data is not collected in the first place. Research undertaken last year by The Watch Register reveals that despite many high-end watches being valued at thousands of pounds, almost half (49%) of people interviewed who had experienced a loss

or theft had failed to keep a record of the serial number of their watch. There needs to be a broad awareness of the importance of serial numbers at each stage of the reporting chain, from owners to insurers to law enforcement agencies. The mass production of even high-value watches means that, without a unique identifying number, it is almost impossible to tell two watches of the same age and reference apart to the extent that the victim can legally claim them.

- During its ten years, The Watch Register has made significant inroads into the watch trading community, raising awareness of the importance of checking watches to protect the buyer and recover watches for the original owner. Coverage is far from complete, and while it remains so, it will be easy for watches to be traded from the criminal market to the legitimate market. The comprehensive adoption of due diligence each time a watch is traded is crucial to reduce the liquidity of stolen watches. Checking a watch needs to become as commonplace as checking the registration documents of a car for sale. Vehicles benefit from a government-run central registration body, and as a comparable service does not exist for watches, The Watch Register is there to fill the gap. Some potential clients may be reluctant to use a service that is not 100% complete due to the risk of a false negative search. Still, no service can offer such a guarantee, so it is better to use the 'best in class' than to do nothing and leave yourself open to greater risk.

The Watch Register and its stakeholders

6. Watch dealers/marketplaces

Critical foundations of any trade or marketplace are the concepts of clear title and good faith. Are you the rightful owner of the commodity for sale, and if not, do you have the demonstrable right to sell it on behalf of the owner? Is the transaction happening openly and transparently with appropriate records kept and due diligence undertaken, or is it an envelope of cash at midnight in a pub car park? The watch trade existed on a 'trust' basis for many years. This trust ranged from long-standing relationships with people believed to be of impeccable character to more of a 'don't ask, don't tell' mentality.

As the watch business grew, and with it watch crime, this concept of trust came under sharp focus. Many dealers chose to ignore the problem, but a turning point came in 2016 with the arrest and prosecution of a prolific fence. The assistance of The Watch Register uncovered evidence that major pre-owned watch companies had unwittingly bought more than five hundred watches valued at well over £1 million between them over two years. Undoubtedly, many smaller dealers were similarly affected.

Under UK law, clear title to an object passes six years after a 'good faith' purchase. Good faith is a contentious subject, with different countries applying varying rules. The closest we can come to an international standard is the 1995 Unidroit Convention covering stolen or illegally imported cultural objects. This states, "In determining whether the possessor exercised due diligence, regard shall be had to all the circumstances of the acquisition, including the character of the parties, the price paid, whether the possessor consulted any reasonably accessible register of stolen cultural objects, and any other relevant information and documentation which it could reasonably have obtained, and whether the possessor consulted accessible agencies or took any other step that a reasonable person would have taken in the circumstances." With regard to watches, The Watch Register fits this description perfectly.

In the wake of such a high-profile case, dealers began to see a The Watch Register certificate of 'no match' as clear proof that due diligence had been carried out and that 'good faith' was evident.

"The Watch Register is vital for our business, offering an easy-to-use, comprehensive database for stolen watches; its after-service support further enhances our pursuit of addressing theft and upholding a secure industry standard."

■ Chrono24 Direct – Germany

Larger pre-owned watch companies began demanding The Watch Register certificates for all the watches they bought, and in turn, their suppliers demanded the same for watches sold to them.

Trust in each other was replaced by trust in The Watch Register, and doubters were often convinced the first time they found a match, either on watches they were selling or buying. When a match occurred, this led to a chain of recompense back down the dealers' transaction path. The fact that The Watch Register's database can be consulted by website API, email, text, or WhatsApp message before a transaction takes place is a crucial factor in its adoption across the dealer community. This confidence is demonstrated by 106% growth in searches from the watch trade between 2021 and 2022.

There are still areas of concern. With the explosion in interest in watches, they are traded freely on social media platforms, forums, and marketplaces. In most cases, this is without the disclosure of the serial number, as the sellers may be wary of fraud, scams, or retailer blacklisting. With major marketplaces like Chrono24 adopting The Watch Register's services, including a Watch Register certificate with the sale is increasingly becoming the norm and adds an extra layer of security to these transactions for both buyer and seller.



“Sotheby’s has had a long and valuable relationship with The Watch Register. Trust and integrity are vital when selling goods at auction, and The Watch Register allows Sotheby’s to complete a crucial element of its due diligence. Their commitment to an efficient investigation of each watch catalogued and the timely resolution of any potential issues identified help us to ensure the smooth running of our watch sales globally.”

■ Mikael Wallhagen, Sotheby’s Head of Watches, EMEA

Guy Welchman and Katya Hills
examining a watch with the database

“Our pawnbroking members use The Watch Register’s excellent service to provide security to the business and to support their customers best.”

■ National Pawnbrokers Association - UK

7. The auction industry

As one of the founders of the original Art Loss Register, the auction industry has long been a supporter of The Watch Register. Most major international auction houses subscribe to have all their catalogues searched as soon as they are published. The Watch Register resolves all potential matches before the auction day to prevent disruption to the sale. The auction world, like pre-owned dealers, is not immune to stolen watch scandals and ownership disputes, and the benefit of a service such as The Watch Register is clear to them in providing an additional layer of trust for buyers. Indeed, new entrants to the auction space have publicised their relationship

with The Watch Register as a fast track to credibility with buyers and sellers. A Watch Register certificate provided to buyers with their purchase gives confidence in the sale and adds value.

In the same way as social media platform sales, there has been a trend in recent years for some auction houses not to publish the watch’s serial number in the catalogue, particularly for online-only sales. This is less troubling than some platforms, as the auction house has physical possession of the watch and can respond to a request for more information. This is where a close working relationship with specialists within auction house departments is critical.

8. The pawnbroking industry

The pawnbroking or asset-lending industry has a dual role in handling pre-owned watches. While they may be a prime choice as a potential buyer of a pre-owned watch, their main business is offering a loan secured against it. Should the borrower default on the loan, the watch is sold to recoup the pawnbroker’s funds.

The initial response from some in the industry was sceptical, seeing The Watch Register as a potential impediment to business. This attitude has now shifted to broad adoption as the benefits to the

pawnbrokers have become clear. The presence of pawnbrokers within lower-income communities makes them a target for off-loading stolen goods. The Watch Register’s database is a simple way to check if there is a known issue with any watch offered for sale or loan. This comes against increased regulation and compliance requirements for the pawnbroking industry, so an additional source of due diligence helps them demonstrate fit and proper business culture. The Watch Register has now been adopted by the UK’s first and second-largest chains.

9. Manufacturers and service centres

When a watch is lost or stolen, the first action taken by an owner is often to inform the manufacturer in the belief that this gives them the best chance of getting their watch back. Unfortunately, this is not the case for several reasons.

Watches can be searched against an internal database when they are received either for service or, more recently, as part of a Certified Pre-Owned program. Individual databases for each manufacturer lead to the same data fragmentation issues as previously mentioned. As it is not the manufacturer's core business, how much resource is dedicated to this issue is questionable. The Richemont Group has recently established its own watch database, Enquirer, but this is an open database that focusses on registrations of loss by the public rather than deriving data from police or insurer sources and has no recovery element.

Some independent watch manufacturers have embraced The Watch Register and share losses reported by customers to aid recovery. There is a clear opportunity for other manufacturers to follow this lead, as owners already believe a check happens when a watch is sent for service. As watch production technology improves, service intervals have moved from three years to five years as standard and, in some cases, are now as long as ten years. This means that every opportunity for verification should be taken on the increasingly rare occurrence that a watch comes for service, especially as buyers see the presence of service papers as providing an extra layer of legitimacy to a watch offered for sale.

Watch brands are, historically, manufacturers and distributors of watches. That is their area of expertise. More recently, they have moved into retail, and some have moved into pre-owned retail. Interestingly, while Richemont has launched its own lost and stolen database, the pre-owned specialists within the group, Watchfinder, still check all their watches against The Watch Register. Similarly, Rolex operates a managed and private lost and stolen database, yet retailers who are part of their Certified Pre-owned program check their Rolex purchases against The Watch Register.

The Watch Register maintains records of lost and stolen watches before its inception using data derived from police and insurers. While a claim on a watch remains open, it will remain searchable, even if it is to be recovered on behalf of an owner's deceased estate. Watch manufacturers tend to keep their data for a far shorter period. Rolex has a twelve-year limit, meaning a watch reported to them as stolen in 2012 will no longer be on their records. Sharing data with The Watch Register and searching against their database would expand the effectiveness of the manufacturers' efforts at no cost to them.

The recovery phase of The Watch Register's work is the most time-consuming and delicate. Watches are often identified in a different country to the one in which they were stolen, as criminals use them as easily transportable currency. Repatriating watches is not an area manufacturers are equipped for or experienced in, which can lead to frustration. In the worst case, a stolen watch may be returned to a recent purchaser rather than the rightful owner. The Watch Register can assist manufacturers with this aspect of the process, again at no cost to them.

Given the importance of clean data, one area that manufacturers can improve to assist in the fight against watch crime is the visibility of serial numbers. If a complete serial number can be seen from the outside of the case, it has a higher chance of being recorded by the owner, insurance valuer, or dealer. There is less chance of watches being mismatched with their paperwork at the point of sale, an all too common problem that makes watches impossible to recover. The owner consults the documents to report the loss, unaware they do not relate to the watch they owned. Furthermore, an innocent seller of a watch with the wrong papers may find their watch flagged as stolen when it is legitimately owned.

Anecdotally, it has been suggested that watch manufacturers are not interested in watch recovery because a lost watch leads to a subsequent retail purchase. While theft is helpful to new sales, recovery is not detrimental to sales as research shows that over 70% of recoveries are on behalf of the insurer who has already settled the claim and allowed the owner to repurchase a replacement watch.



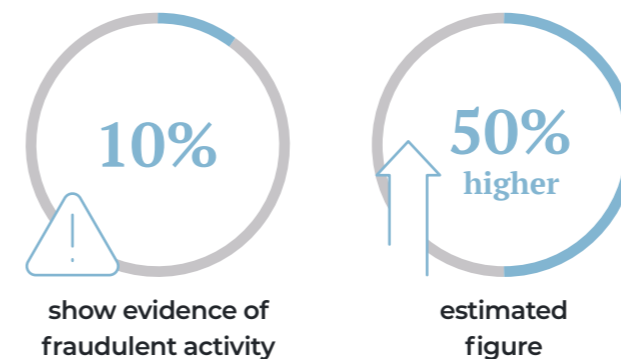
10. Insurers

As one of the Art Loss Register's founding partners, the insurance industry has been involved with The Watch Register since its inception. Insurers provide significant amounts of data on stolen watches and are the principal beneficiaries of any watches recovered. The Watch Register can help insurers beyond simply identifying and recovering lost watches. The level of detail recorded with each watch can identify watches claimed for and subsequently offered for sale by the same owner or fake watches claimed for as genuine, both clear examples of insurance fraud. Indeed, 10% of all matches on the database show evidence of fraudulent activity. The actual figure will be much higher – some insurers estimate over 50%. A watch may be reported as stolen to numerous insurers, or a watch may even be reported previously listed as stolen, meaning that another owner or insurance company is entitled to receive the watch back.

Even as the primary beneficiary of The Watch Register's recovery activity, there are several ways in which the insurance industry can help itself and achieve better outcomes. Many watches are covered under general household insurance limits, so they have no identifying information that would assist recovery. Watches listed may not have the serial number added to the description on a schedule. When serial numbers are added, the insurers' IT systems may strip out this data and produce a generic one-line description.

Adding watch models and serial numbers to all insurance policies would significantly reduce the liquidity of stolen watches. It is imperative that insurance valuers close this gap and include serial number details on their valuations. It is insufficient to state that the number is on the inside of the watch case and, therefore, cannot be obtained. Steps should be taken to open the case back and record the numbers correctly.

It would be best practice to search The Watch Register's database at the commencement of insurance cover rather than just providing details in the event of a loss. This would flag more issues with fake watches or bad title and ensure that insurance cover was not provided for watches of no value.





“The register is proving to be very successful as we have been able to recover a number of watches and reunite them with their grateful owners. We have also been able to prove insurance fraud when lost or stolen watches were anything but.”

In 2023, in addition to the watches we recovered in the UK, we were also able to recover several watches that were located in Germany, France and Spain. We also had one instance of a Patek Philippe watch being stolen in London, and a few weeks later, it was in the USA.”

■ Loss Management Group UK. Loss Management Group are the leading UK jewellery and watch claims management company.

11. Police and law enforcement

The Watch Register, unlike the reporting and recovering databases for some other products, provides its service to all law enforcement agencies free of charge. London has the highest incidence of watch crime in the UK, so The Watch Register has a particularly close relationship with the UK Metropolitan Police 'Flying Squad'. This is an essential partnership for the timely recovery of watches. In many cases, a positive match on the database may result in a direct call to the police, who may attend to the premises of the searcher and attempt to secure the watch.

Working with The Watch Register helps the police to resolve individual thefts and robberies. It also provides broader intelligence for tackling larger-scale organised crime and fencing networks that use watches as a currency.

The Watch Register is the only UK police-accredited database. In a groundbreaking deal finalised in late 2022, The Watch Register received 100% of the UK Metropolitan Police's stolen watch data. The data amounts to some 270,000 stolen watches and dates back almost three decades to the introduction of the crime reporting system in 1995.

“The assistance provided by The Watch Register team continues to be of great investigative value to the police and contributes hugely to reuniting stolen goods with their rightful owners. The Watch Register has the biggest database of stolen watches, and they can give an instant turnaround, with results for officers, the trade, and the wider watch industry. This has proved extremely successful over the past couple of years, and they are a great asset in the fight against crime.”

■ Metropolitan Police Flying Squad, London. UK

This has been approved by the UK's National Police Chief's Council (NPCC) to be rolled out as a nationwide project following the London pilot. To enable this partnership, The Watch Register database has had to adhere to rigorous test standards required by the UK Police, including ISO 9001 and 27001 certifications. Outside of the UK, The Watch Register works with Europol and national and local police forces across the globe.

In addition to identifying and locating stolen watches, The Watch Register ensures that the watches are returned to the legitimate owner rather than simply the crime reporter. If a settlement has been paid on an insured watch, this will be the insurance company rather than the previous owner.

Watches are not only the focus of theft or robbery; fraud can affect both a buyer and a seller, with watches not arriving post-purchase, fakes being substituted for genuine watches, and a wide range of other innovative techniques. In the UK, victims are directed to the UK's National Fraud Reporting Centre (Action Fraud), but this body analyses patterns and trends in fraud rather than investigating specific cases. Police are involved in only a small percentage of fraud cases, meaning that The Watch Register is often the only hope the owner has of getting their watch back.

12. THE WATCH REGISTER and counterfeit watches – the unknown side of The Register

The two words most commonly associated with The Watch Register are 'lost' and 'stolen'; however, it would be correct to add a third area of interest – counterfeit. This subject is becoming increasingly important as the quality of counterfeit watches increases, and it becomes more challenging for the public to distinguish real from fake. Data released by Watchfinder & Co in August 2023 states that over forty million fake watches are sold worldwide annually, with over one million in circulation in the UK. 'Five years ago, 80% of fake watches were recognisable, while only 20% required closer inspection. Today, 80% of replica watches are good enough to look real at a glance, and only 20% are obvious fakes. Counterfeit watch sales have increased. As a result, accounting for nearly 35% of watch transactions.'

 **80%**
replica watches are good enough to appear real

 **20%**
are obvious fakes

The Watch Register has registered the details of counterfeit watches for over twenty years as part of the remit of the Art Loss Register. Of the matches made on the database in 2023, 10% were for counterfeit watches rather than for lost or stolen items. The recording of serial numbers is essential because of how counterfeit watches are produced.

Being sold by their manufacturers for a fraction of the price of the genuine counterpart, fake watches have to be produced as cheaply as possible. Adding a unique serial number and matching warranty card to each one is expensive, so they tend to be produced in batches. Identifying one serial number as fake often allows further counterfeit matches to be made.

Counterfeit watches make the recovery process more difficult. Unless it matches known counterfeit watches, it can be difficult at times to know whether a located watch is real or fake and if it has any actual value until it's physically inspected. Fraudsters may take out insurance on fake watches and then report them as stolen, claiming a settlement, while unwitting purchasers of fakes may insure them as genuine. Either way, it is a loss to the insurance company. If the 'donor' watch from which the serial number was taken was of the same model reference as the counterfeit, then there is an added problem. Somewhere, there is an owner with a genuine watch with a serial number flagged as stolen, fake, or both. This puts them at significant risk should they want to sell their watch.

The Watch Register's database of fakes is not a 100% confirmation that the searched watch is also fake; there is a tiny chance that it is the solitary genuine watch with that number. The occurrence of a match advises the searcher to exercise caution and have the watch checked by an experienced authority. This makes it a powerful tool to help remove counterfeit watches from the secondary market.



13. Future predictions for watch crime and THE WATCH REGISTER

In their 2023 report on the secondary watch market, LuxeConsult estimated that the global market value in 2022 for pre-owned watches was €25 billion. They estimated that the growth of the pre-owned market at 12% per year would be four times that of the new retail market, meaning that by 2033, the secondary market would exceed the value of the primary market at approximately €78 billion to €77 billion.



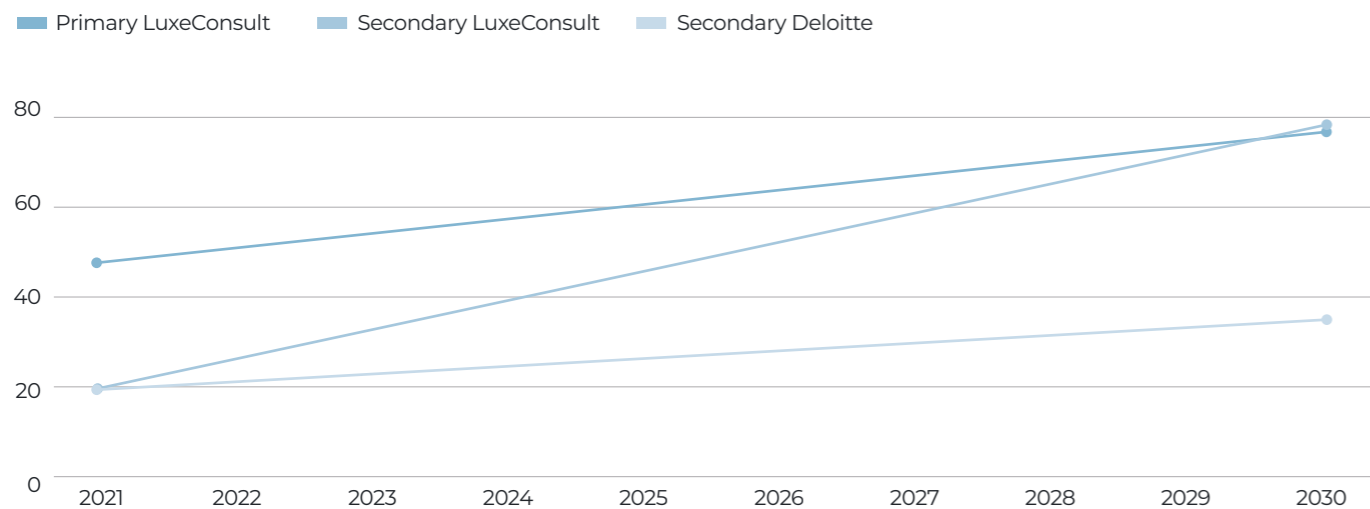
This prediction is at odds with Deloitte's 2023 report on the Swiss watchmaking industry, which has a more modest projection of €37 billion by 2030. It may be that the LuxeConsult report was unduly influenced by the 2020-22 watch bubble that has now firmly burst. While the upward trajectory may not be as high, comparison with the pre-owned car market, where the UK pre-owned sector is five times larger than the new retail, suggests a considerable growth opportunity.

UK watch-specific crime statistics are more complex to read. The long-term trend for robbery and theft is downwards, although fraud and online financial crimes show a slight increase. The 2022 peak in watch values saw a corresponding spike in watch robberies, particularly of high-value watches in central London. There is an acknowledged correlation between tough economic times and increased property crime. While it may be that a peak has passed, there is a new generation of criminals with specific watch awareness who will not disappear, meaning that watch crime may be a problem for the foreseeable future.

If watch crime remains high and the pre-owned market continues to grow, the services of The Watch Register will be much in demand. An increase in searches is expected, driven by market need as much as by the company's marketing efforts. The launch of a truly 24/7 search function will allow full access to a global audience, enabling further expansion.

The experience of the Art Loss Register suggests that as criminals learn where The Watch Register is searching, they will tend to sell stolen goods in areas where database checks are not widespread.

Growth in Primary and Secondary Watch Markets \$bn



An initial increase in searching will lead to a corresponding increase in matches. Still, over time, there is a 'cleaning' effect on the market, and the number of matches will not rise proportionately to the number of searches.

A crucial step forward would be an increase in the reporting of stolen serial numbers to police by owners and immediate reporting to The Watch Register by police and owners post-loss. This would allow the identification of thousands of watches that currently cannot be added to the database. In a recent survey commissioned by The Watch Register, less than half the people who said they had been a victim of watch theft admitted to having made an official police report. When asked why not, the main reason was that they believed there was little chance of getting their watch back. The Watch Register challenges this perception by publicising its successes in identifying and recovering watches for their owners. Additionally, The Watch Register aims to reduce

the liquidity of a stolen watch by acting as a deterrent to easy resale. The financial rewards will be significantly reduced if watches can be forced out of the legitimate market. In a market threatened by theft, fraud, and counterfeiting, The Watch Register is the proven champion of consumers, dealers, and insurers, providing market protection and effective recovery.





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