

*News
Letter*



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WORLD WIDE CLAIMS SERVICES

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**WWCS
WISHES ALL READERS**



SHIPPING FRAUDS

Incidents of fraud, pilferage etc. are quite common in the marine field. Manipulation of shipping documents, diversion of cargoes, etc. are frequently reported from different parts of the world. UAE is no exception to this. On behalf of insurance companies, **WWCS** have been involved in investigating such incidents in UAE and abroad.

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A Merchant based in Dubai signed a contract with a company in Dar Es Salaam (DES), Tanzania for supply of 1000 MT of Electrolytic Copper Cathodes to a customer in Shanghai, China. The value of the cargo was USD 5.5 million. The consignment was reportedly stuffed in 40 containers and shipped from DES to Shanghai with transshipment at Tanjong Pelepas, Malaysia. All the 40 containers were landed in Shanghai with the shipping Line's seals intact. However, when the containers were opened, they were found to contain bags of stones instead of copper cathodes.



The Merchant's representative was present in DES to witness the stuffing of the cargo. The Seller's representative took him to a yard on the outskirts of DES where the 40 containers were found with their doors open and the copper cathodes stuffed inside. There were other persons standing by who were *said to be* representatives of the Shipping Line and Customs. The container doors were then closed and sealed in the presence of the Merchant. He was not present when the containers were later transported to the Port. When the Merchant subsequently attended at Shanghai port, he found that the container seals had changed and so was the cargo inside. The new seals corresponded with the seal numbers on the bills of lading. The Shipping Line did not accept liability

since their seals as declared on the bills of lading were found intact.

On behalf the Insurers, **WWCS** carried out investigations in DES and Dubai. It was ascertained that –

- The yard where the stuffing took place is not a customs bonded area as was claimed by the Seller.
- The persons present in the yard were impersonating as representatives of the Shipping Line and Customs Dept.
- The person who contracted with the merchant on behalf of the Seller had no official links with the said company. Moreover, he was no longer traceable.
- The original cargo was replaced after the merchant's representative left the yard.
- The fraud had taken place prior to the containers arriving at the Port for loading.
- Since the Policy was issued "Port to Port", the Insurer had no liability under the Policy.

The investigation in DES further revealed that this type of fraud was quite common in Tanzania and the

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the name of the person representing the Seller was linked with all the previous incidents. Though he is known to many, no one seemed to know his exact location or whereabouts in DES.



Another incident involved a shipment of 60 Tons cloves from Dubai to India. The Merchant in Dubai signed a contract with the buyer in India for a price of USD 615,000. The Merchant placed the order with a supplier in Dubai and also entrusted them to carry out all the formalities for the shipment to India. The cloves were stuffed in 5 containers at the supplier's warehouse, locked and sealed in the presence of a surveyor and the merchant's representative. Thereafter, the containers were transported to Jebel Ali port for loading on the vessel. The shipping Line issued the bill of lading indicating their seal numbers. When the containers arrived at the destination, the seal affixed at the warehouse had disappeared.

The shipping Line's seals were found intact, but the cargo inside was found to be bajra (a type of grain) instead of cloves. Since the shipping Line's seals were untampered, they are not responsible for the change of cargo inside the containers.

The incident was investigated by **WWCS** on behalf of the cargo underwriters. Investigations at the warehouse including their CCTV recordings confirmed that the cloves were indeed stuffed inside the containers which were sealed. But it was ascertained that it took unusually long time for the containers to reach the Port. Following questioning of the truck driver and Forwarding agent, it was concluded that the seals could have been broken after leaving the warehouse and the original cargo was offloaded and replaced with bajra at some stage before the reaching the Port. The Shipping Line's seals were affixed after entering the Port.

Since an act of fraud was obvious, the cargo underwriters insisted that the Insured file a complaint with the Police. The incident is now being investigated by the Police to catch the real culprits.

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A Merchant based in Dubai arranged a shipment of 22 Tons Copper ingots in a 20' container from Bandar Abbas to Shanghai. When it arrived at Shanghai, the original seal was found to have changed and the cargo inside was cartons of textiles bearing address in India. Closer examination of the container revealed that it was a different container altogether. A sticker bearing the original container number was found pasted on top

of the actual container number. How this container which apparently originated from India came on-board this vessel is a mystery. Whereabouts of the original container said to have been loaded from Bandar Abbas is also unknown. The cargo underwriters declined the claim on the assumption that a different container was loaded onboard instead of the original container with Copper ingots.

The Lawyer and the Insurer

A lawyer purchased a box of very rare and expensive cigars, then insured them against, among other things, fire.

Within a month, having smoked his entire stockpile of these great cigars and without yet having made even his first premium payment on the policy the lawyer filed a claim against the insurance company.

In his claim, the lawyer stated the cigars were lost 'in a series of small fires.'

The insurance company refused to pay, citing the obvious reason, that the man had consumed the cigars in the normal fashion.

The lawyer sued and WON!

Delivering the ruling, the judge agreed with the insurance company that the claim was frivolous. The judge stated nevertheless, that the lawyer held a policy from the company, which warranted that the cigars were insurable and also guaranteed that it would insure them against fire, without defining what is considered to be unacceptable 'fire' and was obligated to pay the claim.

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Rather than endure lengthy and costly appeal process, the insurance company accepted the ruling and paid \$15,000 to the lawyer for his loss of the cigars lost in the 'fires'.

NOW FOR THE BEST PART...

After the lawyer cashed the check, the insurance company had him arrested on 24 counts of ARSON!!!

With his own insurance claim and testimony from the previous case being used against him, the lawyer was convicted of intentionally burning his insured property and was sentenced to 24 months in jail and a \$24,000 fine.

This is a true story and was the First Place winner in Criminal Lawyers Award Contest.
