



KISH P & I LOSS PREVENTION CIRCULAR KPI-LP-49-2012 ***(Alarming False Invoices)***

There are various reports received through the P&I clubs & reliable legal sources informing that the number of false invoices have increased worldwide.

A recent case was said to be an invoice issued for the carriage of security guards from the Suez Canal bound for the Persian Gulf. The invoice was signed by the master in the hustle of the activities while transiting the canal & later on brought up by the service providing company/agents claiming a large amount of expenses.

Another case to extort funds through fraudulent invoicing was thwarted when an accounts clerk and the master of the vessel discovered the false invoice. The vessel in question was billed for "Harbour and General Port services" however the itemised bill, including MARPOL discharge costs, were covered by the usual ports dues.

A very alarming report contained worrying facts that the ship's stamp had been crudely copied to confirm fraudulent invoices.

The cases above were selected samples from around the world. It seems it is virtually impossible to track the source of the fraudulent invoices in order to take punitive action against the fraudsters due to the location of their base of operations, some of which were thought to be in Egypt. The type of invoice changes regularly making it difficult to keep up to date with the criminals. The fraudulent invoices are not limited to Egyptian ports and are seen worldwide. Another such invoice was uncovered relating to a port-call in Odessa, Ukraine. The modus operandi seems to be to send erroneous invoices to shipping companies in the hope that they are processed with little scrutiny likewise

many Internet related deceitful & fake business & prize offers.

The following recommendations can be made to reduce the possible extortion activities:

- ✓ In busy ports & hustled operations have someone else to counter-check invoices before signing.
- ✓ Another occasion to be tricked is when there is an accident or severe penalties awaiting such as pollution cases; these are times that the ship's master will be prone for overlooking minor details and sign papers that were not seen or read.
- ✓ The agents to be advised that the invoices should be clear & thorough; no general & blank forms should be accepted. It is a good practice to close the ending statements by a line & not to accept future filling of details as these can lead to unaccounted figures, services & various claims.
- ✓ Singing of very crucial documents such as Bills of Lading or huge sums of expenditures should be done with extreme caution & any authorization for signing to be attempted through the legal department & P&I club's approved procedures.
- ✓ The shore staff confirming the invoices should also be extra vigilant & use various means such as comparing with other documents & past operations to ensure the authenticity of the invoices.