



Ship Type: Bulk Carriers      Trade Area: Worldwide

## Bulletin 249 - 06/02 - Online Sugar Fraud - Worldwide

The International Chamber of Commerce (ICC) has recently issued a warning about an internet-based fraud concerning non-existent cargoes of sugar, which could cost the sugar industry millions of dollars.

Investigations by the ICC's crime fighting arm – Commercial Crime Services (CCS) – have found an increase over the last few months of fraudulent contracts for sugar cargoes. These contracts bear similarities to a rash of cases in the mid 1990s – except they have now moved online.

CCS officials say that some websites are using “supermarket tactics” to advertise cargoes of sugar that may not actually exist, urging buyers to “SAVE! SAVE! SAVE!”

CCS advises that the contracts being offered contain a number of suspicious features that highlight the questionable nature of the transaction. These are all warning signs seen in the mid 1990s. The following should alert traders to the possibility of a fraudulent transaction:

- Prices that are significantly lower than the industry standard;
- References to *Grade A* sugar, which does not exist;
- References to the colour of the sugar as *sparkling white*, which is not an industry term;
- Misspelling of references to ICUMSA – the International Commission for Uniform Methods of Sugar Analysis. This often appears as INCUMSA;
- Repeated references to *Top* or *Prime* world banks – these phrases have no specific meaning;
- References to *ICC Provisions of Non-Circumvention and Non-Disclosure*. The ICC has never published rules with this title;
- A reference to *the funds in the buyer's account to be good, clean, cleared, unencumbered and legally earned or obtained and of non-criminal origin* - is a phrase that no bank would use as it could not validate such a statement;
- Many incorrect references to the ICC, for example *The parties do hereby accept the international provision of “Force Majeure” as published by the ICC, Paris, France and is defined by ICC Rules Uniform Customs Practice*. The reference is incorrect – the Uniform Customs and Practice for Documentary Credits, commonly known as UCP 500, governs Letters of Credit, not Force Majeure.

ICC states that a good way to avoid becoming a victim is to be familiar with the terms and conditions of legitimate sugar contracts. Where this is not possible, traders should consider having all documents and offers checked by CCS prior to entering into a deal.

There are reliable websites available for sugar transactions – the International Sugar Organisation (ISO) affiliated [www.sugaronline.com](http://www.sugaronline.com) being just one of them. It is reported that this organisation has 61 member countries representing 79% of world sugar production and 91% of world exports.

For further information see the ICC website:

[http://www.iccwbo.org/home/news\\_archives/2002/sugar\\_fraud.asp](http://www.iccwbo.org/home/news_archives/2002/sugar_fraud.asp)

Source of Information:      International Chamber of Commerce