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**Harris & Co**  
Maritime law office

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2021 REVIEW

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## INTERNATIONAL MACHINATIONS CONCERNING A TANKER

The vessel Badr or Miriam B is the subject of international action which has also reached Israel. The Israel Maritime court was requested to protect the rights of Libyan owners of the Libyan registered vessel and the Libyan Ministry of Finance who hold a Libyan Registered mortgage on the vessel.

The vessel has been held in Bulgaria for a period of two years. A mortgage signed by a Greek notary, prima facie appears to have been forged. Maltese owners are the victims of a "scam" perpetrated by group of companies registered in Bulgaria. A Liberian company managed by a Bulgarian representative, Panamanian registration, Liberian registration, Belize registration, Cameroon registration and an Israeli company which established a further Israeli company which registered the vessel under its ownership- all the above and more found their way to the "doors" of the Haifa Maritime court, in a claim which the vessel's owners describe as "Documentary Privacy".

Libyan Navigation registered, as from 2009 in the Libyan Registry of Shipping, the ship "BADR" as having been purchased for 68 million U.S. Dollars. The vessel was arrested in Bulgaria on the strength of a

forged mortgage. The true owners obtained the required Court Order for the setting aside of the arrest. Notwithstanding the court order for the release of the vessel, a Bulgarian official, designated as an "Official Officer", ignored the Order of Release and under a "Public Action" the vessel was "sold" to the those who has arrested the vessel, paying for vessel by "setting off" the debt alleged to have been due to them under their arrest proceedings.

Pursuant to the above sale the above official issued a "writ of ownership" in favour of the above so called "purchasers". Thereafter the above officials license was revoked and steps were taken to cancel the writ of sale issued by him, as well as further measures against those involved in the forgery of the mortgage in the Courts of Bulgaria and Greece.

However, and as the wheels of justice grind slowly, the entity which was the beneficiary of the illegal "writ of ownership" issued unlawfully by the Bulgarian official mentioned above, sold the vessel to a Liberian corporation known as Morgan. Which was managed by a resident and citizen of Bulgaria who in turn entered into partnership with an Israel

Company called BRGL. Concurrently therewith Morgan attempted to register the vessel in the ship Registries of Panama, Liberia, Belize and Cameroon, these attempts were unsuccessful except as temporary registrations which lapsed following objections made by the lawful owners.

The Israeli company mentioned above BRGL established a subsidiary Israeli company named "Livia Shipping Services" which transferred its shares to a firm of lawyers to be held in trust by them. Under an agreement between BRGL – Morgan – Livia, Morgan transferred the registration of the vessel to Livia and the trustee was to transfer 50% of the shares in Livia to BRGL, 49% to Morgan and the remaining 1% to be retained by Livia.

Livia's representatives presented a Bill of Sale to the Israel Registrar of Shipping. The Bill of Sale was executed by Morgan in favour of Livia. Also presented was a certificate stating that the temporary registration of the vessel in Belize, had expired. On the strength of these two documents the ship was registered in the Israeli Registry of Shipping under the name "Miriam B" and under the title of Livia, the Israeli Registrar being unaware that the vessel was still registered in the Libyan ship registry .

In the above circumstances, the Libyan owners of the ship, through their lawyer, Adv. Yoav Harris, requested the cancellation of the Israeli Registration, by describing the web of events and procedures taken by the true owners in Bulgaria and the various registries and relying on the fact that contrary to the provisions of the Israeli Regulations (Registration and Identification) 1962, no "Deletion Certificate" was presented to the Israeli Registrar of Shipping, evidencing that the ship's prior registration had been terminated. The true owners requested that the Israeli Maritime Court issue an

"Attachment Order" preventing the transfer of a "Deletion Certificate" allowing the registration of the ship in a foreign registry and also for the prevention of the registration of a mortgage on the vessel in the Israeli Registry.

Livia contended that it was the owner of the ship, having purchased it from its previous owners in a public auction and relying on the writ of ownership issued in Bulgaria adding that the Order requested of the Court would delay the process of BRGL's investment in the ship and requesting the registration of a mortgage against the ship in the Israeli Registry in order to effect repairs to the ship which were urgently required.

In a decision of 18 May 2020, Judge Ron Sokol accepted the application of the true owners, rejecting Livia's contentions. The judge held that for as long as the registration of the vessel in the Libyan had not been deleted it was not possible to register the ship in the Israeli Registry and furthermore that there was a mortgage registered against the ship in the sum of 19.75 Million's U.S. dollars in favour of the Libyan Ministry of Finance.

Additionally, the Judge held that no opinion had been filed with the Court indicating what repairs were required and the cost thereof but rather a 140-page document which did not indicate for what purpose it had been prepared and as in any event as the ship was under arrest in Bulgaria as a consequence of a claim filed there by its true owners, there was no basis to allow the registration of a mortgage in Israel against the ship. The Court further ordered that the legal costs of the proceedings in Israel should be borne by Livia.

The effect of the foregoing is that the rights in a ship registered in Libya and being the subject of a mortgage

due to the Libyan Ministry of Finance, will continue to be determined in Israel, before the Maritime Court at Haifa. The Court in effect has to consider the rights of the Libyan ship owner and of the Libyan Ministry of Finance as the mortgagee of the ship. The decision issued by the Court is an additional example of the "internationality" of Maritime Law and is not subject to limitations, not even "diplomatic."

Adv. Yoav Harris of Harris & Co. represented the true Libyan registered owners of the ship and Livia was represented by Adv. Ram Zean of AYR.

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***Contents of the article are only for general information and do not constitute a legal opinion.***

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