PREFACE

The present work is not an exhaustive study of the various maritime frauds analysed. It is a modest attempt by a student of international law to illustrate how the business community of the world is defrauded by a gang of modern day criminals, sophisticated or otherwise.

Commercial crime in the international arena has become a profitable business to a certain category of fraudsters as because a successful fraud reap a rich dividend enabling these category of persons to become rich at an easy go. The psychology behind such activities is the eternal greed of mankind to become rich without much effort. Maritime frauds do require a certain degree of efforts on the part of these operators as because analysis of the various "successful" frauds indicate the work of an intelligent mind.

Maritime frauds invariably involve ships or merchant vessels and the modus operandi vary from fraud to fraud. Whereas in the case of documentary frauds it may be a simple case of forgery of essential documents like bills of lading or cargo manifest or even letters of credit, in the case of scuttling frauds, the mode may be even heartlessly criminal, viz. deviating the vessel en route, selling the cargo and then after coming back to its original route, deliberately sinking the same without a trace — offering such reasons for the "disappearance" as engine failure or Act of God. Alternatively, it may also involve the complete disappearance of the entire ship and crew — giving the appearance of a natural disaster. The only difference being that the crew do later at some suitable time surface in some country — tax haven or flag of convenience — before proceeding with their next action against some other innocent ships or cargo owners.

In these crimes, the flag of convenience do have a greater hand — though not the States concerned. As is well-known the basic reason for a foreign shipowner to register in flag of convenience or open-registry
States is to circumvent the restrictive domestic fiscal, labour and operational laws. In the modern day profitable business of maritime fraud, this appears to be a mere facade. The real reasons being to escape the laws of the parent States after the crime is committed. Often, the problem is complicated by the fact that the addresses of such companies are only Post Office Box Number ones in the flag of convenience States and usually these companies are name-plate ones registered in such States and having only one ship and no other visible assets. Thus, after a "successful" fraud, these companies evaporate and resurface under some other name and in some other such State, only to restart the nefarious activities.

The absence of any desire on the part of most of the flag of convenience States to curtail or curb the activities of these operators is unfortunate. The economic reasons seem to outweigh all the sociological or moral issues at stake. May be subconsciously these States feel that having such a large "borrowed" fleet give them an aura of a major maritime power -- a chimera as false as that of a State having a large number of mercenary troops and believing itself to be a super power in terms of men under arms.

I have attempted in the last chapter a set of suggestions for the flag of convenience States to control the activities of such operators. I have also enumerated a set of guidelines for them to adopt so that they may be able to discourage the potential fraudsters from registering in their States and thus in the long run prevent the abuses of these flags. The stigma "flag of convenience" carries today is too grievous -- a cause of misery and suffering to many, -- in fact a modern day mark of Cain. These States must, therefore, effectively take steps to belie the accusations.

Along with the other general suggestions for preventing maritime fraud for ships in general -- irrespective of flags -- the flag of convenience States may modify these for evolving a congenial atmosphere for international trade -- free from man-made hazards -- and full of benefit and