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A SURVEYOR'S VIEW OF MARITIME FRAUD

by

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In considering any investigation into marine frauds certain generalities must be borne in mind. Although suspicions of insurers may be aroused by certain peculiarities or by anonymous warnings the initial enquiries must of necessity be carried out by the marine surveyor. Several surveyors can be involved for example for the hull underwriters, for the P & I Club who insure for carriers liabilities and any number for various cargo insurers or interests. The investigative talents of these gentlemen can vary considerably and generally their findings are not shared even between the various cargo interests.

Surveyors are of course not detectives and are generally (but not necessarily) men with some sort of marine qualifications such as a Master Mariner's or Chief Engineer's Certificate. They have no legal powers to demand any information or documents although the insurers who employ them may decline to pay claims if full information is not forthcoming. Market considerations or pressure from insurance brokers may however result in claims being paid even though satisfactory proof has not been forthcoming. Some lawyers hinder enquiries by advising their clients for example who may be shippers that they need not supply any information whatsoever.

The best that can be hoped for is that the surveyor can show that goods were not in existence and therefore the insurers were not on risk. Although the identity of the culprits may be guessed at satisfactory proof may not be forthcoming. If the Police can be satisfied that the case comes within their jurisdiction, because their powers although greater can also be limited, a more detailed investigation can be carried out by them leading it is hoped to a successful prosecution.

What may well prove to be a classic case was that of a ship which was abandoned early one year.

I was instructed by some of the cargo insurers to enquire into this loss. Little information was known other than the bare details given in the insurance policies - that is the name of the ship for a voyage from Singapore, the company who became the insured and a brief description and value of the goods concerned together with a bald statement that the ship had sunk.

A check with the port authorities showed that the ship had arrived in Singapore and had sailed presumably for an Indonesian port. The agent's name was given and when I called upon them I noticed that the same address was shared by one of the major shippers on the short list of insurance policies.

The Managing Director of the agent was a very charming gentleman who was apparently friendly and who talked a lot but said very little. He informed me that his company had recently purchased the vessel but had time chartered it to another shipping company. We could get very little information from the Owners who said that the ship was under the control of the Charterer who very shortly disappeared behind the screen of his lawyers. The Charterer proved to be very elusive indeed and his premises looked more like those of a fashion designer than a shipping company. Enquiries were to show that the Charterer's company after having been dormant had been revived only quite recently.

When I pointed out to the Charterer on one of the few occasions that he was available that it was rather strange that one of the shippers should pay him large freight rates to ship cargo in their own vessel he said that it was only after signing the charter party that he became aware of the

connection. The Managing Director of the Owner also claimed that it was only after the ship had sunk that he became aware of the fact that his sister company in the same office had goods on the vessel.

The only information given to us at that stage was that the ship had been scheduled from Singapore for some intermediate ports and then to Hong Kong and Taiwan. It is not clear why as she was supposed to have been fully loaded. An SOS had been received that the vessel was leaking in the engine room in the South China Sea and had been abandoned. Subsequently the crew had been carried to another port and repatriated from there.

The original homogenous crew had been paid off in Singapore (it was said at the Charterer's insistence) and the crew for the subject voyage were a mixture of Taiwanese and Indonesians with a Korean and a Singaporean. There was considerable confusion over the number on board. The vessel sailed from Singapore with it was said 13 on board but 21 were rescued. A name or two of these seemed to indicate that they had been on previous suspect vessels which had sunk.

A smokescreen had been raised by clearing the ship for Indonesia and a telex was produced saying that the vessel had engine trouble at a port there in the opposite direction for her scheduled voyage.

I therefore asked correspondents in various ports to check out what they could discover. Despite later interviews with some of the crew in Taiwan, Singapore and Jakarta the best that we could make out was that she had been at a number of ports, the names of which no one could recall.

The names of some of the ship's agents given in other ports raised suspicions. One of these in Hong Kong had some 30 vessels under their agency in two years of which 10 had become total losses. We also had consignees' names checked and found that in some cases they were secondhand dealers or operated from apartments or were even fictitious.

Various clearance documents and manifests were now becoming available and it seems that the Master was not sure whether he had 4,000 tons of bulk ore or a full cargo of 4,900 tons of general cargo or even nil cargo on board.

Fortunately the vessel which rescued the crew called at Singapore. The Master of her was positive that the ship had very little cargo on board and was still afloat when last seen. Fortunately a young officer had taken some photographs and he very kindly lent us the film. The photographs showed (and the Master of the rescuing vessel confirmed) that the weather was quite calm. The subject ship gave no appearance of distress. Although the depth of water was about 1,000 fathoms (the deepest water available) an anchor was lowered into the water!

We had by then managed to get hold of some manifests (there were several) bills of lading and a number of policies and found that there had been only a few shippers.

Two of these companies were under the control of a certain gentleman who had been the only shipper on another vessel which had earlier sunk without the operation of an insured peril. He and a colleague were subsequently imprisoned for a fraudulent involvement in three sinkings. They need not concern us further.

The relationship of the other three companies were quite close. One was owned by the Charterer and was also supposed to have supplied all the goods to the other two. Of these two one company as noted above was connected with the Owners and the other shared a common director with the Charterer.

The source of the various goods was never satisfactorily established. Certain of the items - wax, tin ingots and so on - were said to have originated in Indonesia and had either been loaded directly from small craft or had been stored for a time in an unidentified warehouse. Some were even said to have been kept in the store room attached to the offices of one of the shippers. As another surveyor pointed out in respect of his goods in the space available the stuff must have been bulging out of the windows.

We never really found anyone who had actually seen the goods although there were some survey reports issued by a local firm. They would not discuss these and indeed they later sent a telex withdrawing their certificates. They incidentally were also the surveyors of cargo on and agents for the other ship mentioned above.

An analysis of the various cargo documents that had been received revealed a number of discrepancies. For example the various dates on tally sheets and bills of lading did not coincide with the various Mate's Receipts which bore the initials of the Chief Mate for days before he had even joined the ship.

The stevedoring firm who were supposed to have carried out the work were evasive in their answers and superbly vague about the operations which according to the tally sheets were

supposed to have taken place over two distinct periods in two different anchorages in Singapore.

I managed to find a supply boat which had been alongside the ship at one of the relevant periods and the boat driver was adamant that no cargo had been worked while he was there.

Even better from my point of view was that earlier as proof that the ship had been in good condition on sailing, I was told that repairs had been carried out and was given some repair bills to prove it. In this instance the bills were genuine and the workmen recalled burning and welding in the holds which were empty at the time. The cargo I was interested in was supposed to have been loaded three days earlier! In addition I traced hull surveyors from reputable organisations who had been aboard over the "cargo working" period who saw empty holds and no such activity.

Lawyers had been appointed by the cargo insurers and I kept them fully informed. Within two months we were able to hold a meeting with the various insurers and advise them that despite the documentary "proof" of loading we were satisfied that the goods had never been loaded and therefore they were not on risk.

Reports had been made to the Commercial Crime Division and I cooperated with the Police as required. There was very little else that I could do although by then various persons began to 'volunteer' information. We advised against making any payments as they would have very little to offer to strengthen our position. Perhaps if they had come forward earlier they may have been of assistance.