

The use or abuse of the corporate veil in shipping: is legislation needed to unveil it and, if so, for what reasons?

Introduction

No doubt, the legislature can forge a sledge-hammer capable of cracking open the corporate shell, and it can, if it chooses, demand that the courts ignore all the conceptions and principles which are at the root of company law ...¹

This essay will attempt a more subtle approach. The key lies in understanding the nature of the company.

The company with “no soul to save and no body to kick” is the collective expression of those who control it. In its primitive and true sense it is something greater than the sum of its parts.

One of the earliest corporations, the Church has famously been likened to a human body.² The idea of the abstract personality of the modern company was formulated by a canon lawyer, Pope Innocent IV in the 13th century.³ By the time of the post-glossators in the early 14th century, the idea of the group as a corporation was fully developed in Italy.⁴ As with other mercantile usages originating in Italy, the idea of the company eventually found its way to England.

In language reminiscent of St Paul, the modern company was analysed as follows:

A company may in many ways be likened to a human body. It has a brain and nerve centre which controls what it does. It also has hands which hold the tools and act in accordance with directions from the centre. Some of the people in the company are mere servants and agents who are nothing more than hands to do the work and cannot be said to represent the mind or will. Others are directors and managers who represent the directing mind and will of a company, and control what it does. The state of mind of these managers is the state of mind of the company and is treated by the law as such.⁵

Truly understood, the company is an abstraction not a fiction. The company is the function (in the

¹ Per Devlin J in *Bank Voor Handel v Slatford* [1951] 2 All ER 779, 799

² Per St Paul 1 *Corinthians* 12 v 12

³ Laski “History of the Corporation” [1916 – 1917] 30 *Harvard Law Review* 561, 575

⁴ Laski *op cit* 576

⁵ Per Denning LJ in *H L Bolton (Engineering) Co. Ltd v T J Graham & Sons Ltd* [1957] 1 QB 159, 172

mathematical sense) of its members. It follows inevitably that if there is only one member the company is the function of that member.

In commerce, the company has been put to good use and exploited for ignoble ends. For the orderly harnessing of the combined efforts of entrepreneurs the company structure has been and always will be indispensable. The two signal attributes of the company are the limited liability of its members and perpetual succession. It may be said both these advantages are vital to commerce and to shipping. At the same time fundamental assumptions in law are that debtors should pay their debts and those causing harm to others should be liable for compensation. These objectives are subverted when an artificial separation of personalities occurs.

The Problems

Three major problems are encountered in modern shipping. All three are linked to the abuse of the corporate identity: the sub-standard ship, the enforcement of maritime claims and, a relative newcomer, international terrorism. The unscrupulous have not been slow to take advantage of the hard to define, metaphysical personality of the corporation.

Recent environmental disasters have cast the phenomenon of nebulous corporations into sharp relief. In December 1999, the *Erika* sank in a storm in the Bay of Biscay. Investigators who attempted to find the owner became lost in a labyrinth of brass plate companies.⁶ The *Prestige* which sank off the coast of Spain in November 2002 was owned by a one ship Liberian company.

Publicity has always been recognized as the safeguard of responsible conduct. Vessel nationality evolved concurrently with the political sovereignty of nation states.⁷ The flag was the ship's identity to the outside world and the Jolly Roger was hoisted only at the very last moment.

⁶ <http://news.bbc.co.uk/1/hi/programmes/correspondent/883110.stm> (website visited 6/17/03)

⁷ Anderson "The Nationality of Ships and Flags of Convenience: Economics, Politics and alternatives" 21 *Tulane Maritime Law Journal* 139, 141

Operators under the open registries or flags of convenience of today are more subtle. Lax rules of incorporation of companies and registration of ships allow for the generation of a dense fog to cover those who do not wish to be seen. Their use by the major trading nations has given open registers a patina of respectability.

Under the 1958 *Geneva Convention on the High Seas*, each state was left to decide its own conditions of registry.⁸ This freedom allowed a number of small countries to set up their own registers attracting considerable tonnage without adequate administrative or governmental facilities for regulating and enforcing necessary standards at sea.⁹

The advantages of open registries have been recognized as freedom from national manning scales and regulations, wage scales and social security requirements, freedom to hire crews of any nationality in the cheapest markets, freedom from restriction on raising or transferring capital; freedom to buy, sell, or charter ships, freedom from state investigation in the event of major casualties, freedom from strict safety regulations and evasion of fishing and whaling conventions.¹⁰

In the after-shock of September 11, 2001 and the heavy emphasis in the United States of America on national security, it is ironic to consider that the modern use of flags of convenience arose in that country. In the 1920's several American vessels were reflagged in Panama to avoid the ban on the sale of alcohol aboard nationally flagged ships¹¹. A former American secretary of state¹² is credited with the institution of the Liberian registry with even fewer requirements than its Panamanian counterpart.¹³ The trend continued steadily and in 1991, over half the tonnage of the three major ship owning nations, Greece, Japan and the United States was registered in open registries.¹⁴

⁸ Article 5

⁹ Kasoulides "The 1986 United Nations Convention on the Conditions of Registration of Vessels and the Question of Open Registry" *Ocean Development and International Law*, Volume 20, 543, 544

¹⁰ Kasoulides *op cit* 544

¹¹ NP Ready *Ship Registration* 25 - 26

¹² Edward Stettinius

¹³ Anderson *op cit* 159

¹⁴ Anderson *op cit* 157

Because of the tonnage they command, the two largest open registers, Liberia and Panama have a significant voice in the IMO.¹⁵ The secrecy offered by them which provides the lethal potential for terrorism is also the draw card which they are loath to relinquish.

A current website lists the following advantages of incorporation in Panama:

- No reporting requirements for taxes.
- No piercing of the corporate veil.
- Anonymous ownership.
- No capital requirements.
- Nominee directors¹⁶

Ships owned by companies incorporated according to these rules crowd the registers of flag of convenience countries.

In most cases, the beneficial owners of open registry ships are phantoms to the governments of their own countries. Open registers with no true involvement do not record in their trade and balance of payments statistics the value of the ships registered.¹⁷ In the event of a casualty, the foreign owners of open registry ships, if they can be found, cannot be compelled to testify at enquiries.¹⁸

¹⁵ Together, Panama, Liberia, The Bahamas, Malta and Cyprus control 45% of the world's shipping tonnage: <http://www.greenpeace.org/shipbreak/foc.asb> (visited 07/13/04)

¹⁶ This point is accompanied by the following statement: *"When we appoint nominee directors for the entities that we establish for our clients, we also provide our clients with pre-signed, undated letters of resignation from the directors so that our clients can replace those directors at any time. There is no additional fee for the use of our nominee directors."*

¹⁷ Kasoulides *op cit* 565

¹⁸ Kasoulides *op cit* 566

Remedies

There are serious proponents for both the abolition of the small company¹⁹ and open registers but both institutions are so firmly entrenched that their direct elimination is a pipe dream. A determined and persistent call for transparency and accountability should serve as a beginning to undo the pernicious effects of both.

In response to the deep-rooted distrust of companies prevailing in England in the middle of the 19th century, the following was said when introducing the *Joint Stock Companies Bill* in the House of Commons:

In my judgment the principle we should adopt is this: not to throw the slightest obstacle in the way of limited companies being formed – because the effect of that would be to arrest ninety nine good schemes in order that the bad hundredth might be prevented.²⁰

Oil and other multi-national companies make extensive use of open registries with the primary objective of minimizing ocean transport costs and maximizing profits. The avoidance of political restrictions, risks of political instability and the achievement of greater flexibility are seen by mainstream commentators as legitimate objectives.²¹

The call in the 1958 *Geneva Convention on the High Seas* for a genuine link between a ship and its flag state fell on deaf ears. The United Nations *Convention on Conditions for Registration of Ships*²² was a further attempt to achieve this objective. The convention also sought to provide that the flag state should ensure that those responsible for the management and operation of the ships on its register be readily identifiable and accountable. A failed attempt was made to provide that

¹⁹ Kahn-Freund “Some Reflections on Company Law Reform” (1944) 7 *Modern Law Review* 54, 58

²⁰ Bouverie, Vice President of the Board of Trade, quoted by Horowitz ‘The Historical Development of Company Law’. (1946) 62 *Law Quarterly Review* 375, 381.

²¹ Kasoulides *op cit* 565

²² Geneva, 7 February 1986. In order to come into force the Convention requires the signatures of more than 40 states. To date there have been 14 signatories none of which being a ship owning nation of any significance.

signatory states were not to accept on their registers ships owned by companies which issue (anonymous) bearer shares.²³

Vessels with beneficial owners hiding behind nominees sworn to secrecy are little better than stateless vessels. In the consolidated cases of two stateless vessels used for drug trafficking,²⁴ the United States Court of Appeals for the Eleventh Circuit held that it was proper to exercise jurisdiction over the vessels even without evidence that the drugs were bound for the United States. The vessels were considered international pariahs with no right to navigate freely on the high seas. Statelessness of one of the vessels, the *Four Roses*, was determined on the basis of a patent attempt to disguise its nationality.²⁵

It bears repeating that a company cannot exist apart from the natural persons in control. To ensure accountability the identity of these persons must be public. Where the benefit of limited liability is conferred there should be strict rules about minimum capital and its maintenance in which regard Kahn-Freund has said the following:

If British Law came closer to those systems which connect the act of company formation with raising of capital, one obstacle would be placed in the way of the wholesale abuse of corporate personality. But other steps are necessary. The law fails to provide for any minimum capital. It is possible to form a company with capital of £10. There can be little doubt that, in certain exceptional cases, the small company has its legitimate place in the social system. It would be a mistake to prevent a businessman from converting his undertaking into a company in order to facilitate the distribution of his financial interests among his children. Nor should the law stand in the way of those who try to embark upon an uncertain enterprise - the exploration of a patent, the opening up of a new line of trade - with small means and to safeguard themselves against personal liability. It is, however, submitted that those who wish to do so should bear the burden of making out a case. In other words: The formation of companies with an initial issued capital below a certain minimum - say £5000 - should no longer be a matter of right. It should be a pre-condition of registration that the subscribers to the Memorandum produce a certificate from the Board of Trade which confirms that, in view of the risks involved in the enterprise or for other reasons, there is justification for the formation of the company and that the holders of the controlling interests are personally reliable.²⁶

²³ Kasoulides *op cit* 565

²⁴ *United States of America v Esteban Marino-Garcia* 679 F. 2d 1373

²⁵ *United States of America v Esteban Marino-Garcia loc cit* 1378

²⁶ Kahn-Freund *op cit* 58

The Way Forward

International co-operation in both areas, ship registration and company law is a *sine qua non* for effective intervention. The shipping conventions referred to above have tried to address the problems created by open registries. The only international convention on company law is the Hague Convention *Concerning the Recognition of the Legal Personality of Foreign Companies, Associations and Institutions*.²⁷ This convention omits to deal with the problem created by bearer shares and the ultimate mechanism in obtaining secrecy, the use of corporate directors.²⁸ Refusal to recognize corporate status is a powerful weapon which could be used to compel adherence to agreed rules.

The price for the international recognition of corporate personality should be publication of the identity of the shareholders and some basic capital requirements along the lines suggested by Kahn-Freund.

For small companies, a reverse onus could be promulgated requiring a genuine separate identity to be proved where the following factors are present:

- No directors are elected.
- No corporate records are kept.
- Personal funds of shareholders are mingled with those of the corporation.
- No separate bank accounts are kept.
- No shareholders' meetings are held.
- No dividends are paid to shareholders.

Other indications could be added.

²⁷ Convention 7

²⁸ Sanctioned in tax havens such the British Virgin Isles and Vanuatu

A Return To First Principles

[T]he classical concept of a corporation is neat, simple, enshrined in company law and rooted in nineteenth century ideology. Unfortunately it bears about as much resemblance to the reality of the modern corporation as a hang-glider does to Concorde.²⁹

This quotation from an academic writer is an example of the skepticism with which a return to simplicity is treated. Yet the elaborate, modern concatenation of companies is almost always designed to mystify and to achieve ends not openly and honestly attainable.

The case of the *Amoco Cadiz* provides an example of the unintended consequences which creep in with over elaboration. The ship was registered in the name of a wholly owned subsidiary. When the separate management company under the same umbrella of companies and ultimately owned by the same interests was sued in the United States by the French Government, one of the bases upon which it was held to be unable to limit its liability was the fact that limitation was only available to the owner.³⁰

History of the Modern Company

Initially companies started off in Britain as large partnerships. Perpetual succession was only to be had through royal charter. The *Joint Stock Companies Act* of 1844 made the incorporation of a joint stock company with perpetual succession independent of governmental approval.³¹ Limited liability for the shareholders was introduced eleven years later by the *Limited Liability Act*, 1855. In the *Joint Stock Companies Act* a year later, the minimum number of subscribers was reduced from 25 to 7 and, in the *laissez faire* spirit of the times, the minimum capital requirement was negligible.³²

²⁹ Tricker *Corporate Governance* (Gower Publishing Company Limited, 1984) 13

³⁰ The "*Amoco Cadiz*" [1984] 2 Lloyd's Rep 304, 337

³¹ Horowitz *op cit* 377

³² Horowitz *op cit* 380

Then came the “calamitous”³³ House of Lords’ decision, *Salomon v Salomon and Co. Ltd.*³⁴ Reversing the Court of Appeal, the Law Lords effectively allowed a sole trader to obtain the benefits of incorporation by simply following the formal requirements laid down by the legislature. The decision has had the effect of firmly entrenching the idea of a company as a fiction divorced from reality.

Early company legislation kept intact the idea of a company as the pooling of resources of a significant number of individuals. This idea in its true form was preserved by the Court of Appeal as may be seen from an extract from the judgment of Kay L.J.:

The statutes were intended to allow seven or more persons *bona fide* associated for the purpose of trade to limit their liability under certain conditions and to become a corporation. But they were not intended to legalise pretended association for the purpose of enabling an individual to carry on his own business with limited liability in the name of a joint-stock company.³⁵

How form prevailed over substance is reflected in the speech of Lord Macnaughten:

There is nothing in the Act requiring that the subscribers to the memorandum should be independent or unconnected, or that they or any one of them should take a substantial interest in the undertaking, or that they should have a mind and will of their own, as one of the learned lords justices seems to think, or that there should be anything like a balance of power in the constitution of a company. In almost every company that is formed, the statutory number is eked out by clerks or friends, who sign their names at the request of the promoter or promoters without intending to take any further part or interest in the matter.³⁶

³³ Kahn-Freund *op cit* 54

³⁴ [1895-9] All ER Rep 33

³⁵ Quoted by Lord Halsbury LC at 36

³⁶ *Salomon v Salomon & Co. Ltd loc cit* at 47

The facts were that Salomon converted his business into a company. The required minimum of 7 shareholders was made up of himself, his wife and five grown-up children. Salomon continued to run the business as before. While all this did not necessarily give rise to the inference that the family members were puppets, it is lamentable that this possible conclusion was cynically passed off as no consequence.

Salomon in its near blind allegiance to the fictional corporate personality has been dutifully followed in Commonwealth jurisdictions over the years and is always the first point of reference when considering whether to pierce the corporate veil.

Piercing of the Corporate Veil

Where there is evidence of a fraudulent intention or a sham from the outset then the court will “pierce the corporate veil”.³⁷ This has the effect of the company being treated as an illicit subterfuge. A sham was defined as follows:

[A]cts done or documents executed by the parties to the “sham” which are intended by them to give to third parties or to the court the appearance of creating between the parties legal rights and obligations different from the actual legal rights and obligations (if any) which the parties intend to create.³⁸

A less precise test was formulated in *Woolfson v Strathclyde Regional Council*³⁹ stating that it is appropriate to pierce the corporate veil where special circumstances exist indicating that the company is a mere façade concealing the true facts. Effectively, third parties are given relief where they have been victims of a direct assault but not when they have fallen into a trap.

Discomfort in the Salomon strait-jacket was displayed by Staughton LJ in the *Coral Rose*:⁴⁰

³⁷ *The “Rialto”* [1998] 1 Lloyd’s Rep 322, 329

³⁸ Per Diplock LJ in *Snook v London and West Riding Investments Ltd* [1967] 1 All ER 518, 528

³⁹ 1978 S.L.T. 159

⁴⁰ [1991] 1 Lloyd’s Rep 563, 571

The creation or purchase of a subsidiary company with minimal liability, which will operate with the parent's funds and on the parent's directions but not expose the parent to liability, may not seem to some the most honest way of trading. But it is extremely common in the international shipping industry, and perhaps elsewhere. To hold that it creates an agency relationship between the subsidiary and the parent would be revolutionary doctrine.

In the EEC case of *Istituto Chemioterapico Italiano SpA and Commercial Solvents Corp v EC Commission* Joined Cases 6 and 7/33,⁴¹ the following presumptions were held to apply :

1. ... there is a presumption that a subsidiary will act in accordance with the wishes of its parent because according to common experience subsidiaries generally do so act. ;
2. ... unless the presumption is rebutted, it is proper for the parent and the subsidiary to be treated as a single undertaking...

Looking behind the Veil

The metaphor has been dissected into "piercing" and "looking behind" the veil. The first expression is reserved for an outright denial of the corporate identity whilst the latter is employed in interlocutory applications, freezing orders and sister ship arrests.⁴² In *looking behind* the veil, the court does not say that the company in whose name the ship registered is a sham but that the ship belongs to someone else.

To *pierce* the corporate veil is an expression I would reserve for treating the rights or liabilities or the activities of a company as the rights or liabilities, or activities of its shareholders. To *lift* the corporate veil or *look behind* it, the on other hand, should mean to have regard to the shareholding in a company for some legal purpose.⁴³

⁴¹ [1974] ECR 223, 263 referred to in *Adams v Cape Industries plc* [1991] 1 All ER 929, 963

⁴² *The "Coral Rose"* loc cit 569

⁴³ *The "Coral Rose"* loc cit 571

The *International Convention on the Unification of Certain Rules Relating to the Arrest of Sea-going Ships*, 1952 (the "Arrest Convention") which enjoys world wide acceptance provides for the arrest of any ship in the same ownership as the ship which caused the damage or incurred the liability. The ship which caused the damage or incurred the liability is often referred to as the "guilty" ship and the related or targeted ship variously as the "sister", "surrogate" or "associated" ship.

To avoid the effects of the Arrest Convention large ship owning companies fragmented their fleets into one ship companies. "Looking behind" the corporate veil is the judicial counter.

An example is found in the approach of the minority judgment in *Kent v The vessel "Maria Luisa" as Surrogate for the vessels "Monika" and "Boston Bay"*.⁴⁴ The facts were as follows: the registered owner of the surrogate ship, the "Maria Luisa", was Everdene (Pty) Limited ("Everdene"); Everdene was also the trustee of the *Maria Luisa* Unit Trust; The owner of the guilty ships, the "Monika" and the "Boston Bay" was AFE; AFE was both the sole shareholder of Everdene and also the sole beneficiary of the *Maria Luisa* Unit Trust.⁴⁵ Determining that the thrust of the Australian Law Reform Commission (the "ALRC") report which preceded the Australian Admiralty Act, 1988 was to expand the rights of arrest and having regard to a similar trend in decisions in the United Kingdom and Australia,⁴⁶ Moore J held as follows:

In my opinion there is a rational and practical basis for treating AFE, and not Everdene, as the owner of the *Maria Luisa* even accepting that AFE would not have an immediate right in equity to relief commensurate with beneficial ownership because of the terms of the trust. It is not based on an approach involving "piercing of the corporate veil" or an assumption that the trust was a sham. Rather, having regard to the circumstances just referred to, AFE presently enjoys a bundle of rights which enables it to exercise control over and enjoy possession of the ship, and it is able to resist any alteration to that possession. It can take steps to, and ultimately can, alienate the ship.

⁴⁴ [2003] FCAFC 93

⁴⁵ Numbered paragraph 30 of the judgment

⁴⁶ The "*Saudi Prince*" [1982] 2 Lloyd's Rep 255, *Malaysia Ship Yard and Engineering Sdn Bhd v The "Iron Shorthand" as the Surrogate for the Ship "New Castle Pride"* (1995) 59 FCR 535

In the *Maria Luisa*, the majority took a narrow view of the definition of “ownership” and, relying on *Macaura v Northern Assurance Co. Ltd*⁴⁷ which held that a company’s assets can never be equated with those of its shareholders, it refused to regard AFE as owner for the purposes of the surrogate arrest.

The same tension between the wide and narrow views in ship arrests is found in British case law. In the *Andrea Ursula*⁴⁸ Brandon J held as follows:⁴⁹

[T]he words (“beneficially owned”) seem to me to be capable also of a different and more practical meaning related not to title, legal or equitable but to lawful possession and control with the use and benefit which are derived from them. If that meaning were right, a ship could be beneficially owned by a person who, whether he was the legal or equitable owner or not, lawfully had full possession and control of her, and, by virtue of such possession and control, had all the benefit and use of her which a legal or equitable owner would ordinarily have.

Applying this approach Brandon J held that a demise charterer of the *guilty ship* could be the beneficial owner for the purposes of the legislation. This decision was criticised by Robert Goff J in *I Congreso del Partido*⁵⁰ when considering the concept of beneficial ownership vis-à-vis the *surrogate ship*:

As I read s 3(4), the intention of Parliament in adding the word “beneficially” before the word “owned” in s 3 (4) was simply to take account of the institution of the trust, thus ensuring that, if a ship was to be operated under the cloak of a trust, those interested in the ship would not thereby be able to avoid the arrest of a ship.⁵¹

It was held that beneficial ownership in this regard could not encompass a demise charterer and that beneficial ownership was intended by the legislature to take account of the special English institution of a trust. It is not clear whether in referring to the trust, Robert Goff J meant to include the trustee or the beneficiaries or both. It is doubtful that he intended the interposition of the trust to satisfy the requirement of “beneficial ownership” in every case.

⁴⁷ [1925] AC 619

⁴⁸ [1971] Lloyd’s Rep 145

⁴⁹ At 147

⁵⁰ [1977] 1 Lloyd’s Rep 536

⁵¹ *The “I Congreso del Partido” loc cit* at 563

Subsequent to these two decisions the legislature intervened to expressly include the demise charterer of the guilty ship in the definition of the link or relevant person.⁵² It was deduced in the *Nazym Khikmet*⁵³ that the legislature preferred the interpretation given to “beneficial ownership” in the *I Congreso del Partido*. This conclusion is a *non sequitur*. Three reasons consistent with Brandon J’s wide interpretation can be suggested for the change. A demise charter party being in the nature of a lease is juridically distinct from ownership and it is natural to distinguish between beneficial ownership and rights held under a lease which do not include the *ius disponendi*. Secondly, the assets of a trust vest neither in the trustees nor the beneficiaries and there is no basis for limiting the notion of beneficial ownership to the institution of the trust as opposed to that of the company. Thirdly, while it makes sense to include the demise charterer of the guilty ship it would be unfair to the real owner if a demise charterer could provide a link to the sister ship.

By fine-tuning the basic provisions of the Arrest Convention it is possible to achieve a respectable widening of the net. On the facts of the *Maria Luisa* the South African “Associated Ship” provisions would most certainly have secured the arrest.⁵⁴ The South African provisions extend the Arrest Convention in the following respects:

- All charterers (not only by demise) are liable to have other ships owned or controlled by them arrested.
- A ship is an “associated ship” if it is owned or controlled by the same person, natural or juristic who either owned the guilty ship or controlled the company which owned the guilty ship.
- “Control” may be either “direct” or “indirect”.

⁵² Section 21 (4) of the *Supreme Court Act*, 1981

⁵³ [1996] 2 Lloyd’s Law Rep 362, 371

⁵⁴ Section 3 (7) of the *Admiralty Jurisdiction Regulation Act* 105 of 1983

The South African provisions are not free from difficulty. The interpretation of “direct or indirect control” gave rise to a split decision in the Supreme Court of Appeal in *The Heavy Metal*.⁵⁵ The case is an illustration of the consequences of imprecise drafting. “Control” is an absolute concept and need not be qualified as either “direct” or “indirect”. Both forms will always be included under the single concept of “control”. This interpretation would have allowed a targeted ship owned by a company with a nominee shareholder who refused to disclose the identity of the beneficial shareholder to escape the net. The majority justified the arrest by attributing to “direct control” the notion of *de jure* control which could be satisfied by a nominee.⁵⁶

Surrogate arrest provisions along the lines of the South African Legislation undoubtedly go some way towards combating the abuse of the corporation in shipping. They do not, however, eliminate the root cause of the problem which is the secrecy achieved by the corporate structures including trusts floating in the amniotic fluid provided by the open register countries.

Conclusion

In the final analysis, the metaphor of the “corporate veil” is misleading. It is suggestive of an unreal and fictional personality in every case. The view taken here is that a true company is an abstract reality. Where the requirements of a true company are not met a separate abstract existence does not come into being and no question of a veil or mask arises. The requirements are the pooling of resources of a number of natural persons for a legitimate commercial purpose with basic rules for disclosure of interests and a minimum capital base. Adherence to these precepts will ensure the personal accountability without which it is not possible to achieve and maintain acceptable standards in world shipping.

*Everybody who does wrong hates the light and avoids it to prevent their actions from being shown up. But whoever does the truth comes out into the light.*⁵⁷

⁵⁵ 1999 (3) SA 1083 (SCA)

⁵⁶ A bare or simple trustee of the shares in a company is a “nominee”, a mere front for the true owner: *Lewin on Trusts 17th Edition* (Sweet and Maxwell) 13

⁵⁷ John 3: 20