

CDCS and CSDG 3.5 PDU Points granted for each workshop

**Zoom
Workshop**

Singapore Oil Trade Scams (25 Nov, 2020) Open Account Finance Fraud (2 Dec, 2020)

The most up-to-date fraud cases and state-of-the-art anti-fraud program

Tailored for

**Financiers (Risk, Operations, Credit Administration, RMs, Products, Legal & Compliance)
Auditors, Regulators, Lawyers, Shipping/Logistics/Sales/Accounting/Finance/Insurance Officers**

Key objectives:

1. **Fraudsters have successfully defeated the anti-fraud mechanisms adopted by various financial institutions** as evidenced in the recent Singapore oil trade scams (Hin Leong, Hontop, Zenrock, Coastal Oil...) and increasing open account finance fraud in different parts of the world.
2. **Financiers and credit insurers are exposed to billions of US dollar credit loss** leading to withdrawal from the commodities and open account finance market.
3. **It is time to review and revamp the current anti-fraud programs** in order to protect the financiers and honest traders from future fraud risk and overreacted credit crunch respectively.

Content highlights:

Workshop 1 – Singapore Oil Trade Scams (3.5 hours on 25 Nov, 2020)

1. Typology

- How did fraudsters successfully deceive dozens of international banks for billions of US dollars?
- Why did the banks' anti-fraud and trade-based AML programs fail to work? What went wrong?
- A comprehensive analysis on the structure of each scam by way of case study and such scams can happen in any industry.
- Practical advice on revamping the financiers' control mechanism and anti-fraud program.

2. Control over goods - LOIs

- Inherent risks of requiring a letter of indemnity ("**Banking LOI**") instead of an original bill of lading ("**OBL**") under a letter of credit ("**LC**")? Are the OBLs always not available when the seller presents documents under an LC?
- Is an LC issuing entitled to enforce the Banking LOI against the LC beneficiary? What are the inherent defects of such Banking LOIs?

- Another huge but frequently ignored risk is that a charterer may take delivery of the goods from the carrier without production of an OBL by issuing a letter of indemnity (“**Shipping LOI**”) in favour of the carrier.
- What are the ramifications of the Shipping LOIs to the LC issuing bank and seller? Under what circumstances may LC issuing bank go after the carrier for mis-delivery of goods? If a seller issued a Shipping LOI in favour of the carrier, would the seller be exposed to the loss of both the goods and sales proceeds?
- Fighting stories on vessel arrest and risk mitigation on Shipping LOIs will be shared in the workshop.

3. UCP 600 and the fraud exception

- How to reconcile the LC independence principle and the fraud exception under common law?
- Is the ICC expert decision mechanism, Documentary Instruments Dispute Resolution Expertise Rules (“**DOCDEX**”) useful in resolving LC fraud?

Workshop 2 – Open Account Finance Fraud (3.5 hours on 2 Dec, 2020)

1. Financing structure and key legal principles

- Disclosed or undisclosed assignment of debts? Would registration of a charge mitigate the undisclosed risks?
- Factoring or export invoice discounting?
- Priority rules, registration and notice of assignment
- Is it a must to get the buyer’s acknowledgment of the notice of assignment?

2. Typology

- Non-existing underlying trade
- Fabricated or unauthorised modification of export invoices
- Receivables that the buyer already paid the seller prior to finance
- Multiple financing provided by different banks
- Buyers deny that they have ever received the goods or notice of assignment
- Disguised intra-group transactions
- Seller provides financing services instead of a genuine sale of goods or services
- Buyer acting as a conduit of the seller (resell the goods back to the supplier or to a connected party of the seller)
- Other financiers have priority over the proceeds

3. Revamp your anti-fraud program

- How can you identify potential trade fraud by asking proper probing questions?
- How can you deter fraudsters from deceiving your institution (financier and credit insurer)?
- What key documents should be obtained from the customers in order to facilitate future credit insurance claims?
- How can you mitigate non-payment risk by obtaining a properly drafted acknowledgement from the buyers before financing?

- What can a financier do if the seller becomes uncooperative in producing documents and/or lodging a credit insurance claim?
- Practical advice on revamping the financiers'/credit insurers' due diligence checks, control mechanism and anti-fraud program.

Speaker:

Mr. King-Tak FUNG (e-mail: kt.fung@shlegal.com)

- Partner of Stephenson Harwood specializing in Banking and International Trade Law and Practice
- Vice Chairman and Technical Advisor to ICC-HK Trade-based AML Sub-committee
- Arbitrator on credit insurance disputes
- Co-chair of the ICC Consulting Group on the latest ISBP revision (2013)
- Member of the ICC Consulting Group on Forfaiting and UCP 500 Revision
- Member of the Drafting Group on the revision of the ICC Documentary Instruments Dispute Resolution Expertise ("DOCDEX") Rules and a panel DOCDEX expert
- Technical Advisor to the ICC-HK Banking Committee
- Former Vice President and Head of Trade Finance at Bank of America N.A.
- Trade Finance & Banking Expert Witness in Hong Kong, Taiwan and PRC Courts
- Member of the Academy of Experts on Banking and Structured Trade Finance
- Accredited mediator of HK International Arbitration Centre & the HK Law Society
- Author of "UCP 600 - Legal Analysis & Case Studies" (2008) and "Leading Court Cases on Letters of Credit" (2005)

Mr. Fung has acted for various banks and traders in the recent Singapore oil trade scams and has assisted a number of financiers in recovering millions of dollars under open account fraud. He has conducted over 800 legal and banking workshops in Asia, Middle East, Europe, North and South America. Over 82,000 judges, lawyers, bankers and business executives have attended his highly interactive workshops with excellent feedback.

Logistics:

- Date:** 25 November, 2020 (**Wednesday**) (**Singapore Oil Trade Scams**)
2 December, 2020 (**Wednesday**) (**Open Account Finance Fraud**)
- Time:** 9:15 am – 1:00 pm for each workshop
- Medium:** English
- Co-Organisers:** ICC-Hong Kong (ICC-HK), P.E.E.R. Consultancy Ltd. ("P.E.E.R."), Stephenson Harwood (SH) and Tradelink Electronic Commerce Ltd.(Tradelink)
- Zoom meeting:** You may attend the session through computer, iPad or mobile phone
(**Suggest to use computer for better connection**)
- Cancellation:** There will be no refund for cancellation of booking initiated by the applicant. However, the registration may be transferred to another person from the same company or organization at no extra charge, subject to the prior consent of ICC-HK, P.E.E.R., SH and Tradelink.
- Seat Confirmation:** Seat confirmation is based on receipt of payment on a first come, first served basis
- Enquiry:** Contact Ms. Edith Lee at [Tel: 2973 0060](tel:29730060) or e-mail to: publn@icchkcbc.org.

Registration fees:

- ❖ *You will enjoy early bird discount if you register and pay on or before **18 Nov, 2020.** Registration Deadline for Workshop 1 and 2 are **23 Nov and 27 Nov 2020** respectively. Successful registrants will receive a **link and password** confirming their attendance by email, WhatsApp or WeChat.*

- ❖ *Registration fee for each workshop:*
 - ❖ **HK\$ 1,200/person** (regular)
 - ❖ **HK\$ 1,100/person** ("early-bird" for public)
 - ❖ **HK\$ 1,000/person** ("early-bird" for ICC-HK membes)
 - ❖ **HK\$ 900/person** ("early-bird" for company registration with 5 persons +)
 - ❖ **HK\$ 800/person** ("early-bird" for company registration with 5 persons + for ICC-HK members)

Reference Book: (optional)

"UCP 600 - Legal Analysis and Case Studies" by King Tak FUNG

Unit price at HK\$1000/copy, special discount for workshop participants at HK\$800/copy

Online Purchase through www.peer.com.hk, Discount /Coupon Code: **N25D02E (for workshop participants only)*

By way of Q&A techniques, this book addresses 99 highly controversial trade finance issues and analyses 55 landmark court cases and unpublished banking cases. This book contains a total of 12 chapters including Legal and Equitable Assignments covered by workshop 2, Fraud & Injunctions. The majority of these unpublished cases involved Mr Fung himself either as a banker or a legal practitioner which cannot be found in any other source or commentary.