



Smart Freight Forwarders
Growing Their Business

Wrongful Release of shipments by Sea

Dear G7 Members

First off, what is a Bill of Lading? (Negotiable and Non-Negotiable)

1. It is a contract for the goods.
2. It is a receipt for the goods.
3. It is Title for the goods. (meaning if you're holding the b/l, you own the goods)

We have seen several cases regarding the wrongful release of shipments, which can put origin agents in high financial liability situations with shippers.

Consignees have used various *modus operandi* to obtain shipment releases without producing original B/L's at destination. Agents at destination are ignoring the correct release procedures putting themselves and especially origin Agents at risk. Wrongfully thinking they will keep the consignee happy and gain more business.

One example is where the agents trust the word of consignees and release without the endorsed original House B/L to protect them. A consignee may talk big numbers to impress an agent or perhaps has made a few shipments previously and paid upfront. The true intention is to gain the trust of the agent and get a release down the road without the shipper being paid for the goods.

A second example is to have issues on payment regarding an L/C with the bank, or show fake bank payment slips and blame the banking system. This always occurs around arrival time to pressure the destination agent to release to avoid storage and demurrage charges. To add a sweetener, this usually comes with the promise of more containers in the future.

The third example involved, is where there is be ongoing orders. Convincing the destination Agent to release as they are secure with the other shipments on the water. These are sent a few weeks apart and the consignee with the intention to get the first container or batch of containers, then walks away from the second or last container, leaving a liability mess for the agents with the shipper and an abandoned cargo mess with the carrier and customs.

Advice for the origin Agent: Regardless of who's routing order it is, having given your House B/L's to the shipper you must wait for his instructions before you allow release on the Carriers M B/L. A destination agent does not have the right to demand release until the origin agent is free of any liability.

Advice for the destination Agent: Any shipments sent, (aside from notification of Express Release or Seawaybill terms) from the origin agent, you must have at least one of the consignee's endorsed original House B/L's in your file. This is not up for discussion; it is a legal requirement for you and the origin agent to avoid any liability from the shipper for lost cargo value.



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Agents on both sides must work together to prevent this happening. If a destination agent releases without the original House B/L he must clear up any liabilities to the origin agent due to their error.

Thank you, please contact as below if you would like any further information.

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