

ONE SHIP COMPANY

It has long been the practice in the shipping business to arrange for several ships which are financed by a common source and managed or operated as a fleet, to be registered in the names of separate companies whose only asset is the particular ship registered in its name. Often such companies will be registered in a country where the identification of shareholders in companies is not a matter of public record. This arrangement has become known colloquially as the "one-ship- company" and has been a source of irritation to cargo interests and others who consider that they are thereby deprived of the benefit of the sister ship provisions. However, it is clear that the courts have recognised that the "one-ship company" is a legitimate business arrangement, and in the absence of evidence of fraud it is not permissible to lift the corporate veil in order to look behind the "one-ship company" structure for the purposes of identifying the beneficial owner of the company and say that the beneficial owner of the company is the beneficial owner of the ship. In law the beneficial owner of the ship is the company, which is a separate and distinct legal entity or person from the beneficial owner of the company."