

Avoiding Trade Frauds in an Uncertain Economic Climate

Background:

The economic outlook in many parts of the world continues to be uncertain. The risks of defaults and frauds increase when these events take place. The chances of recovery are usually very small and they are expensive. The seminar will look at the changing pattern of fraud in today's environment, including the increased use of the internet to give the fraudulent transaction credibility.

It is important that all those involved in shipping and trading are aware of the vulnerabilities that currently exist, how the frauds can be prevented and, once they take place, what options there are for recovery.

Highlights:

The workshop is largely based on cases handled by the ICC International Maritime Bureau (IMB). In this way, the discussions are more realistic and meaningful and should give rise to interactive discussion, comments and questions.

Target Audience:

Exporters and Importers, Bankers (Risk Management, Product, Operations, Customer Services), Logistics and Insurance Personnel, Lawyers and Academics

Speaker:

P. Mukundan (Muku)

Director, ICC International Maritime Bureau

After an initial career at sea, Muku completed his Ship Master's Certificate of Competency Class 1 from Southampton in the UK. He completed a BSc (Hons) degree in Nautical Studies at Plymouth, UK and a Master of Business Administration at the Cranfield School of Management in the UK.

In 1981 he joined the newly formed ICC international Maritime Bureau (IMB) as an investigator. He has investigated numerous maritime insurance claims including many fraud cases from charterparty failures, diversion of cargoes, phantom ships, hijackings and container theft.

He has written many papers on fraud and malpractice in shipping and trading, given expert and factual testimony in civil and criminal cases around the world.

He became the Assistant Director at the IMB in 1987, Director in 1996 and Director / CEO of its holding body ICC Commercial Crime Services in 1999.

He is a member of the Editorial Advisory Board of the World Maritime University's Journal of Maritime Affairs.

The IMB acts as a focal point for the industry in respect of trade fraud and believes that the prompt dissemination of relevant information is a key to successful prevention and control. It has amongst its members many of the world's largest banks, insurance companies, shipping companies and traders. The IMB runs the Piracy Reporting Centre, which is one of the major providers of information on piracy attacks to the world.

PROGRAMME

08:30-09:00 *Registration*

09:00-09:10 Welcome and Introduction

09:10-10:45 Trade Finance Fraud (1)

Banks are required to rely entirely on documents presented to them when they provide trade finance. This opens up this area to fraud and malpractice, largely through the presentation of fraudulent documents confirming that the goods have been shipped. The victim only realizes that he has been defrauded weeks after the payment has been released, i.e. when the vessel is due to have arrived at the destination port. By then the funds have long disappeared and the chances of recovery are few and all very expensive. This session will look at cases where buyers and sellers are the victims of frauds, the different variations of these schemes and the preventative and control measures which can minimize this risk.

- Buyers and sellers at risk
- Types of frauds, examples
- UCP600 and fraud – an analysis
- Prevention and control

10:45-11:00 *Coffee Break*

11:00-12:30 Trade Finance Fraud (2)

This session will look at the more serious cases where the banks are the target of the fraud, usually because of collusion between the buyers and the sellers. There have been cases where hundreds of millions of dollars have gone adrift as a result of frauds which go undetected for many years. These kind of schemes also lend themselves to money laundering. This session will also look at how sanctions are bypassed.

- The Risk to Banks – buyers and sellers in collusion
- Identifying patterns and the prevention of fraud
- Formulating a meaningful response
- Identifying transactions which breach the sanctions regime – control and consequences
- Money laundering in trade finance

12:30-14:00 *Lunch*

14:00-15:30 Container & Cargo Crime

Containers are vulnerable to fraud because no independent party usually knows what's inside the container. There is almost complete reliance on the documents and representations made by the shippers. As a result, sub-standard or non-existent goods, contraband, and even weapons, can be smuggled using containers. There are also schemes where the containers can be broken into without disturbing the seal. This session will look at examples of these kind of cases and how they can be avoided.

- Containers as a vehicle for fraud
- Breaking into a container – are seals effective?
- Cargo insurance frauds, investigation and recovery

15:30-15:45 *Coffee Break*

15:45-16:45 Charterparty Failures and Frauds, Piracy and Hijacking of vessels

At a time when the shipping markets are in decline and the vessel, ship owners and charterers can be at the wrong end of the fraud cycle and find themselves in deep financial difficulty. In some cases this leads to unscrupulous parties resorting to fraud and malpractice to recover their losses.

- Contractual failures in today's depressed market
- Possible solutions
- Case studies
- Piracy and Hijacking of vessels today – A current view from the IMB Piracy Reporting Centre

The Piracy Reporting Centre session will look at the data from the IMB PRC dealing with violent attacks off the East and West coasts of Africa and South East Asia, the current trends and measures which can be taken to protect vessels, cargo and seafarers.

16:45-17:00 Question and Answer session

Closing remarks

Details:

- Date:** 22nd February, 2016 (Monday)
Time: 9:00 am – 5:00pm
Venue: InterContinental Grand Stanford Hong Kong,
Academy Room III, 1/F., 70 Mody Road, Tsimshatsui East, Kowloon, HK
Medium: English
Cancellation: There will be no refund for cancellation of booking initiated by the applicant. However, the registration may be transferred to another person from the same company or organization at no extra charge, subject to the prior consent of ICC-HK.
Seat Confirmation: Seat confirmation is based on receipt of payment on a first come, first served basis.
Enquiry: Contact Ms. Kokko Ko at Tel: 2973 0060 or e-mail to: publn@icchkcbc.org

Registration fee:

- ❖ *Fee includes course, working papers, lunch, refreshments and one complimentary copy of ICC publication “UCP 600”.*

- ❖ **HK\$ 4,600/person** (for public)
- ❖ **HK\$ 4,400/person** (for ICC-HK members)
- ❖ **HK\$ 13,200/group** (for a group of 3 persons from the same company,
HK\$4,400 for each extra registrant in the same company)
- ❖ **HK\$ 12,600/group** (for a group of 3 persons from ICC-HK members,
HK\$4,200 for each extra registrant in the same company)
- ❖ **HK\$ 39,000/group** (for a group of 10 persons from the same company,
HK\$3,900 for each extra registrant in the same company)

Registration:

Interested parties, please complete the registration form and return to Ms Kokko Ko via publn@icchkcbc.org or fax to (852)2869 0360.

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Photos

