



WORLD WIDE CLAIMS SERVICES

DISAPPEARANCE OF CARGO – CUSTOMS PENALTY

The incident involved a Freight Forwarding Company based in Jebel Ali FZE. The Customs officials visited their warehouse to check on a consignment of computer parts listed in the Customs records as existing in the Forwarder's custody for export. However, the said cargo could not be found in the warehouse. The value of the said cargo, as per the Customs records was USD 683,800. Since they could not find the said cargo, the Customs accused the Forwarder of selling them locally without paying customs duty. In the circumstances, the Forwarding Co was liable to be fined for breach of Customs regulations. However, according to the Forwarder, they had not imported such cargo.

The incident was reported to their Liability Insurers, who instructed **WWCS** to investigate and assist the Forwarder. We ascertained from our investigations that as per the Customs records, this cargo was originally imported by another company in the Free Zone who then claimed to have sold it to this particular Forwarder. On taking up with the said Importer, we were advised that someone claiming to be from the Forwarding Co. signed the Transfer document and Delivery Advice and took delivery of the cargo. These delivery documents bearing the seal of the Forwarding Co. are in the Custom's records. The Forwarder denied knowledge of such purchase and claimed that it was a fraud committed by some third party. It was also ascertained that the clearance of the cargo from Free Zone was done by a freelance Customs Agent. He did not remember the name of the party who had approached him in this instance.

On our advice, the Forwarding Co. lodged a complaint with the Police to initiate an investigation into the alleged fraud. Lawyers were also appointed to assist the Forwarder. The Police took over the relevant files from the Customs. They interviewed the concerned persons in the Forwarder's office and also collected their seals for forensic investigation. They also interrogated the Manager of the Importing company who purportedly sold the cargo to the Forwarder. His passport was confiscated.

Subsequently, the Forwarder received a call from the Manager of the Importing Co. requesting them to withdraw the police complaint and promising to resolve the issue with Customs. He even promised to pay whatever penalty imposed by Customs against the Forwarding Co. We advised the Forwarder not to



“Forgive what you cannot forget. Forget what you cannot forgive”.



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accept the offer made by the Importer who are the main suspect in this case.

Though the Forwarding Co. protested their innocence, the Customs Authority issued Order imposing a fine / penalty of AED 376,694. They did not accept the Forwarder's plea to withhold the Order pending the police investigation. The lawyers therefore filed Appeal with the Customs Appellate Authority. As per procedure, while filing the Appeal, 50% of the fine / penalty had to be paid along with an undated cheque for the balance 50%. After due consideration, the Appeal was rejected by the Appellate Authority and the fine / penalty was confirmed with a small reduction.

In the meantime, the police continued their investigations and as per their forensic report, it was found that one of the seals of the Forwarding Co. was actually used in the transfer documents. This evidence pointed to the complicity of someone in the Forwarder's office. The entire staff of the Forwarding Co. were interrogated by the Police. They narrowed down their investigation to four persons who had access to the relevant seal. Interestingly, the Forwarder's representative who had signed the Police Complaint and Custom's application was one of the four suspects. He was the same person who signed the Power of Attorney for the lawyers.

Once their investigation was completed, the police was ready to commence criminal action against the suspected individuals of the Forwarding Co as well as the original Importer. Since the original complainant was now a suspect, the police required a fresh complaint signed by another authorised representative of the Forwarding Co. to initiate the criminal action. In the meantime, the lawyers advised their inability to continue to represent the Forwarding Co. any further citing conflict of interest since the Power of Attorney is signed by one of the suspects. At this stage, the Forwarding Co. decided to withdraw from pursuing the case further.

The Insurance Co. decided that this matter is excluded under their cover since the Insured/ their employee was found culpable by the Police.

Cargoes imported without paying duty are meant for re-export. Such cargoes are not permitted to be sold locally. Any party violating the rule are liable to be fined. It is obvious that someone in the Forwarder's office colluded with the original Importer and disposed of the goods locally.



“Knowledge will give you Power; But character will give you respect”



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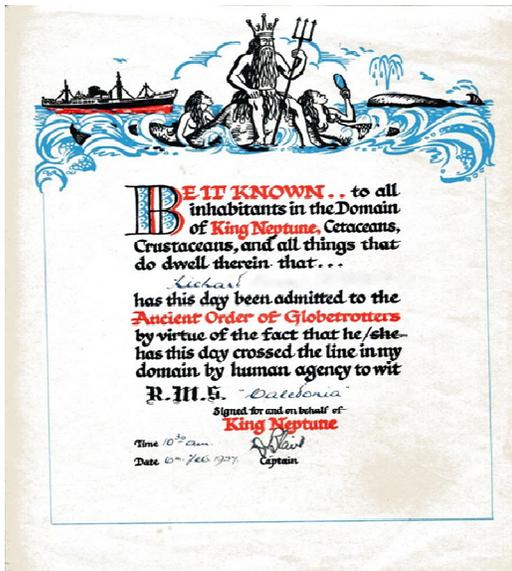
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Though the Forwarder initially said that they wanted to proceed with the case to find out the truth, they backed out subsequently. As a result, the actual culprits went unpunished.

Insurance does not cover claims arising from criminal involvement of the Insured's employees. The Insurer therefore invoked the Exclusion under the Policy leaving the insured to bear the fine/ penalty imposed by the Customs. The lawyer's and correspondent's fees were settled by the Insurer.

AMAZING SITUATION IN THE HIGH SEAS.....

Crossing the Equator on ships is considered as a landmark achievement. Equator crossing ceremonies are carried out on merchant ships and sometimes on cruise ships for the passengers' entertainment. The Master of the ship issues a certificate to commemorate the event.



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Commercial ships cross the line regularly. But one occasion was very unique as experienced by the ship, SS “Warrimoo” . On 30th December 1899, SS Warrimoo was knifing its way through the Pacific ocean on way from Vancouver to Australia. At one stage, when the navigator took the ship’s position, it was found to be LAT. 0 degrees 31’ N and LON. 179 degrees 30’ W. It meant that the ship was very close to intersection of the Equator and the International Date Line. Capt. John Phillips was prankish enough to take advantage of the opportunity to achieve this navigational freak of a life time. He checked and re-checked the position and then changed course slightly so as to bear directly on his mark. Then he adjusted the engine speed. The calm weather and clear night worked in his favour. At midnight, SS Warrimoo lay on the Equator at exactly the point where it crosses the International Date Line. The consequence of this bizarre position were several –

- The bow of the ship was in the Southern hemisphere and in the middle of summer.*
- The stern was in the Northern hemisphere and in the middle of winter.*
- The date in the aft part of the ship was 31 December 1899.*
- The date in the Forward part was 1 January 1900.*

The ship was therefore not only in two different days, two different months, two different years and two different seasons but in two different centuries all at the same time !!!

*“Life is like a book.
Some chapters are sad, some happy and some very exciting.
But if you do not turn the page, you will never know what the next chapter holds”.*



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