

FLAGSHIP

NEWS FROM THE LIBERIAN REGISTRY

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Timely interventions pay dividends

IN shipping, time is money, so the Liberian Registry's security and safety departments work diligently and efficiently to ensure that the Liberian fleet's detention record remains at a low level. This is accomplished by a variety of preventive – and, where necessary, proactive – initiatives by the registry's expertly trained inspectors and auditors, and, where appropriate, by diplomatic intervention.

In a more immediate sense, the registry's dedication to intervening with Port State Control, and the swiftness with which it acts, has kept numerous vessels from being detained or delayed. On a number of occasions, registry staff have co-ordinated with Port State Control to clarify and rectify deficiencies before vessels have been scheduled to sail and therefore avoided any detention.

In one instance, a Liberian vessel approaching Argentina was told that, as a result of two stowaway incidents on board, it would not be allowed to enter port until a full ISPS audit had been conducted. A LISCR auditor was on the vessel in less than three hours and, upon completion of the audit, the vessel entered port with minimum delay.

In a similar case in Tampa, Florida, the immediate availability of a LISCR auditor to conduct an investigation into a stowaway incident and to carry out an ISPS audit cleared the vessel to enter port. And, in Long Beach, California, an auditor boarded a vessel at two o'clock in the morning on a holiday to help a vessel rectify five ISPS deficiencies so that it could leave the port on schedule.

The registry has also been very successful in having wrongful detentions appealed, both in the US and internationally. In San Diego, California, a vessel was detained for ISM deficiencies that were not detainable items. The registry successfully protested to US Coast Guard headquarters on the shipping company's behalf, and the detention was removed from the company's record and the US Coast Guard database, and was thus not reportable to IMO. Similar wrongful detentions have also been avoided in Venezuela and Indonesia.

In Savannah, Georgia, a Liberian vessel was about to be detained due to a misunderstanding of the annual security exercise requirement. Notified immediately by the company security officer, the registry contacted the Coast Guard and, following discussions with the captain of the port and with USCG headquarters, it was found that the registry's interpretation of this part of the ISPS Code was correct. Within a few hours, the vessel was cleared to leave port.

Swift communications are vital in situations such as these. If owners and operators encounter a problem with Port State Control, it is essential that they contact the registry immediately so that an effective intervention can be made to keep their vessels trading.



The Liberian-registered "Aliakmon", a newbuilding managed by Pleiades Shipping Agents SA in Greece, is pictured during its recent sea trials in Japan.

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Protecting offshore confidentiality

Confidentiality is the crucial and legitimate element sought by investors and commercial interests alike when choosing an offshore location for their business. But recent developments have threatened that confidentiality, with the result that alternative offshore domiciles may have to be considered.

Traditional offshore jurisdictions have been forced to introduce legislation which has potentially serious consequences in terms of the taxation liabilities of beneficial owners of companies and their directors. This is particularly true of those countries which are dependencies of the UK, which country has agreed that all its dependent territories will adopt EU requirements on disclosure and transparency. As a result, registered agents of a company in, say, the British Virgin Islands (BVI), must obtain the name of the ultimate beneficial owner of the shares of a company, and the names of the directors, keep a register and hand it over to the local authorities when requested.

The jurisdiction must also have mutual assistance legislation in place requiring the routine collection by the local regulator of information on names and assets of beneficial owners of offshore companies, and allowing the regulator to hand this information over in response to a request from another country, even where the requested offshore jurisdiction has no interest itself in collecting the information.

These are among a number of important factors affecting offshore operators and investors, particularly in the Caribbean jurisdictions, which could have serious financial consequences, starting with an unexpected and hefty bill from the home tax authority.

This loss of confidentiality has not affected all offshore jurisdictions, however, and it is possible for investors and operators to relocate to other offshore locations before confidential information gets into the wrong hands. By using a simple

re-domiciliation process, it is possible to move a company from one jurisdiction to another, allowing it to continue operating, with all its assets and history intact, in another safe jurisdiction, which protects confidentiality.

The re-domiciliation provisions must guarantee continuation and ensure that the company does not get lost, and the assets become ownerless. So the provisions have to be detailed and take care of the practicality of the move, particularly to allow provisional registration while the company is obtaining the release paperwork from the former jurisdiction which, in many cases, cannot be obtained until evidence has been produced of acceptance of the company elsewhere. Perversely, this often cannot be obtained until evidence of the release is produced.

The Liberian jurisdiction meets the criteria of continuing protection of confidentiality and has the necessary detailed law on re-domiciliation to ensure a safe move. The Liberian Corporate Registry is operated in the United States by a US company. The US has domestic law that protects the confidentiality of investors and businessmen, is wedded to free trade, and is supportive of the accrual of wealth and its investment. There will be no pressure on Liberia to end confidentiality, the governing philosophy of the Liberian Corporate Registry. So, the existing company

can continue in Liberia. The company retains its name, its formation date, its assets, and its existing share structure. Moreover, it does not have to change its directors or advisers. Liberian corporations, companies, foundations and other corporate structures can be managed anywhere in the world by directors and officers of any nationality, and the records can be kept in any place selected by the directors.
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IADC co-operates with LISCR

AS part of an agreement to assist the Liberian Registry with modernising current MoU licensing exams, members of the International Association of Drilling Contractors (IADC) participating in that effort will be entitled to obtain flag state accreditation for their in-house training programmes from the Liberian Administration.

The registry has initiated the exam update effort in conjunction with the IADC and will be attending the IADC Training Committee this October in Houston. As part of the effort, the registry is working with IADC member companies and will have staff aboard several of the companies' vessels for orientation. The orientation is an opportunity for the registry to solicit input directly from the front line and see first-hand the unique challenges faced by the offshore industry. The MoU initiative is further evidence of the registry's confidence in the professionalism of the IADC and its members' excellent safety record.

Liberia at Posidonia



IN June, the Liberian Registry took a full and active part in the world's leading international shipping exhibition, when it welcomed friends and clients to the registry's stand at the biannual Posidonia meeting in Athens. The photograph shows recently appointed Commissioner Morlu and registry staff from the US and Greek offices, in the exhibition hall.



Mock casualty board achieves realism

Senior Liberian Registry representatives participated in a joint emergency spill exercise for Vela International Marine Limited and Aramco Services Company (ASC) in Galveston, Texas in May. Other exercise participants included the Saudi Aramco Global Oil Spill Response Director, and representatives from the US Coast Guard, Texas General Land Office and Lloyd's Register of Shipping. The exercise was organised in compliance with the US Oil Pollution Act of 1990 requirements and included elements of ship casualty, spill response, spill management, salvage, security, plus a new element – marine casualty investigation.

Liberia participated in the casualty investigation element as the flag administration for the Vela-owned and -operated VLCC which 'incurred damage' as part of the exercise scenario. Under the scenario, the VLCC *Leo Star* was at anchor in the Galveston offshore lightering area with the non-Liberian-flag tanker Lighterer moored alongside.

The vessels were conducting the first of four lightering procedures and were to transfer approximately 500,000 barrels of crude oil. About twenty minutes after discharge operations began, a mooring line broke which quickly resulted in the failure of all mooring lines. With the vessels connected only by two cargo hoses, the *Leo Star* suffered damage to the starboard manifold

and main deck, and a fire started. Shortly thereafter, two explosions occurred aboard the *Leo Star* that resulted in severe damage and a major oil spill into the Gulf of Mexico.

In its role as flag administration for the *Leo Star*, Liberia convened a mock marine board of inquiry to investigate the circumstances and causes of the casualty. The investigation was conducted in accordance with Liberian law and regulations and the IMO Code for Investigation of Marine Casualties and Incidents. From the outset, key issues regarding flag state and coastal state jurisdiction and interest in the investigation arose that required early clarification and agreement.

The casualty occurred in US waters and involved two ships registered with two different flag states. After much deliberation, it was agreed that Liberia would serve as lead investigating state and chair the board of inquiry, with the other states participating as substantially interested states. All states were thus afforded the opportunity to co-operate in the investigation, question witnesses and examine evidence made available to the board, including the masters' logbooks from both vessels, plus other documents relevant to the casualty. Parties in interest were also designated by the chairman of the board and included the vessel owner and operators represented by

staff attorneys and P&I club corresponding attorneys.

"Liberia's presence gave the exercise exactly the feel of realism that I had hoped for, and the feedback that I've received from everyone involved was that Liberia's professionalism and preparation made the hearing a success." says Capt Rich Ford, supervisor and lead exercise controller for ASC.

Novoship embraces SEA system

RUSSIAN shipping company Novoship employs over 3,250 seafarers and owns a fleet of sixty vessels aggregating 3.7m dwt, with an average age of about ten years, compared to the world fleet average of 11.7 years.

The company has built a reputation for innovation and quality standards throughout the operation of its modern fleet of Aframax and Handymax tankers, dry cargo ships, ro-ro and passenger vessels, and newly acquired chemical carriers. And, as part of its overall management plan, it is using the registry's unique web-based SEA application system for certification and documentation of seafarers.

The safe management of Novoship's large and diversified fleet of vessels is the responsibility of Novoship Crewing, headquartered in Novorossiysk. Novoship is a company which embraces quality, and which demands quality from all those with whom it conducts business. And Marina Starchenko, chief manager of the flag state documentation department, knows that her department's use of innovative technology and web-based applications helps maintain Novoship's enviable safety record.

Novoship has been a user of the LISCR SEA system for the last eight months and Marina's attention to detail has translated into the lowest rejection rate and fastest turn-around time (seven business days) for document processing under the system.



The "Bellatrix", a 77,053 dwt, Liberian-flagged panamax bulk carrier, is one of the new additions to the fleet of Orion Bulkcarriers GmbH from Oshima SB in Japan.



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On the register



Michael Davies-Sekle is Vice-President and Assistant General Counsel, in charge of investigations, at LISCR. Within his purview falls a variety of work which includes responsibility for legal issues arising from casualty investigations, personal injury to crew, stowaways, piracy incidents, IMO/ILO developments, international treaties and taxation issues. Michael was born in Liberia, and came to the US in 1974 to study. He attended law school at Atlanta's Emory University, where he received a Doctor of Law degree, and attended college in Maryland, gaining a BSc in business administration, before being recommended for a position with the Liberian Registry. He has been with us ever since.

As head of the investigations department, Michael oversees all aspects of investigations involving the registry. He is also responsible for issuance of Civil Liability Convention certificates, and addressing issues relating to Liberian consuls involving maritime matters. He enjoys his work enormously, and is proud of Liberia's widely acknowledged reputation for the highest standards of quality and safety. His job is largely office-based, but he is in regular contact with owners, as well as with other lawyers and legal counsel. "It is a challenging job," says Michael, "but one that brings with it a great deal of satisfaction." Michael has recently returned from a meeting of the Marine Accident Investigators' International Forum, in Panama. He enjoys meeting with his peers to try to resolve issues involving both flag and coastal states.

Michael has been following closely the developments which led to the adoption, in February this year, of the ILO Maritime Labour Convention, the result of five years of extensive preparatory work and consultations. "The regulatory work, in terms of text preparation, and the legal revisions necessary to implement the convention, fall within my remit," he explains. "A great deal of work has gone into the making of this convention, and all parties involved will have to spend a great deal of time and effort adjusting and amending laws as necessary, before the convention enters into full force, probably in three-to-four years' time."

Michael lives in the town of Herndon, Virginia, and likes to spend his time when not at the office with his wife and two children. He spends any spare time he has indulging his love of reading and writing. One day, he hopes to write "a simple book for lay people, about shipping and about how transportation works, culminating in the delivery of products for ultimate consumption". Michael also serves on the Herndon Heritage Preservation Review Board and as vice-president of the town's Architectural Review Board.

Clearly a man with a proper respect for history.

