CHAPTER VII

EXAMINATION OF MARITIME FRAUDS - II :
SCUTTLING AND DEVIATION FRAUDS

A growing form of maritime fraud involves cargo, often ordered and paid by a Third World customer, which after being loaded onto a ship destined for the port of delivery, is diverted to an intermediate country where it is off-loaded and sold as 'surplus'. If the shipper is the perpetrator of the swindle, he collects the proceeds of the second deal and is thus paid twice for the same goods. If the shipper is honest, then the guilty party may be the shipowner, the charterer or the ship's master. Or they may all be partners in crime.

To conceal such a fraud, the ship may cease to exist. It may end up on the sea bed or continue under a new name and a new flag. In the former case, the ship may be deliberately sunk giving the outward semblance of a natural disaster arising out of various factors like weather conditions, engine fault or mechanical failure, where it would give rise to scuttling fraud. In the latter case, she may simply disappear forever without sinking as because with a change of flag and ownership, it would be difficult even for the keenest of the investigators to prove that she is indeed the original ship responsible for the earlier fraud.

With the above as a background, the two types of frauds captioned above are discussed below.
A : SCUTTLING FRAUD : The Salem episode

The loss of the supertanker Salem off the West Coast of Africa on January 17, 1980, might have gone unnoticed but for her dimensions. In fact, in the previous two years more than a hundred vessels had similarly disappeared under the sea -- some victims of the weather, others to faulty seamanship or maintenance but many are believed to have been scuttled. According to Lloyd's of London, the cost of maritime crime to the world's insurance market rose to £110 million in the course of one year.

On account of the difficulties in establishing a loss at sea as genuine or proving the same as fraudulent — usually involving months of exhausting and frustrating investigation, maritime officials, police force and lawyers of different countries -- the affected parties find it cheaper to get the claims settled by underwriters and close the file. This is perhaps one reason why most cases of maritime fraud are not pressed ahead.

The Salem's insurance cover amounted to 24 million US dollars for the hull and 60.2 million US dollars for her cargo of crude oil. This was perhaps one reason why the incident did not fade from memory. Moreover, the ship's dimensions also provided the investigators with enough food for thought. Her length was more than that of three football fields and more than 70 feet longer than Queen Elizabeth II, and obviously her
sudden disappearance was bound to give rise to speculation. In addition to the above, the reports were puzzling.

Although she took hours to sink, following a series of explosions, distress signals were not transmitted until another ship appeared on the scene. Further, while most of the rescued crew were dressed in their Sunday-best and carried packed suitcases and fresh sandwiches, apparently no time was found by any of them to save the log book. It was, therefore, suspected that she had given rise to a king-sized scuttling fraud.

She was allegedly carrying 193,000 tons of crude oil, yet the oil slick left behind was too modest for this amount. Then there was also a rumour of a secret stop en route at Durban, South Africa, and oil being clandestinely pumped ashore — a fact initially denied and finally admitted by the South African Government. She, therefore, set into motion a mass of speculation concerning piracy, sanctions busting and documentary fraud.

In ship and marine insurance, the act of illegally selling of cargo before its intended destination is reached and of deliberately scuttling the ship to claim insurance on both is popularly known as rust-bucket fraud, primarily because the ships involved are usually not seaworthy and are picked up from the junkyard with the predetermined motive to sink her after the cargo is
spirited away. However, the Salem did not belong to this class. Built in 1969 in Kockums' shipyard at Malmo, Sweden for her owners, Salenrederierna AB of Stockholm, she was named Sea Sovereign. She was the most advanced ship of the Swedish merchant fleet: 1,037 feet in height, 160 in breadth, 80 feet in depth, of 92,228 gross tons and 215,000 cwt. powered by a steam turbine developing 32,000 shaft horsepower to a single propeller, and capable of a speed of 16.1 knots with a cargo of more than 200,000 tons of oil. She needed 151 tons of bunker oil every 24 hours.

Early in the seventies, she was sold to the Liberian registered Pimmerton Shipping Company and her name was changed to South Sun. During 1979, an oil broking company was established in Pretoria with an office at Johannesburg called Haven International. On account of the Arab embargo on sale of oil to South Africa, largely because her wealthy Jewish population was the largest financial contributor, after the United States, to Israel, and on account of loss of Iranian supplies after the fall of Shah, the Republic of South Africa was forced to buy oil on the spot market.

In the scene in Johannesburg, appeared the naturalised but Lebanese-born American, Frederic Ed Soudan alias Fred Soudan. An ex-insurance salesman, he was desirous of getting into oil shipping, and his prime need was capital to buy a tanker and
Soudan approached a Greek shipbroking company, Northern Ships for the tanker, but before they could find one, he heard of the South Sun and arranged to buy the same from Pimmerton for 11.5 million US dollars. Her name was changed to Salem. Soudan's next need was company to own his purchase, and here the principals of Northern Ships proved to be an asset. As these gentlemen had owned one Oxford Shipping, a Liberian registered company, they agreed to dispose the same to Soudan, payment being made subject to a special agreement. The date of this transaction was November 27, 1979, and that of the South Sun purchase, November 29. Oxford Shipping had no trouble finding business. The Salem was immediately chartered bareboat to another Liberian concern, Shipomex, through a Rotterdam broker Anton Reidel. As bareboat charter implied that the owner had no responsibility for the crew or activities of ship, all was well for Soudan.

Shipomex was a newly created company with offices in Switzerland. Its director was one Bert Stein who arranged for the Salem to go to Kuwait and load 193,000 tons of crude oil on behalf of the Italian company Pontoil and transport it to Genoa. The deal was also finalised on November 29, the day South Sun was sold to Soudan. Captain Mytakis of Mitnizafir
Navigation company of Piraeus was asked by Stein to find a crew for the supertanker.

The master selected was one Captain Dimitrios Georgoulis who held only a chief mate’s licence from the Republic of Panama. The chief engineer selected was one Antonios Kalomirooulos who held licence as chief engineer from both Greece and Liberia. They were sent to Gibraltar at the behest of the owners to inspect another ship Paola which deal collapsed after which they were asked to fly to Dar es Salaam to wait for South Sun which was being purchased. As the ship did not turn up in this Tanzanian port, they were instructed to go to Dubai where she was found in ballast. On November 27, the new crew of 15 Greeks and 10 Tunisians replaced the original crew of 42 Chinese. On December 3, the name of Salem was adopted.

Only after the sinking of Salem was Georgoulis’s name found to be linked with other sinister maritime dramas. He was under cloud for alleged fraud in connection with the loss, in May 1979, of the freighter Alexandros K while on a voyage from Bulgaria to Egypt with 1.16 million US dollars worth of a cargo of steel bars. She too foundered like the Salem, by which time the steel had been landed in Lebanon and for which operation her name was changed to the Leila.
The owners of the Liberian registered Alexandros K, were also owners of 2,633 ton cargo ship Brilliant which sank off Sicily in 1975 while supposedly carrying a cargo of valuable scrap steel. Like the Salem, it was hours before distress signals were transmitted and that also when help was near at hand. Incidentally both the Brilliant and Salem had the same radio operator.

Georgoulis, it transpired after the Salem affair, had joined the ship in defiance of a police order prohibiting him from leaving Greece on account of the Alexandros K incident. He slipped out using an American passport and an alias.

Salem was taken by him to Kuwait where she loaded 193,000 tons of crude. She sailed for Italy on December 10, and four days later the oil changed hands when Pontoil sold the entire shipment to Shell International for 56 million US dollars. Such mid-voyage deals are common in the spot oil market. On December 27, the supertanker dropped anchor off Durban harbour, but her name was changed to Lema by her crew. She pumped 173,000 tons of her cargo into an oil terminal point one and a half miles off-shore. Subsequently she took on sea water to replace the missing oil, creating thereby the appearance that she was still laden with her cargo. This was in accordance with the special agreement covering the purchase of Oxford Shipping
as mentioned earlier. Soudan agreed to pay the two Greek principals of the Greek shipbroking company Northern Ships 300,000 US dollars brokerage fees on or about December 27, 1979. The agreement was dated November 27, but was signed by Soudan on December 8, and by the two Greeks on December 10.

Georgoulis went ashore to meet the representatives of Haven International at a hotel while the crew worked in Salem, now renamed Lema. Haven International had no idea that the tanker was to be scuttled. On the other hand they were expecting further shipments of crude in the months ahead.

Anton Reidai flew into Johannesburg shortly before Salem's visit with documents proving the availability of the oil and to collect the money. However, early in January an event took place which brought unwelcome publicity to the whole Salem affair. While attempting to complete the deal, Soudan discovered that the two Greeks of Northern Ships were attempting to sell Oxford Shipping and the tanker to Reidel. As per the original deed of sale of Oxford Shipping, it was agreed that these two Greeks would elect Soudan as President and Director and his wife Anna Maria Soudan as Secretary and Director and then to resign themselves from the board. It was also provided that certain documents, corporate books seal were to be held by lawyers representing the two Greeks pending the arrival in Durban of a cargo of crude oil.
On December 24, a letter-headed Oxford Shipping Company Inc. was delivered to the Deputy Commissioner of Maritime Affairs of Liberia in New York informing that at a special meeting of shareholders held on that day, Fred Soudan and his wife Anna Maria Soudan were removed from their respective positions of the company, their places being taken by the two Greeks. This was signed by one of the Greeks.

Soudan filed a suit in New York on January 4, against the Greeks alleging violation of agreement and seeking to prevent the transferring of stock to Reidel. The agreement concerning the South Africa operation was mentioned here. On January 14, the Admiralty Counsel of the Bureau of Maritime Affairs was advised that the dispute was settled in Soudan's favour and that a stipulation to this effect would be submitted to the New York Supreme Court the following day.

On January 16, 1980, at approximately 0355 hours, according to some of the crew, the fire alarms sounded on board Salem (now reverted back to its original name), followed by a muffled explosion. She was off the coast of Senegal after having covered 8,634 nautical miles from Kuwait. At an average speed of 12 knots, this should have taken 30 days or 27 if she had been doing 13 knots as some of her crew maintained. She had taken 38 days and the delay was blamed on repairs to a port boiler. At a subsequent questioning of the crew in Liberia, some maintained
that this slowed the vessel down for only eight days while others said it lasted 15 days.

The explosion was forward of the deck house in the area of the pump room. Smoke could be seen coming out from the bows in the early morning twilight. The engine room crew stopped the engines and the engine room itself started to take water. The pumps were switched on. However, Georgoulis, instead of waiting to assess the damage ordered the crew to the two lifeboats though later he claimed that he had ordered the radio operator to send out an SOS on the temporary radio transmitter on board one of the lifeboats, giving their position as 120 miles south-west of Dakar. Investigations conducted later indicated that this was not done.

According to the crew, the Salem was abandoned at 0430 on January 16, and there was a claim of a second explosion at about 0800, and a much louder one at 0400 on January 17, causing the navigation lights to go out. At about 1030 the British Trident was passing and radio signals were heard. The two lifeboats were reached about 30 minutes later around the same time as Salem rolled over to starboard and sank stern first.

The crew were taken to Dakar by the British Trident where most of them were flown back to Greece.
they were interviewed by Captain A.I. Tzamtziz, a maritime safety officer for the Republic of Liberia. The version of the crew differed. Some claimed that in addition to smoke they saw fire aboard, although the crew of the British Trident told Captain David Bruce in charge of Liberian Regional Marine Safety Office in London that they saw no signs of smoke or fire when they reached Salem. Some of the Salem's crew maintained that there were a series of explosions throughout the 16th, yet the British ship's men said they saw no signs of structural damage to the Salem.

In Liberia, the Salem's master and engineer denied reports that they had put into Durban. While this was being done, the detectives of Scotland Yard's fraud squad were making enquiries in South Africa. They discovered Georgoulis's signature in the register of Durban's Royal Hotel and on delivery receipts of supplies to the Lema. They traced telephone calls he made to Greece and Switzerland, one being to Mytakis. They also found that a crew member, a Tunisian, had fallen ill and was taken ashore for treatment. A statement was also collected given by a Tunisian crew member to lawyers for London underwriters that the Salem was scuttled by the removal of certain plates and manholes.

The officers of the British Trident made an inventory of property found in the two Salem lifeboats. There were 151
items not normally forming part of lifeboat equipment ranging from hacksaws to navigational equipment usually found on a ship's bridge. Other incriminatory evidence was a record of radio telephone calls made from a vessel identified as the Lema but using call letters belonging to Salem. Most damaging of all was the admission on February 2, by the South Africa's Minister for Internal Industry, Trade and Commerce, Dr. Schalk van der Merwe that the ship had delivered oil to his country. For the South African Government it was one thing to participate in sanctions busting and quite another to be connected with massive fraud, and they had no desire to be a part of the latter.

In spite of the Liberian enquiry's recommendation that Georgoulis and the chief engineer should be held in connection with the Salem affair, they were freed by that country's new leaders.

After a protracted trial lasting over five years after the incident, the ship's owners, agent and crew were sentenced.

Frederick Ed Soudan was found guilty at a trial in Houston, Texas, USA, on eight counts of wire fraud, three counts of perjury and one count each of conspiracy to defraud the United States, conspiracy to obstruct justice and to commit perjury, make false statements to the Inland Revenue Service, filing false corporate
income-tax return and the international transportation of 539,500 US dollars in fraud proceedings. His brother-in-law and cousin Abdul Wahab al Ghazou was also found guilty of assisting him to evade taxes on the 4.5 million US dollars profit he made on the Salem affair. Both of them received stiff prison sentences in USA, handed out by her court in April 1985.

On April 8, 1985, a Greek court found guilty and passed sentences on five of the thirteen defendants present. The ship's agent, Nicholas Mittakis, responsible for providing the crew and negotiating with Soudan and Reidel, received 11 years imprisonment for embezzlement of the vessel's cargo, moral complicity in causing shipwreck, and maritime fraud against the insurers. The chief engineer, Anthony Kalomiropoulos received four years; the second and third engineers, Ionnis Mavros and George Theodosion each received three years, and the radio officer, Vassilis Evangelides received two years and two months' imprisonment.

The Greek court also sentenced five others in absentia, Frederick Ed Soudan, Anton Reidel, Attar Wahis, Johannes Locks alias Bert Samuel Stein and Johan Locks to three years imprisonment for moral complicity in an insurance fraud. Both the master of the Salem, Dimitrios Georgoulis and the chief officer, Andreas Annivas are being sought by the Greek police and face criminal charges which under Greek law, cannot be judged in absentia.
B : DEVIATION FRAUD : The case of M.V. Mariner

The ship, M.V. Mariner, 1,338 gross tonnes, was registered at Piraeus and owned by Ioannis Papaioannou and Vasilios Alexandros Papaioannou of Athens. She was chartered on November 1, 1977 by Asteris S.A. also of Athens, to deliver cans of tomato paste to Tripoli, Libya. The shipment was divided into two cargoes of 100,000 cartons containing filled cans plus 46 bundles (2,000 pieces) of empty cartons weighing 2,061 tonnes and 10,000 cartons of filled cans plus five bundles (200 pieces) of empty cartons weighing 206 tonnes. The total value was 1,300,200 US dollars, insurance being placed with the Libyan Insurance Company. The consignee was the National Supply Corporation of Tripoli.

The Mariner started loading at Katakolon, Greece, on November 3, and completed on November 11, the bills of lading being signed by the master, Captain Constanin Gritzalis. Minor repairs delayed the ship's departure until November 28, during which time she was sold to Frygia Compania Naviera S.A. of Panama, the new owners agreeing to honour the charter obligations.

On November 29, the day after sailing, Captain Gritzalis radioed his estimated time of arrival at Tripoli as December 1. However on December 3, reports began to spread that some canned tomato paste, similar to that loaded into the Mariner was on offer through local brokers at Beirut. The master extended his E.T.A. to December 3 and then to December 5, and according
to reports that started to circulate in Athens had signalled his family that he was making for Beirut. This tallied with other reports that the new owners had signalled him via Radio Cyprus that he was to put into Beirut because of congestion at Tripoli.

The shippers, Asteris S.A. attempted to contact the new owners at an address they had been given in Cyprus, but the same proved to be fictitious. Becoming rather alarmed, they asked the district attorney in Athens to ask Interpol to locate the ship; alerted various Greek government departments and security services as well as Lloyd's Intelligence Service. Inquiries were hampered by reports coming in that Mariner had changed her name not once, but several times. She became Arine I, Aloha and Marina K. In mid-January Lloyd's agent at Bissau, West Africa, reported the arrival of Tarina T, which discharged 110,000 cartons of tomato paste.

The non-arrival of the shipment at Tripoli, increased the alarm of Asteris and in mid-March a loss investigator from London arrived at Bissau. He was shown quantities of cartons of tomato paste in the port area by the Lloyd's agent there. The cartons bore the name of Asteris and the cans were printed with the brand name 'Sandy', which corresponded with the missing shipment. The Bissau Customs Department was asked to block movements of the paste until its legal ownership was established.
Inquiries showed that 10,000 cartons had been sold locally, the importer being named as Moukarim N. Carnal of a firm named Magus. This man explained that he was merely an agent and that as he operated on behalf of some 2,000 principals, he was not able immediately to produce the name of the company he represented in this particular case. Later, he denied any involvement in the transaction.

This denial was made by telephone to the office of the Lloyd's agent. The following day, March 17, 1978, a representative of the Governor of Guinea-Bissau's Central Bank arrived at the agent's office and started to question the loss investigator about this telephone conversation. Neither the agent nor the investigator had mentioned this, which suggested that either Moukarim had or the line had been tapped. The visitor revealed that Moukarim had originally applied for permission to land 2,200 tonnes of tomato paste for storage and eventual disposal, either by re-exporting or placing it on the local market.

When it appeared that the investigator from London was making headway with his inquiries, the local authorities started making things difficult. The Port Office said that it kept no records of transhipment cargo and was unable to say how much had been landed from Tarina T, how much remained and how much
had been re-exported. However, if permission had been sought and granted to land 2,200 tonnes some form of official control on quantities would have been made.

Returning empty handed from the Port Office, the investigator found that the Director-General of Customs had visited Lloyd's agent and demanded to see the Briton's official credentials. He also learnt that a commission to inquire into the tomato paste had been set up and asked permission to appear before it. This was initially granted but later withdrawn. He then tried to seek legal representation but was told that as Guinea-Bissau was without civil or commercial law, lawyers could only be appointed by the Government and then only in criminal proceedings.

On March 21, one Miss Stefian was appointed by the Ministry of Justice as a public advocate to determine if there had been any criminal action. She gave information that neither she nor the United Kingdom investigator would be allowed to address the commission. She also made it clear that the Customs would not reply to questions from the Ministry of Justice regarding the tomato paste. Any attempts to seize or even prevent the movement of the cargo would result in heavy penalties. However, she later revealed that the cartons of tomato paste were being loaded onto a ship named Gale which had left for a destination
not disclosed. This was because the commission, which had completed its inquiries, had decided that the cargo could be re-exported. It had reached this conclusion after studying papers which Moukarim had been permitted to place before it, in the absence of any papers from the loss investigator that gave proof that the goods were destined for Libya.

Such documents existed and had been offered to Miss Stefian who had declined to take them, stating that they would be called for later. The case was closed. Moukarim had been able to have his say, and the investigator had not. However Lloyd's agent was able to obtain some figures: 10,000 cartons had been sold to two local firms, 75,000 cartons were being loaded onto the Gale and another 25,000 cartons were available for local disposal. This accounted for the 110,000 which had formed the original consignment loaded in Greece for Libya.

The destination of the Panama-registered Gale raised a lot of speculations. Her destination was rumoured to be Dubai, but it was thought that Conakry, further along the West African Coast, was a more likely port.

To obtain a visa for the Republic of Guinea, the investigator had to fly to Paris, succeeded in getting the same, and finally reached Conakry on April 14, 1978. Here he found a ship similar
to Gale in all respects but was called Daler, busily discharging cartons of tomato paste. Conakry provided one advantage over Bissau: a Libyan charge d'affaires, Abdul Gassim. He accompanied the man from the United Kingdom to the Ministere du Domaine des Exchange where, in front of senior officials, documents were produced specifying that the cargo now being unloaded from the Daler was the property of the Libyans. The Guinea authorities asked for further documentary details of the shipment as well as a letter requesting that the cargo be held in the customs area until its future was decided.

Strangely, Lloyd's agents in Guinea said that they had received no requests from Lloyd's Intelligence to look out for the Gale and her cargo. The agents and the port captain tried unsuccessfully to contact the ship's master but one of the crew — an Egyptian — complained about the lack of food and money on board. Volunteering the information that the ship had her name changed four times in three months, while her flag had been switched from Greek to Panamanian, he could not recall the first name but the others were: Melanie, Daler, and Gale. The present master, he said, had joined at Bissau.

The port records showed that she had berthed on March 29, 1978, to discharge 1,530 tonnes of tomato paste said to be from
Las Palmas for the Panama Attache. Later, Abdul Gassim was able to extract an admission from the captain that the goods had been loaded at Bissau.

It was learnt that a Swiss firm, Oliver International S.A. of Lausanne, had sold 75,000 cartons of tomato paste to Importex, the Guinea purchasing agency. Oliver's export manager, P.H. Kienberger, was in Conakry, and was soon found. He explained that his company had been offered the goods 'at a very cheap price' by Etablissement Guimabi of Geneva. They had been told that the cargo was lying in Las Palmas and could be shipped to West Africa at the all-in price, with cash payable against documents through a bank. Oliver International thought the tomato paste to be a genuine sale, being in excess of requirement by the original purchaser.

The Swiss company had checked with a Swiss bank on the financial standing of the sellers and were advised that in the bank's knowledge, all was in order. Their purchasers demanded a sanitary certificate and one was issued at Las Palmas on March 6, together with other documents. These also appeared to be in order, although it was never made clear how a sanitary certificate could be issued in Las Palmas for a cargo being discharged from the Tarina T at Bissau. Oliver International, satisfied that all was above board, contacted Importex who immediately offered to buy the tomato paste at such a reasonable price.
Kienberger's first act now was to stop payment to Etablissement Guimabi, cancel the contract with Importex and suggest that the latter pay the Libyan Insurance Company the amount agreed by the Oliver International -- 862,500 US dollars. It would be feasible for the goods to be sent from Conakry to Libya, but the sensible answer for them seemed to be left in Conakry and for the Guinea Government to buy the cargo from the Libyans - the legal owner. This would save chartering a ship and in any case, tomato paste has a limited 'shelf life'. This arrangement only solved part of the problem. There was still the 25,000 carton consignment in Bissau which might be recovered, but the 10,000 cartons already sold there were probably lost for good.

C : OTHER CASES.

There have also been a number of cases of vessels loading cargo in the Far East for delivery to the Indian subcontinent and failing to arrive at destination. A brief mention of such cases or incidents are being made here, as also of others involving frauds captioned above.

The M.V. Lotus Prince loaded a general cargo on April 20, 1984, at Singapore for delivery at Bombay. An application
for a change of registry for the vessel had been made on April 15, 1984, and the ownership of the vessel was said to have changed during, or shortly after, loading operations and the collection of freight by the original owner. Instead of proceeding to Bombay, the vessel anchored off Singapore, allegedly due to engine trouble, and the voyage was suspended. In spite of attempts by the consignees and the cargo underwriters to bring about delivery of the cargo, the vessel still remains at Singapore. The vessel has recently been bought by a third party in Singapore who refused to acknowledge the claims of cargo interests upon the previous owners. It is understood that he has now given a deadline to the cargo interests to collect the cargo from the vessel. If they do not, he has threatened to discharge the cargo himself and put a lien on it for his costs.

The M.V. Ocomos Prosper loaded a cargo of palm acid and glycerine at Pasir Gudang, Malaysia, on July 24, 1984, for delivery at Madras. The vessel left Singapore in early August, but failed to arrive at destination. It was reported that the vessel was at Tai Chung, Taiwan, from September 7, to September 29, 1984, discharging waste paper and palm acid. The vessel is reported to have sailed for Hong Kong, re-named 'Blue Star'.

The M.V. Santaarona loaded general cargo in Singapore for Madras in 1984. The vessel sailed to Penang to load further
cargo. She arrived at Penang on July 27, 1984, and remained there. Till the time of this note, the consignees and their surveyors were being denied access to the vessel by the crew. Negotiations for the performance of the voyage were in progress, but the same has been complicated by the appearance of a new party claiming to be the true owner of the vessel, to whom freight had not been paid.

It is learnt subsequently that the vessel had left Penang in defiance of a court order for an unknown destination. The last reports indicate that she had been re-named M.V. Alda under the Thai flag and was broken down with cylinder problems 35 miles off Kantang near Satun on the West Coast of Thailand. Nothing is known about the fate of the cargo originally destined for Madras valued at around 2 million US dollars.

The M.V. Trans loaded 2,300 tonnes of gas oil on September 12, 1983, at Port Harcourt for discharge at Pesaro, Italy. The cargo was surveyed by receivers on arrival, where it was discovered that only 1,780 tonnes were on board. The harbour master ordered the vessel not to sail, and on October 10, 1983, the cargo receivers obtained an arrest order for the non-delivery of the cargo. The vessel, however, left port for an unknown destination, with the cargo still on board, and the vessel's documents in the hands of the Pesaro Harbour master. The vessel incidentally, was
owned by Riverside Navigation Co. Ltd. of Limassol, Cyprus and managed by Transmed Shipping Company Ltd., Kifisia, Greece.

The ship **M.V. Sea Horse** on a voyage to the Arabian Gulf, made an unscheduled call at Limassol Roads, Cyprus. On or about the night of June 16, 1983, the deck cargo on board the vessel, valued at 30,000 pounds sterling, was illegally discharged into two other vessels. On the morning of June 17, 1983, she was visited by the Limassol Port Marshall, who noticed the absence of the deck cargo, and ordered the vessel into port. The master of the vessel was arrested and detained in Limassol. All remaining cargo on board the vessel has been discharged and held in a bonded warehouse. The vessel was next detained by the Limassol Port authorities.

Following the successful prosecution of four men in Singapore in connection with the losses of **M.V. Averilla** and **M.V. Oh Dai** in September, 1979, the Central Bureau of Investigation (CBI) of India have stepped up their enquiries. **M.V. Averilla** sank off Sri Lanka on September, 5, 1979, and **M.V. Oh Dai** was lost off Burma on September 8. Both vessels were alleged to have been carrying cargo for consignees in India. The Singapore Court was shown that no genuine cargo had been loaded on either vessel, and that both were deliberately scuttled in an attempt to defraud the insurers. A statement of facts placed before the court alleges that the frauds were largely instigated by two
brothers, R.K. Jain and V.K. Jain who own a group of companies in India, including Jain Shaudh Vanaspati and Jain Exports Pvt. Ltd. Insurance claims for the two losses totalled over £15 million. One of the alleged conspirators named in the Singapore trial Mr. Peter Teh, absconded whilst on bail prior to the hearing.

Twelve men are alleged to have conspired in the illegal deviation of M.V. Tamaria (ex – Poseidon) to Beirut. The vessel loaded 3,000 tons of sugar and 2,000 tons of wheat at Rouen for Qatar in March 1979. After a change of ownership at Piraeus en route, the vessel was deviated to Beirut, Lebanon, where the cargo was illegally sold. Among those named in these charges are, Ionnis Nomikos, who was also master of the illegally deviated M.V. Betty (ex – Black Eagle), and George Alfantakis, also alleged to have been involved in the disappearance of cargo off-loaded on M.V. Serafim (ex – Kreon).

Another sordid incident was that of freighter Betty. After loading cargo of timber worth about 9 million US dollars from Yugoslavia, she disappeared with the same and in her place the freighter Fire Star appeared at Beirut. The cargo meant for Saudi Arabia was sold in Lebanon for 1.7 million US dollars. Before she could be arrested, she escaped to the open sea. She was finally seized in Piraeus flying the Spanish flag, rechristened as Ares after four re-namings. This led the Saudis to impose a ban on entry to Saudi ports of ships which had called at Lebanese ports or belonged to owners whose other ships visited Lebanon.