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LEGAL OPINION

Seamen Pension Fund claim / Auction

Seamen Pension Fund (NAT) claims for unpaid social security contributions survive the auction of a vessel and follow the ship regardless of changes in ownership.

A vessel was auctioned and NAT announced a major claim, out of which only a part was finally approved for ranking in the auction proceeds, the remaining being considered as not existing. The successful bidder deleted the vessel from the Greek registry and flagged it in Panama.

Later, the bidder sold the ship to buyers who registered it on the Greek registry. When this occurred, NAT sued the owner for the entire claim originally declared at the time of the auction. The owners provided a Bank Letter of Guarantee but when NAT requested it be paid, they claimed they were not liable and went to court.

The Court found: (a) A consecutive buyer of a vessel is liable to NAT for claims burdening a ship regardless of changes of ownership through auction or otherwise(b) The specific claim was rejected; the actual amount due had been paid to NAT through ranking of it in the auction proceeds. The balance of the claim was not acknowledged, as it had been then rejected and was considered as not due. Accordingly, the new owners were not found liable to NAT.

Supreme Court Judgment no 479/2016, Presiding: D. Papantonopoulou, Rapporteur Judge: I. Tsalamidis, Attorneys at law: S. Vlahoyiannis, D. Tsirikas, Z. Hatzidimitriou, Maritime Law Review vol. 44, p. 81.

NOTE: The peculiarity of NAT lien survival makes it important buyers planning to flag a vessel under the Greek flag should check with NAT regarding possible claims. Again this might lead to unnecessary complications, as the above case illustrates; the claim allegedly due may not exist!

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