

PHANTOM SHIP FRAUDS

INTRODUCTION

A phantom ship is a vessel with a phantom identity. The vessel is registered on the basis of false information provided to the registration authorities about the vessel's previous names, tonnages, dimensions and the owner's identity. Thus, on investigation after the crime, no trace can be found of the ship, its owner and, in most cases, the crew.

The vessels involved are often small bulk carriers or twin deckers under Honduran, Panamanian, Belize or St Vincent flags. Most are 15 to 20 years old and poorly maintained. In addition, they do not have hull and machinery insurance or Protection & Indemnity cover.

The creation of a phantom ship is facilitated by officials in ship registries who are prepared to register vessels according to the details provided, without making any effort to verify the information. This can be because the system in that particular registry is not efficient or, in some cases, due to a degree of corruption in the registration office.

Owners of phantom ships are companies that exist only on paper. They are set up only a few days prior to the operation and use temporary offices. Names of the directors given to the company registry are often fictitious.

The crew employed for phantom ship operations are mostly Burmese, Thai or Filipinos. They are hired after paying US\$300-500 or more as placement money to agents. During the deviation the crew are paid twice or thrice their normal salaries. In most cases, the details given in the passport or seaman's book, including the names given on crew lists, are false. The certificates of competency of the officers are forgeries. Some crew members have been identified and traced by the ICC-International Maritime Bureau. Surprisingly, their families usually know little of their whereabouts.

Agents selected by the owners of phantom ships in different countries are often small operators. Their main task is to book cargoes and collect freight for the owners. In order to attract more cargo, the freight charged by them is often lower than the market rate. The agents are introduced to the owners of phantom ships through a middle man and do not necessarily have direct contact with the owners. The agents are therefore in no position to identify the shipowner when questioned.

Brokers involved in fixing phantom vessels often fail to carry out any checks on the shipowners. This may be because the commissions offered by the shipowner are more than usual. In one instance, the commission earned by the broking chain was 12.5% of the freight!

Cargoes targeted have included frozen prawns, timber, plywood, palm oil, textiles, resin, rubber, steel and copper concentrates. The cargoes involved are generally of high value, in great demand and can be easily disposed of. These cargoes have been on order by consignees for some time who are awaiting shipment. In this scenario the phantom ship steps in, picks up the cargoes and disappears.

AN EXAMPLE

The m.v. Bona Vista 1 disappeared in September 1988, with her full load of cargo. The underwriters and cargo interests suffered losses amounting to US\$7 million.

In June 1988, a contract was signed between buyers in Hong Kong and shippers in Taiwan to supply paper, resin, steel coil and polystyrene to China. The political relationship between China and Taiwan at the time prevented direct trading between them. Therefore, companies based in Hong Kong are often used in such transactions.

Details of the cargoes were provided to a shipping agent in Taiwan in June and July 1988. A suitable carrier was not immediately available. On 30th July 1988, Joe Kim of Lucky Investment, Hong Kong, was introduced to Mr. Peter Lin of Shin Shin Shipping Agencies Inc. in Taipei by an "old friend". Joe Kim told Peter Lin that his friend, Prasit Srichan, a member of the royal family in Thailand owned the Bona Vista 1. He asked if Peter Lin would be interested in acting as her agent. On 10th August 1988, a company named Blue Ocean (SIAM) Shipping Co. was registered in Bangkok in Thailand. Prasit Srichan was the managing director of this company.

On 17th August 1988, a Certificate of Provisional Registry was issued by the Consul General of Honduras in Singapore for the Bona Vista 1. This certificate was valid for three months. According to this Provisional Registration, the Bona Vista 1 ex. Blue Coral, 4525 grt, was built in 1975 in Japan, and was owned by Blue Ocean (SIAM) Shipping. The vessel's call sign was stated as 'HOTE 6'.

On 23rd August 1988, a representative of Lucky Investment visited Quandong in China and offered steel coil, paper, resin and polystyrene from the Philippines. The country of origin of these cargoes was in fact Taiwan. On 1st September 1988, a sales contract was signed between Elke Trading (Pte) Ltd. of Malaysia and Dongguan Wong Trading Company of Quandong in respect of the cargo offered. According to this contract, the payment was to be made at the office of Lucky Investment in Hong Kong, within five days of the arrival of the merchandise in Santo, China.

On 3rd September 1988, Joe Kim started work at the office of Shin Shin Shipping Agencies Inc. in Taipei. A fax arrived the same day from Blue Ocean (SIAM) Shipping Co. Ltd. in Bangkok, authorising Shin Shin Shipping Agencies to fix a cargo for the Bona Vista 1 and sign the fixture note accordingly. Fortune Shipping Agencies Ltd. were appointed as the Kaohsiung sub-port agent for the ship. On 5th September 1988, sets of blank bills of lading were sent by courier service to Shin Shin Shipping Agencies. Although the courier airbill stated that it was from P Srichan of Bangkok; the package was actually posted and paid for by a Mr. Wong in Hong Kong.

On 15th September 1988, the Bona Vista 1 arrived in ballast in Kaohsiung. The radio equipment on board was out of order. She berthed in Kaohsiung harbour on 16th September. She had a crew of 20 Burmese and six Thai nationals. The Master was a Burmese named Sao Min Din. According to the crew, they had only recently joined the vessel in Manila.

Witnesses who saw the vessel in Kaohsiung claimed its name had just been painted on. The vessel appeared to be in extremely poor condition and many tiny holes were seen as the sun shone through her plating. She had cracked shell plates between number one, two and four holds. Repairs were carried out in Kaohsiung to patch them with steel plates.

Bona Vista 1 commenced loading. Communication by fax, telephone and telex, between Shin Shin Shipping Agencies and the shipowners in Bangkok was frequent. Full details of the cargoes were also provided to Winpeak Marine Services, the vessel's agent in Hong Kong. Joe Kim continued to work in the office of Shin Shin Shipping till 25th September 1988. During his stay, he maintained a close contact with the shipowners in Bangkok and a Mr. Chan of Main Empire Ltd. in Hong Kong.

The Master, Sao Min Din, telephoned the shipowners in Bangkok from Kaohsiung agent's office on two occasions. A request to pay the crew was passed to the owners by Shin Shin Shipping Agencies. This was refused by 'the Board of Directors' of Blue Ocean (SIAM) Shipping. Food and water supplied by Shin Shin Shipping Agencies was only adequate for seven to ten days. Therefore, the chief cook ordered additional provisions worth \$1,500 from another local ship chandler. This was not paid for.

The vessel sailed on 28th September for Huangpu in China. On 3rd October, all parties were informed by the shipowners that according to a cable received from the Master of the Bona Vista 1, a leakage was found at hold number two on the starboard side. Temporary repairs were carried out by the crew. On 6th October, the shipowners confirmed that the ship had completed her repairs, her ETA Hong Kong being 8th October.

Bona Vista 1 failed to arrive in Hong Kong on the 8th October. No contact could be established with either the vessel or her owners. But according to rumours, the cargoes had

been discharged in Singapore, and the vessel had been sighted in Vietnam. Subsequently these rumours were found to be incorrect.

In early November the cargoes loaded on board the Bona Vista 1 in Kaohsiung were seen and identified in Santo, China. Further investigations revealed that these cargoes were discharged from a vessel named La Paloma, which was registered in Honduras. The La Paloma, owned by Fortune Unity Shipping of Bangkok, had arrived in Santo on 6th October, commenced discharging on 21st October and sailed three days later. Master of La Paloma was a Burmese named Sao Min Din. She had exactly the same crew list and cargo manifest as Bona Vista 1. The shipper shown on the La Paloma bills of lading was Elke Trading of Malaysia.

No vessel named either Bona Vista 1 or La Paloma could be found. Small parcels of the cargoes were located and seized by the Chinese authorities before being dispatched to their new buyers. Cargo interests suffered substantial losses as a result of this fraud.

The case highlights the two factors that exist in a typical phantom ship operation which are: a ship-owning company which exists on paper and a temporary ship registration. The cargo is loaded, or purported to be loaded, into a vessel with a phantom identity. This prevents any subsequent investigations from establishing who the real owners are, what the true identity of the vessel is, where the cargo was illegally discharged from and to whom, and who the crew really were. If no immediate purchaser is available, the stolen cargo is discharged into barges in international waters. These barges then take the cargo ashore where it is stored in warehouses until it is sold.

PHANTOM SHIP SCENARIO

Quantifying the scale of the problem associated with phantom ships is difficult. Most of the information concerning such ships is held individually by lawyers, loss adjusters and underwriters, and not centralised or collated. So far, the number of cases uncovered by the ICC-International Maritime Bureau exceeds 25. This may be the tip of the iceberg and the extent of the problem is wider than the industry suspects.

For example:-

* On 9th February 1987, the Taiyo Maru loaded 10,289 cartons of frozen prawns at Chalna and Chittagong in Bangladesh which were destined for Japan. The cargo was transhipped into five fishing boats flying the Thai flag 50 miles off the Cambodian coast. The cargo was never received in Japan.

- * On 30th June 1987, the *Angro* disappeared with a cargo of plywood loaded in Pontianak in Indonesia for Xingang in China. The cargo was later found to have been discharged and sold in Quanton, south of China.
- * In June, 1987, the *San Tony* loaded 3000 cubic meters of Indonesian Plywood at Samarinda in Indonesia for Lianyungang in China. The cargo disappeared and was re-sold in China.
- * In December 1987, the *El Condor* loaded a cargo of copper concentrate in the Philippines for Japan. The cargo was never delivered but was discharged into another vessel outside Singapore's territorial waters and re-sold to a company in the United Kingdom.
- * In August 1987, the *Zodic Ace III* loaded a cargo of 2876 cubic meters of Indonesian Meranti plywood and 101 cubic metres of Indonesian Meranti Blockboard in Pontianak in Indonesia for Hong Kong and Shenzhen (China). The vessel sailed from Pontianak on 24th August 1987 and disappeared with her cargo, which was later found to have been discharged outside Singapore's territorial waters.
- * On 15th October 1987, 2002 cubic metres of Indonesian Meranti Plywood valued at \$744,814 were loaded at Pandang in Indonesia for Huang Pu in China. The cargo was again discharged outside Singapore's territorial waters.
- * In October 1988, the *Sea Rex* loaded a cargo of rattan from Samarinda for Taiwan. The cargo was later found to have been discharged in Zamboanga in the Philippines.
- * In January 1989, the *Pak Nam Star* disappeared with her cargo of plywood destined for China.
- * In January 1989, the *Olympic 88* loaded a cargo of plywood at Banjarmasin for Korea. The cargo was later found to have been discharged at Zamboanga in the Philippines.
- * In June 1992, *Jasmas II* loaded a cargo of raw cashew nuts in Vietnam for India. She changed her name to *Gina III* and unloaded her cargo at Marivelas in the Philippines. Investigators located the cargo stowed in a warehouse. After long and protracted court battles and negotiations the cargo was recovered.
- * In April 1993, *Pacific Fortune* loaded 4,500 mt of steel bars in Korea for Shantou in China. The vessel deviated from her course and unloaded her cargo in another port. She was seen again in Manila with another cargo of Malaysian timber. The vessel's name was subsequently changed to *Asian Progress*.
- * In May 1993, *Harpers* loaded a cargo of timber from Sabah for Korea. She unloaded her cargo in China using the name of *Asalas*. Investigations revealed that she changed her name five times in six months.

* In June 1993, Iskander loaded a cargo of plywood and steel in Indonesia for China. The vessel disappeared with the cargo.

* In June 1993, Hai Hong loaded a cargo of palmoline in Malaysia for China. The vessel changed her name and her cargo disappeared.

* In March 1994, Millenium loaded a cargo of plywood at Sabah for China. The vessel disappeared with the cargo.

* In July 1994, Spica loaded a cargo of 3024 mt of SIR 20 (Standard Indonesian Rubber) at Padang, Java. The consignment was destined for the port of Fangcheng in Guangxi province of China. The Spica had an estimated transit time of 12 days which meant an ETA in Fangcheng around the 10th August 1994. This vessel however, never arrived. The owners of Spica were Spica Marine Investment Corporation, a company based at the same address as the managers, King Ocean Shipping Co. Ltd. in Odean Towers in Singapore. Both companies had been set up by an Indonesian known as Sofian Alwi, in temporarily leased offices.

Predictably, as soon as all the cargo was loaded and the documents issued, the offices were abandoned and Mr. Alwi could no longer be found. Neither of these companies were registered entities in Singapore.

The freight for this shipment was paid to another company called P.T. King Ocean Shipping Co., which did not exist, and the addresses provided actually belonged to a local printing business in Jakarta.

When the Spica left Padang on 29th July 1994, she changed her name back to the original identity of Lady Crystal. The Lady Crystal was owned by M.G.H. Marine S.A., Panama, which was under the management and control of Egga Shipping Pte. Ltd. This company was owned by a Singaporean named Mr. Goh who then promptly disappeared and closed down all his companies. He is now wanted for questioning by the Singapore authorities.

Lady Crystal proceeded to Hong Kong where the cargo was discharged to the order of a Hong Kong registered company called Best Ocean Trading Company. The cargo was then re-shipped into Fangcheng aboard legitimate feeder vessels in two separate shipments - an initial shipment of 1002 mt which arrived in late August 1994 and a second shipment of just over 1500 mt which arrived in early October 1994. Both consignments were sold to a Chinese state owned company based in Tianjin, China.

A little under 500 mt of cargo remains missing and enquiries are continuing to locate the cargo. The Lady Crystal was subsequently arrested in Hong Kong by the mortgagee due to default in payment by the owners and is now under judicial sale.

* In September 1994, Eleonora 8 loaded 3000 mt of RSS 3 (Rubber Smoked Sheet) at Songkhla, Thailand bound for Beihai and Shantou in China. She disappeared and has not been seen since.

This vessel was under provisional Honduran registration and was owned by Gran Marina Shipping S. De R.L. allegedly based in Belgium. Investigations, however, have identified links with a firm of Indian brokers based in Bombay. The agents involved in Songkhla, Songkhla Eastern Maritime, have been linked to two previous phantom ships.

* In October 1994, Windsor III sailed from Penang, Malaysia, with a cargo of 4302 mt of SMR 20 (Standard Malaysian Rubber) and RSS 3 (Rubber Smoked Sheet) bound for Hong Gai in Vietnam and Fangcheng in China. After departure she changed her name to Asoke II and proceeded to Beihai in China to discharge to another buyer.

The vessel, now named Asoke II, attempted to discharge in a customs prohibited zone and was detained by Customs authorities for attempted smuggling. The cargo was unloaded into bonded warehouses in Beihai pending identification. Shortly afterwards, the vessel broke detention and escaped. She has not since been located.

The owners of Windsor III purported to be a Bangkok company, Windsor Shipping Co. Ltd. In similar circumstances to the Spica, this company had been set up by two Chinese individuals, named Jeffrey Davis Pettersen and Joe Toh, using temporary leased office facilities just off Sukhumvit Road in central Bangkok. After the cargo was loaded the office was abandoned and the occupants disappeared. Searches in Bangkok proved that no company named Windsor Shipping Co. Ltd. existed at the address given.

The office lease forms completed by Jeffrey Davis Pettersen alleged that Windsor Shipping Co. Ltd. was incorporated in City Garden in Hong Kong. Further enquiries, however, could not substantiate this.

* In August 1995, Anna Sierra loaded 12,000 MT of sugar at Bangkok and Koh Si Chang for Manila. The vessel was hijacked and given a phantom identity. She entered the Port of Beihai in Southern China under the name Artic Sea. This case is examined in detail in appendix A.

* In December 1995, Samudra Samrat loaded a cargo of steel and flour in India for Vietnam. For the next seven months the vessel remained off Singapore due to alleged engine breakdown.

The criminal gang that organised the hijack of Anna Sierra then struck again. In August 1996, they persuaded the ship operators of Samudra Samrat to accept a new crew, and diverted the vessel to Fengcheng in southern China with the intention of illegally discharging her cargo. Her name was changed to Celtic Ranger.

Despite the ICC International Maritime Bureau locating the vessel as it sailed into port and presenting ample evidence of its false name and papers, the local authorities refused to treat it as a criminal matter.

Instead, they refused to allow the judge from the Maritime Court in Guangzhou to arrest the vessel until the day after it sailed out of port, leaving all its papers and the passports of the 23 Indonesian crew behind. The cargo worth US\$ 2.5 million destined for Vietnam disappeared with the vessel. There is no doubt that some corrupt local officials tipped off the Master and allowed the vessel to sail without clearance.

The last reported case involved a vessel called Gold Simba. In October 1996, she loaded 1,880 MT of bagged cocoa in Indonesia for France. She deviated and called at the port of Sha Tian, about 100 nautical miles west of Fengcheng, China, and illegally discharged the cargo. It is believed that the cargo was sold to factories making cocoa and chocolates in the Guandong province of China.

In all these instances, the vessels loaded cargo at a South East Asian port and sailed but failed to arrive at their destination. There are multi jurisdictions involved in these crimes and it is difficult for any single law enforcement agency to investigate in these circumstances. Moreover, the extent and complexity of the problem has taken it beyond the capability of any single legal jurisdiction.

ASSOCIATED CRIMES

i) Hijacking

The operators of phantom ships have three means of acquiring vessels for their operations:-

- purchasing them on the open market. Due to the rise in second hand prices of vessels, this has become an expensive option
- creating new ownership for the vessels on paper by companies which are already owned by the syndicates
- hijacking or stealing vessels to order

The first ship to vanish since the ICC-International Maritime Bureau began keeping records was the Comicon on 15th February 1980. Neither the ship nor her 25 crew members were found.

In 1986, the Antoinette disappeared in Manila Bay while she was under arrest for non-payment of port charges.

In 1987, a further three ships vanished in the Philippines. Cresat 1 and Mayon disappeared while laid up in Manila Bay and the Irene disappeared after running aground off the Cavite coast.

On 26th May 1988, the bulk carrier Negotiator disappeared together with her six crew members from anchorage at Subic Bay, Manila.

On 13th September 1988, the Liberian motor ship Silver Med was hijacked by eight heavily armed men in Manila Bay. On 25th June 1989, the Isla Luzon with her 4,500 metric tons of steel cargo was hijacked off Iligan in the Philippines.

On March 14th 1990, three men posing as Customs Inspection Service officers boarded the 6,182 grt Eastern Galaxy while she was loading US\$9.8 million worth of copper cathodes at the Philippine Associated Smelting and Refinery Corporation pier in Isabel, Leyte. A member of the crew spotted them moving suspiciously. When challenged, the three men held the crew at gunpoint and escaped down the ship's ladder to a waiting motor boat. They left behind a .38 revolver, 20 rounds of ammunition, plotting equipment and ship's documents for the phantom registered vessel Jimbo.

Although there was a suggestion that these vessels were hijacked to be illicitly scrapped in the Far East, evidence showed that they were meant to be used in phantom ship operations. For example, the Silver Med, renamed Sea Rex, which disappeared in October 1988, with a cargo of rattan for Taiwan, and the Isla Luzon renamed Nigel, which traded between Taiwan, China, Korea and Japan after being hijacked in June 1989.

According to information received by the ICC-International Maritime Bureau, ships can be hijacked to order in the Philippines for about \$300,000 and delivered within three days. In some cases, hijacking or stealing is arranged between the syndicates and dishonest shipowners to defraud hull insurers.

The arrest of Captain Emilio Changco in 1992 by the Filipino authorities, reduced the hijackings in that country. Capt Changco was instrumental in a number of hijackings including that of Tabango, a tanker owned by the Philippine National Ocean Corporation. Capt Changco was reported to have been shot dead while attempting to escape from a high security prison in Manila.

ii) False Registration

A major difficulty encountered in phantom ship investigations are temporary registrations issued indiscriminately by officials of some ship registries. Panamanian, Honduran, Belize and St Vincent registrations feature prominently in phantom ship cases investigated by the ICC-International Maritime Bureau.

Applications for registration are submitted to these officials by so-called 'Shipping Bureau', 'Shipping Assistance' or 'Marine Companies' based in the Far East region. The cost of registering a phantom ship is several times higher than the normal fee. Documents bearing false information are submitted to the officials at the time of registration. As a result, information such as ships' particulars and ownership details stated in the 'Certificate of Provisional Registry' or 'Patente Provisional de Navegacion' are false.

This means that a ship can be registered under several names with different particulars, making the task of tracing a phantom ship difficult. Registration can even be obtained prior to a phantom shipowner physically taking control of a vessel. This method was used in the attempted hijacking of the Eastern Galaxy. Among the Bill of Lading forms and an outward foreign manifest, a Certificate of Registration was found under the name of Jimbo, with the same specifications as the Eastern Galaxy.

This 'phantom identity' provides the owner of a phantom ship with an essential tool to commit theft and also offers him protection during any subsequent legal proceedings. Hence, arresting a phantom ship becomes extremely difficult for the injured party.

Cargo Disposal

Syndicates exist which specialise in disposing of stolen cargoes quickly and if possible, 'legally'. ICC-International Maritime Bureau investigations showed that a number of cargoes were discharged from phantom ships outside Singapore, in international waters, either into another vessel or a barge. El Condor, Zodiac Ace III and Isla Luzon had their cargoes discharged in this manner.

Stolen cargoes are sold directly by a 'paper' company or are stowed in a warehouse until a suitable buyer is found. In most cases the stolen cargoes were sold to companies in China and occasionally to companies based in the Philippines.

Syndicates find stowage places which are usually difficult to access. The cargo of timber stolen from Harpers, for instance, was stowed in an army camp in the Guangxi province of China. It was guarded by armed soldiers till its disposal by the criminals. Another favourite location is the Zamboanga region in the Philippines, where even the government agencies are reluctant to investigate.

Criminal Syndicates

The syndicate theory was first raised in the FERIT (Far Eastern Regional Investigation Team) report of 1979. It felt that although no particular syndicate was behind the numerous losses, there were sufficient links already evident between hull and cargo interests to justify the supposition that a number of independent small syndicates operated and that there had been an exchange of the latest "techniques" between them.

Phantom ship investigations have again showed the connection with syndicates. Some members of the syndicates operating phantom ships were featured in the FERIT report. They are now operating under different companies or addresses. Undoubtedly, they have a large number of contacts and a thorough knowledge of these illegal dealings from their previous employment.

Information obtained by the ICC-International Maritime Bureau shows that different groups of criminals are responsible for phantom ship frauds. Most of the people involved are either Chinese or of Chinese origin. They are involved in shipping, trading, banking or insurance, and they either run their own business or are employed by well established institutions. Exceptions to the 'Chinese connection' were observed in the theft of cargoes aboard Iskander and Elenora 8. These two thefts showed strong connections to syndicates from India.

Chinese dialect determines the composition of the groups. The groups so far identified belong to the Cantonese, Shanghai or Fukien gangs. These are controlled by a small number of highly experienced businessmen, operating out of Hong Kong, Indonesia, Philippines and Thailand. Operators and brokers spread all over the region, including China, Hong Kong, Taiwan, Singapore, Thailand, Malaysia, Philippines, Indonesia and Korea. These then gather intelligence and execute plans as directed by the ring leaders.

Such an organisation provides the syndicates with information from many sources. They are thus well informed about all activities in the market such as contracts, cargoes, ships and buyers. They are also well aware of any action taken by the industry or the authorities.

The criminal syndicates involved in phantom ship operations are also believed to be involved in drug trafficking and movement of illegal immigrants from the region into North America. A number of syndicate members hold passports of several countries. These passports can be obtained from unofficial sources, but are not necessarily forgeries.

Some members of the syndicates are known to the authorities in the region, but cannot be prosecuted due to lack of evidence of their involvement in criminal dealings. The syndicates are closely associated with, and have access to, members of governments and possibly to one of the royal families in the region. The syndicates exchange intelligence among themselves, and avoid getting in each other's way. They are capable of resorting to any

means, including violence, to satisfy their greed. Undoubtedly, they are extremely dangerous criminals and should not be treated lightly.

Victims

The majority of the losses from phantom ship frauds are borne by hull and cargo underwriters. On a few occasions consignees and banks have had to pick up the entire loss. For example, in the case of the Nari, the bank issuing the letter of credit in Indonesia was not paid by the consignee because discrepancies were found in the documents after the disappearance of the vessel with her cargo. In the loss of timber aboard Harpers, the cargo underwriters repudiated the claim as the policy was issued under the Institute Cargo Clauses 'C' and the theft by the carrier was not an insured risk. In this case the entire loss of some US\$ 4.5 million fell on the consignees.

Underwriters in China hold the view that these losses are due to fraud and should not be covered by insurance. No compensation was paid to the assured for the loss of cargo from Bona Vista 1 by the Chinese underwriters .

Recovery Problems

The number of successful recoveries of cargoes stolen is low. Firstly, it is not easy to locate cargoes without accurate information. Secondly, it is very difficult to regain title to the cargoes once they are sold to another buyer. Thirdly, the problems in seizing a phantom ship to recoup losses are even greater. To do so, the injured parties have to locate, identify and prove to the court absolute links between the existing ship owner and the owner responsible for the crime.

Legal systems vary from country to country. For example, it is easier to arrest a vessel in Singapore than in Thailand. Litigants in jurisdictions such as Philippines face greater uncertainty. Due to the high costs that may be incurred and the low chance of success, legal action is not always financially viable. Even if a phantom ship is seized and sold by the court, the proceeds may not be sufficient after other priority claims are settled. As a result, several phantom ships that have been identified by the ICC-International Maritime Bureau are still running free in the region.

The problems of investigating and prosecuting this type of crime should not be underestimated. They can be dangerous and difficult.

Recommendations

The progression from simple cargo thefts to phantom ship crimes, hi-jacking of vessels and carriage of illegal immigrants, suggests that criminals are becoming increasingly confident and are ready to expand their territories. Any further delay in tackling these crimes by either the industry or the law enforcement agencies could result in a potentially uncontrollable surge of serious crime in maritime commerce in ASEAN and Far Eastern countries.

The shipping industry needs to set aside adequate resources for the following purposes.

- To conduct further enquiries
- To maintain a comprehensive data bank
- To liaise with law enforcement.
- To pursue every possible recovery
- To establish an intelligence gathering system

Shippers need to be made aware of measures which they may use to prevent falling prey to phantom ship frauds.

Analysis of the past incidents indicates that phantom ships usually have the following profile:-

- registration with certain flags
- 15-20 years old
- Possible irregularity in registration details
- Delay in arriving at load port
- Shipowner / operator is invariably a sole operator
- Crew are often Burmese or Philippino
- Crew do not go ashore and receive no mail at the load port
- Level of commissions paid to brokers is high
- Shipowner asks for the freight to be paid into a personal bank account

The problems of phantom ships are greater than the industry perceives. Losses suffered in the number of incidents uncovered by the ICC-International Maritime Bureau are estimated to be US\$150 million. This could be merely the tip of the iceberg.