

OBTAINING CARGO BY FRAUD

Fraud can be committed in many different ways:

- a) Documentation
- b) Verbally
- c) E-commerce

This type of crime offers high profits with minimal risk of detection and so makes an attractive proposition to a fraudster. This is especially so when cargo is moved between different countries, separated by language, culture and laws.

The fraudster will use whatever means necessary to obtain such cargo, generally by the use of a forged bill of lading, or deception. The ability to choose the place, the time and method to commit the fraud makes it an extremely difficult task to combat this type of crime.

Use of deceit to swindle buyers, carriers, banks, insurance companies and freight operators is an ever-present threat to the unsuspecting party.

When such instances occur, the question is raised, “WHO HAS DEFRAUDED WHOM?”

- a) The shipper on the buyer
- b) The buyer on the shipper
- c) The seller or buyer (or both) against Customs
- d) The seller or buyer (or both) against the carrier
- e) The cargo owner against the insurer
- f) A fraudster against another party

BILL OF LADING

Various methods are used to create a forged original bill of lading. The use of modern technology to reproduce credible documents is of huge benefit to the fraudster. The main concern, however, still focuses on the apparent ease in which these people can obtain possession of a blank original bill of lading which are all too often left unprotected in offices. Combining this with poor administrative practices, or even corruption, provides all of the essential ingredients to create a fraudulent document.

There are four general types of fraud involving a forged bill of lading:

1. Those created to secure the cargoes release.
2. Those created for a non-existent cargo and vessel in order to obtain payment from an unsuspected party.

3. Those created for non-existent cargo, allegedly carried on an existing vessel, in order to obtain payment from an unsuspecting party.

Often it is shown that the vessel was at the port at the relevant time the bill of lading was said to have been issued.

4. Those created to present to a bank to obtain letter of credit funds.

There is a need for tight managerial supervision and a security presence required for blank original bills of lading to safeguard them against dishonest persons. Issuers of such documents should make every effort to help agents identify forged bills of lading. For instance, is there a security presence within the bill of lading, or is a copy provided for comparison?

Any document used in an international trade transaction can be forged, therefore it is important to know your client and if in doubt undertake independent checks.

The ease by which forged bills of lading were being accepted in a West African Country to secure the release of laden containers resulted in Signum being asked to enquire into the problem.

Enquiries revealed that during a six-month period twenty nine forged bills of lading had been accepted, with many more detected prior to acceptance.

There were two reasons for presenting these forgeries, the obvious being to unlawfully obtain possession of the cargo, the other was to enable consignees the means of illicit credit in that they obtained the cargo without having paid the shipper. After selling the cargo, a shipper usually received payment and released the original bill of lading, unaware that his cargo had been in the consignee's possession for weeks or even months earlier.

Arranging with the carrier to forward a faxed copy of the original bill of lading was of great assistance in helping the agency to identify a forgery.

Another matter that Signum was asked to enquire into concerned nineteen bills of lading for a shipment of coffee from Brazil to a coffee importer based in Europe.

The importer's bank came into possession of these bills of lading, which they believed had been submitted by the coffee supplier. When found to be forgeries, they alleged negligence on the part of the carrier.

Enquiries established that for several years the importer had dealt with the Brazilian supplier. Their business arrangement allowed for the importer's bank, on receiving the supplier's bill of lading and warehouse receipt, to forward the consignment payment to their bank account in Brazil.

This procedure operated satisfactorily until the bank, having released funds in respect of the nineteen bills of lading, learned that the importer had no knowledge of the consignments. Believing that the carrier had issued these documents, they sought compensation.

It was established that:

- a)** The supplier had no knowledge of the shipments.
- b)** The container details shown on the bill of lading had not been loaded on board the carrier's vessel.
- c)** The alleged shipper's bank account had been fraudulently opened with the funds being immediately withdrawn upon receipt.

This fraud was carried out by person, or persons, who were familiar with the business arrangements between the importer, their bank and the supplier. There was no suggestion that the carrier or their agent were involved or had been negligent.

If there is any doubt as to whether a bill of lading is genuine, then advice should be sought from the issuer of the document. Assistance can be obtained from the Club's local correspondent or the Member's usual contact at the Club. Signum is always available to investigate serious cases.

Signum Services
Tel: 020 7283 4646