

COMMONWEALTH OF DOMINICA



DECISION OF THE DOMINICA MARITIME ADMINISTRATION

And the

Report of Investigation

Into the Matter of the Alleged Hijacking of the M/T GULF SKY (IMO No. 9390927)

from the Khor Fakkan Anchorage, United Arab Emirates

On 05 July 2020

PUBLISHED BY THE DOMINICA MARITIME ADMINISTRATION

19 July 2021

Fairhaven, Massachusetts, USA

The Commonwealth of Dominica Maritime Administration (“the Administration”) has a mandate to promote maritime safety and security of life and property at sea, and the prevention of marine pollution. This is achieved in part by conducting investigations of marine casualties and security related incidents involving vessels within the Registry for remedial purposes in accordance with the Commonwealth of Dominica Maritime Law and Regulations. Marine investigations, which are administrative in nature, determine the root cause of casualties or incidents, recommend means of avoiding them in the future, possible violations of law, and any faults or failures on the part of shipowners, operators or marine personnel, which might require action thereof in respect to any relevant licenses, certificates or documents.

It is neither the purpose of the investigation nor function of the Administration, to assign fault or determine civil or criminal liability with respect to enhancing the litigation posture of any party in this report, however it may be used as an instrument for such. The Administration must report, or cause to be reported, the circumstances and proximate cause or causes of a marine casualty and any contributory factors. However, where it is determined that there exists evidence of criminal conduct under the Laws of the Commonwealth of Dominica on the part of any shipowner, operator, mariner or seafarer holding responsibilities to any Dominica any relevant licenses, certificates or documents or other official document, on the part of a vessel owner, operator, or manager with registration under the Flag of Dominica, or on the part of a Foreign Maritime Entity or corporation registered with the Commonwealth of Dominica, the matter would be referred to the Attorney General of the Commonwealth of Dominica for appropriate action.

Disclaimer:

This Decision and Report set forth certain findings, which have been ascertained or determined up to the time of its issuance using information made available to the Flag and is published to alert the shipping industry and the public of the general circumstances of the incident. While every effort has been made to ensure the accuracy of the information contained in this Report, this Administration and its representatives can accept no liability for any error or omission

alleged to be contained herein. The Administration has necessarily relied only on the evidence obtained by and/or submitted to it.

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Decision of the Dominica Maritime Administration

Commonwealth of Dominica

Office of Maritime Affairs and Marine Personnel

Related to the Report of Investigation

**Into the Matter of the Alleged Hijacking of the M/T GULF SKY (IMO No. 9390927) from
the Khor Fakkan Anchorage, United Arab Emirates**

On 05 July 2020

AUTHORITY

This Decision is rendered pursuant to the Dominica Maritime Regulations, 2002 § 47(7)(a).

COMMENT

This Decision is made based on the Report of Investigation into the Matter of the Alleged Hijacking of the M/T GULF SKY (IMO No. 9390927) by Armed Robbers from the Khor Fakkan Anchorage, United Arab Emirates on 05 July 5, 2020 (“Report”). Upon notification to the Administration that the M/T Gulf Sky had allegedly disappeared from her anchorage position off Khor Fakkan, United Arab Emirates and was sailing toward Iran while under arrest, the Administration took immediate action to ascertain the truth or falsehood of the allegations. When it determined the truth of her disappearance, the Administration initiated a Preliminary Investigation and Actions into the Gulf Sky’s whereabouts and the immediate well-being of her crew using all available means. The Report provides a detailed account of the events that transpired from the time of the vessel’s disappearance through the end of the investigation, as well as related events occurring prior to the vessel’s disappearance. It additionally includes an assessment of factors believed to be contributing to the hijacking, and recommendations for the future.

ACTIONS

1. The Report of Investigation, along with the Findings of Fact, Conclusion and Recommendations, are approved in full.
2. It is directed that this Decision be published together with the Report of Investigation.
3. It is directed that a copy of this Decision and Report of Investigation be provided to the ship-owner/operators, Taif Mining Services LLC.
4. It is directed that a copy of this Decision and Report of Investigation be provided to the managers of the vessel and her crew, United Island Maritime Ventures / Seven Seas Navigation.
5. It is directed that a copy of this Decision and Report of Investigation be provided to the authorities of the United States, the United Arab Emirates, and India.
6. The undersigned will cause a copy of this Decision and Report of Investigation to be forwarded to the above parties and the Secretary-General of the International Maritime Organization (IMO).

Done in Fairhaven, Massachusetts, United States of America.

19 July 2021

A handwritten signature in black ink, appearing to read 'Eric R. Dawicki', with a stylized flourish at the end.

Eric R. Dawicki
Deputy Maritime Administrator
Dominica Maritime Administration
Commonwealth of Dominica

Report of Investigation

**Into the Matter of the Alleged Hijacking of the M/T GULF SKY (IMO No.
9390927) from the Khor Fakkan Anchorage, United Arab Emirates**

On 05 July 5, 2020

INTRODUCTION

The M/T GULF SKY (IMO 9150377), a Commonwealth of Dominica-flagged oil tanker, was reported missing from her anchorage off Khor Fakkan, United Arab Emirates to the Administration on 13 July 2020. Until 13 July, no indication was provided from any relevant parties as to the status of the vessel and its disappearance. The DMA was informed by David Hammond Esq., CEO, Human Rights at Sea that there were allegations the vessel had left its position in Khor Fakkan anchorage and was heading towards Iran. Upon notification to the Administration, the Administration opened a Preliminary Investigation.

Utilizing relevant contact information, an initial outreach to the Master was made and resulted in no reply, so the Administration's attempt to communicate with all relevant parties to ascertain the Gulf Sky's whereabouts was jettisoned during the initial phase of outreach to the vessel, the crew and the operators.

Upon reaching out directly to Director of Maritime Transport Affairs Captain Abdulla Darwish Al Hayyas of the Federal Transport Authority of the United Arab Emirates it was confirmed that the vessel's whereabouts were unknown and that the Port of Khor Fakkan had not noticed the vessel's departure or had not communicated with the vessel to ascertain a reason for such a departure while under arrest by UAE authorities.

After initially being alerted that the crew were repatriated to India on 15 July 2020 by Mr. David Hammond Esq. of Human Rights at Sea, the Administration contacted the Master of the vessel, Captain Joginder Singh, and held a preliminary interview with him to develop the series of events that transpired. Subsequent interviews conducted by the Administration were held with the captain, other relevant members of the crew, and pertinent parties to corroborate the facts and details for the purposes of this report and the criminal investigation being conducted for the said hijacking. In an interview with Captain Singh of GULF SKY, Mr. Singh confirmed his return to India and placement in institutional quarantine because of Covid-19 restrictions. He provided a statement that 26 of 28 crewmembers were flown from Tehran to Delhi with 2 being left in Tehran due to passport issues. The Administration was informed by Mr. Hammond of Human

Rights at Sea that the crew likely joined a repatriation flight from Tehran to Delhi along with Indian fishermen. Events occurring during the period between 7 July 2020 when the vessel arrived in Iran, and the estimated 14-15 July timeline when crew were repatriated are unknown. Aside from statements made by Captain Singh and other members of the crew, the Administration has no evidence to support this time period.

While there was initially an effort and verbal agreement between the Administration, the Federal Transport Authority in the United Arab Emirates, and the Directorate General of Shipping in India, to enter into a tripartite agreement and conduct a marine investigation, the proposed written agreement was never executed by the Directorate General of Shipping in India. The Directorate General of Shipping in India was not consistent in its communications and has been has not followed through on the tasks it stated it would undertake which included prompt interviews of all Indian crew and sharing of interview records and transcripts with the investigating member states. Of the publication of this report, the United Arab Emirates has not provided any formal reports from its internal and criminal investigation agencies on the disappearance of the Gulf Sky while she was under arrest by federal UAE authorities, but has assisted with portions of this investigation and has been a strong partner in the fact-finding mission of this report.

AUTHORITY

The Administration initiated the Preliminary Investigation into this matter pursuant to the authority granted to it in the Dominica Maritime Regulations, 2002 § 47(1).

Section 47(4) of the Dominica Maritime Regulations, 2002 states that the appointed Investigating Officers shall initiate a Preliminary Investigation to determine the matter and whether a formal investigation is warranted. Dominica Maritime Regulations, 2002 § 47(4)(a). During preliminary investigations, Investigating Officers “may collect evidence, interview witnesses, examine relevant papers, documents and records, board and examine vessels or equipment and visit the scene of the casualty or offense.” *Id.* § 47(4)(b).

A written report of any such investigation must be drafted upon the termination of the

investigation. Dominica Maritime Regulations, 2002 § 47(6)(a). Upon receiving the investigative report, the Maritime Administrator may adopt it, remand for further investigation, or adopt and modify all or part of the report by his or her Decision. *Id.* § 47(7)(a).

The Administration wishes to use this Report and the findings of the Preliminary Investigation to provide an expanded summary of known facts and evidence, root cause analysis, as well as to make maritime stakeholders aware of the violations of international law for future cases.

The Dominica Maritime Administration, as the Flag State authority, has a mandate to promote safety and security of life and property at sea, and for prevention of marine pollution. This is achieved in part by conducting investigations of marine casualties and marine offenses involving vessels in the Registry for remedial purposes in accordance with the Commonwealth of Dominica's maritime law and regulations.

PARTICULARS OF THE VESSEL

Port of Registry:	Portsmouth	Gross Tons:	78,845
IMO Number:	9150377	Net Tons:	47,271
Official Number:	51107	Length Over all:	264.46 m
Call Sign:	J7AX3	Breadth:	48 m
Class:	Universal Maritime Bureau (UMB)	Depth:	22.40 m
Year Built:	1998	Hull Material:	Steel
Propulsion:	Diesel	Power (kw):	16,457
Registered Owner:	Taif Mining Services LLC	Operators:	United Island Maritime Ventures PVT

RELEVANT PARTIES

The Administration – The Dominica Maritime Administration; Flag State authority.

United Arab Emirates Federal Transport Authority

India Directorate General of Shipping

Liberia Maritime Authority – previous Flag State authority.

Palau International Ship Registry – Flag State authority which provisionally registered the vessel on the same date as the Administration, later seeking deletion of the vessel with no reply from the owners.

Crystal Holdings Limited – previous owner of the Nautic/Gulf Sky, a Liberian company with registered address of 80 Broad Street, Monrovia, Liberia. Beneficial owners are Polembros Shipping Limited, a Greek company with registered address of 57A, Poseidonos Avenue, Moschato, 183 44 Piraeus, Greece.. Legal representatives are described in the Report.

Taif Mining Services LLC/Taif Shipping Services LLC – Company provided to the Administration as the owners of the vessel, allegedly an Omani company with registered address of Muttrah, Muscat Governorate, PO Box 39, Postal Code 100, Oman. The beneficial owners and shareholders of the company that were provided to the Administration were two Omani nationals, as detailed below. The company was allegedly set up as a shell corporation for Amir Dianat and Kamran Lajmiri, two Iranian nationals associated with Iran’s Islamic Revolutionary Guard Corps.

Human Rights at Sea – non-profit organization for seafarers’ rights; alerted the Administration to the Gulf Sky’s departure from her anchorage at Khor Fakkan.

Polembros Shipping Limited – Beneficial owners of the Nautic/Gulf Sky, a Greek company.

Khor Fakkan Harbormaster – Captain Abkar Hassan Dabla, responsible for the port.

Metro Marine Shipping Agencies – Anwer (full name unknown at this time), the vessel’s local agent in the United Arab Emirates. It is likely that the individual acting as the local agent was Mr. Mohammed Anwer, the person listed as the company’s Ship’s Agent on the “Contact Us” page on their website.

Far East P&I Services Pte. Lte. – Singapore company acting as a correspondent of the P&I

insurer for the vessel, Maritime Mutual Insurance Association Limited.

Maritime Mutual Insurance Association Limited – P&I coverage insurer for the vessel, incorporated in New Zealand with correspondents in a vast number of locations and a legal correspondent in Singapore.

United Island Maritime Ventures – Indian company based in Mumbai; vessel management company for the Gulf Sky. Hemant S. Gokhale (Mumbai, India) was listed in the application materials for registration as the Designated Person Ashore and the Company Security Office.

Seven Seas Navigation – crewing company for the vessel, based at the same exact address as United Island Maritime Ventures in Mumbai, India. Accounting contact listed as Sheik Ahmad Shakeel. It was later determined that the vessel management company and crew management company are, for all intents and purposes, one company.

**All future references in this Report to the vessel and crew management companies will be made using United Island Maritime Ventures, as the two companies Seven Seas Navigation and United Islands Maritime Ventures are, for all intents and purposes, the same company.*

FINDINGS OF FACT

1. Facts Surrounding the Acquisition of the Vessel by Taif Mining Services LLC.

A Memorandum of Agreement dated 10 June 2019 for the sale of the M/T Gulf Sky (then named the Nautic) indicates that the vessel was sold to Taif Mining Services LLC of Oman by Crystal Holdings Limited of Monrovia, Liberia. The beneficial owner of Crystal Holdings Limited is Polembros Shipping Limited of Greece. At that time, the vessel was registered under the Liberia flag.

Unbeknownst to the Administration at the time, Iranian nationals Amir Dianat and Kamran Lajmiri were the true owners of the vessel, utilizing Taif Mining Services LLC as a fraudulent shell company. Dianat and Lajmiri purchased the vessel with the intention of utilizing it for the distribution of Iranian oil, a violation of U.S. sanctions, and intended to facilitate the activities utilizing the U.S. banking system. On or about 10 September 2019, Taif Mining Services LLC wired a 20% deposit for the vessel to Crystal Holdings Limited, which Crystal Holdings Limited received. In early to mid-October 2019, Taif Mining Services LLC wired the balance to Crystal Holdings Limited. On or about 24 October 2019, they wired funds to pay for the “Additional Fee Due to Delay.” The latter two wires were sent from the U.K. through the U.S. financial system. The then-unidentified U.S. bank, later determined to be Wells Fargo, froze/blocked these funds supplying the final payment and delay fee for the vessel for potential sanctions violations, thus these funds were never received by Crystal Holdings Limited. The blocking of the funds was allegedly unknown to the sellers at that time, and Crystal Holdings Limited transferred possession of the vessel to Taif Mining Services LLC, which renamed the vessel Gulf Sky and applied to fly the flag of Liberia. How the sellers did not know the funds did not make it into their account and why they proceeded with transfer of ownership is unbeknownst to the Administration unless other arrangements had been made.

In October of 2019, several documents were signed (and later provided to this Administration) to effectuate the sale of the vessel. The Seller’s Undertaking referring to this Memorandum of Agreement was signed by the attorney for Crystal Holdings Limited, Mr. Thomas Evans, on 23

October 2019. The Protocol of Delivery and Acceptance recognizing the delivery of the vessel to Taif Mining Services LLC was signed by the Attorneys-in-fact for both Taif Mining Services LLC and Crystal Holdings Limited, Mr. Thomas Evans and Mr. James Wright. An Apostille certified by Ms. Maria Xagorari and signed by Christina Kaisari of the Liberia Maritime Authority recognized a Bill of Sale for the vessel, and the Bill of Sale indicated that the vessel had been purchased by Taif Mining Services LLC for \$11,700,000.00 USD. The vessel was provisionally registered to fly the flag of Liberia as evidenced by a Provisional Certificate of Registry submitted to the Administration, but it is unclear if the vessel ever became permanently registered or not. At the time of initial review of the vessel for registration under the Dominica flag there were no red flags identified or standard protocols which would have prompted a direct inquiry to be made with the Liberia flag on the status of the vessel.

On 28 December 2020, the Administration received an application for registration of the Gulf Sky. Due diligence conducted by the Administration goes beyond the typical requirements for flag state registration: the Administration requests beneficial ownership information and copies of passports for all shareholders in the company. Documents provided to the Administration during the application period for registration detailed that the owners of Taif Mining Services were Rashad Mohamed Abdul Hussain Al Lawati (24 yoa) (70%) and Ahmed Ali Nasser Al Rawahi (48 yoa) (30%), both Omani nationals. The company was established on 17 April 2019 and registered in Oman on 25 April 2019. The Omani Commercial Registration Certificate indicated a.salam@bsjgroupco.com as the contact. Bsjgroupco.com indicates Bhacker Suleman Jaffer Co. is a parent organization for a family of nationally based companies in Oman, specializing in trading and manufacturing. Mr. Redha Baqir Sulaiman Al Lawati was indicated as the Chairman and Mr. Mohamed Abdul Hussain Al Lawati as the Managing Director. The association between Taif Mining Services LLC and Bhacker Suleman Jaffer Co. is unclear at this time, beyond the scope of being listed as the contact on the Commercial Registration Certificate and close name association between Mr. Rashad Mohamed Abdul Hussain Al Lawati and Mr. Mohamed Abdul Hussain Al Lawati. After performing its due diligence and determining the vessel was not high risk given the information provided on the vessel and her ownership available to the Administration at that time, the vessel was provisionally registered with the Administration on 30 December 2020.

Due diligence methods performed on the alleged owners of the company and the company itself did not reveal any potential risks, but again, information made available much later indicated that these individuals were never the true owners and that true ownership of the company, and the vessel remained with Dianat and Lajmiri. AIS history was also reviewed for prohibited port attendances, and none were evidenced at time of review.

From October 2019 through January 2020, the vessel was however trading and engaged in a ship-to-ship transfer in Iran in early December 2019, which was unknown to the Administration or the public generally until well into 2020, with cancellation of the vessel's registration with Liberia following on 10 December 2019. The Certificate of Deletion from the Liberia Maritime Authority indicates the vessel was cancelled from the registry, and it provided "Deletion due to Non-Compliance with International Conventions." This Certificate of Deletion was not received by the Administration until 20 March 2020 and included no further details on the reason for cancellation. It is unclear whether the Liberian Maritime Authority knew of the vessel and her owners' illicit activities beyond turning off AIS on 2 December 2019, though it is likely that they did considering the rapid deletion of the vessel. A crew member indicated in an interview on 29 July 2020, that the vessel had lost its Liberia flag registration because of a ship-to-ship transfer in Iran with the Iranian flagged vessel M/T HERO II after their departure from Oman. He indicated that the vessel received a call and was forced to discharge the bunkers back to the M/T HERO II while the ship-to-ship transfer was occurring. The managing director of the vessel management company, United Islands Maritime Ventures, Mr. Shakeel Ahmed, confirmed on 30 July 2020 in an interview with the Administration that the vessel had indeed taken on oil bunkers in a ship-to-ship transfer in Iranian waters with Iran/National Iranian Tanker Company. He indicated that the oil was transferred back due to sanctions compliance. It is unclear at this time who made the order to return the oil bunkers.

The Administration was intentionally misled by Taif Mining Services LLC, the true owners, and potentially other parties during the provisional registration of this vessel. The use of shell companies and other methods undertaken to veil the true owners of a vessel are common in ship owning, but there is little ability for a flag state to determine if the ownership information provided, which appears valid otherwise and is verifiable in corporate databases, conveys the

true owners' information.

In addition, a more specific reason for deletion could have been listed on the Certificate of Deletion if there was suspected or actual U.S. sanctions violations, and such reasoning should have been shared with the United States in a showing of comity as well as with other flag state authorities, to promote the deterrence of bad actors worldwide. If this sharing of information did in fact occur between Liberia and the United States and/or other flag states, the Administration was never made privy to the same information.

In addition, the United States was aware of sanctions issues related to the subject vessel since at least September of 2019, when Wells Fargo blocked the funds being wired through their bank in the U.S., at which point Wells Fargo presumably alerted the appropriate U.S. federal authorities. The long period after this awareness and up until 07 May 2020 as described below, in which the U.S. did not prohibit or list the individuals and entity as blocked or make at least some of the information public, effectively prevented the Administration, a U.S. corporation, from obtaining information which would have led to denial of the vessel for provisional registration.

Additionally, from 10 December 2019 through 30 December 2019, the vessel was trading illegally without a flag as revealed by its movements. Further, from 30 December 2019 until the time of her arrest in the UAE on 27 January 2020, she was trading illegally while flying the flag of Dominica: the Administration did not receive all of the necessary paperwork to permit any operation of the vessel until 20 March 2020, as detailed below. Vessel database records indicate that the vessel had input Palau as its flag state for a period of time from before 02 January 2020 to before 08 January 2020, during the same period it was provisionally registered with the Administration. An inquiry by the Administration to the Palau registry resulted in Palau informing the Administration that the Gulf Sky was indeed provisionally registered with Palau on the same date as provisional registry with the Administration (30 December 2020). Palau indicated that it had contacted the owners to process the vessel's deletion upon learning she had changed flags, but never received a reply. Further, the vessel was registered with Palau using different owners (Taif Shipping Services LLC), managers (Magellan Marine Services Private Limited), and classification society (Bureau Veritas). Taif Shipping Services LLC "acquired" the

vessel from Taif Mining Services LLC in January of 2020 according to the IMO, but a review of the corporate registrations in Oman failed to demonstrate that Taif Shipping Services LLC was ever incorporated. Other news sources indicated that Taif Mining Services LLC changed its name to Taif Shipping Services LLC on 31 December 2019, one day after her provisional registration, but this could not be confirmed.

On 9 January 2020, the vessel was issued Protection and Indemnity insurance through Maritime Mutual of New Zealand. This coverage was stated to expire twelve months from 08 January 2020.

On 17 January 2020, the Administration received an email from the Consulate of Dominica in Greece, led by Attorney Christos Vardikos, requesting an “urgent” reply to its inquiry as to whether the Gulf Sky was registered with the Administration. It further requested the Transcript of Registry for the subject vessel. Such Transcript of Registry was issued upon payment of the invoice for the service to the Administration. It is concerning in hindsight that Attorney Christos Vardikos, as both an attorney representing/associated with Crystal Holdings Limited and an agent representing the Commonwealth of Dominica in Greece, did not state his representation of/association with Crystal Holdings Limited at the time of the request for the Transcript of Registry, nor did his office state why the Transcript of Registry was being requested or provide notification that the vessel’s ownership was in dispute. His representation of/association with Crystal Holdings Limited and his official office with the Commonwealth as a consulate appear to present a serious ethical conflict in this instance, and Crystal Holdings Limited benefitted in its court case in Dominica from the knowledge gained by Attorney Vardikos using his agency with the Commonwealth.

On or about 25 January 2020, the vessel arrived off Khor Fakkan, United Arab Emirates. On or about 27 January 2020, the subject vessel was arrested at Khor Fakkan, United Arab Emirates as a result of an ownership dispute between her current and former owners. The former owners, Crstal Holdings Limited, had allegedly received a down payment for the vessel from Taif Mining Services permitting transfer of ownership of the vessel. Reports from the United States Treasury Department indicate that a final payment was later wired through the U.S. bank system, but

Crystal Holdings Limited had never received the additional funds for the vessel because they were blocked by Wells Fargo, a U.S. bank. The former owners sought an injunction in Dominica, which the courts granted. It was only later discovered by the relevant parties that the U.S. worked to block the funds for violations of U.S. sanctions.

On 11 February 2020, the Administration was notified by Attorney Andrew Dyer of Hill Dickinson International's Piraeus office, a legal representative of the former owners Crystal Holdings Limited, that an injunction was filed and granted in Dominica, and that the injunction prohibited the sale of the vessel or any changes to the Dominica flag provisional registration. The attorneys representing Crystal Holdings Limited and/or given as points of contact for Crystal Holdings Limited - Christos Vardikos (Vardikos and Vardikos, Greece), Lennox Lawrence (Platinum Law Chambers, Dominica), and Andrew Dyer (Hill Dickinson International, Greece) - never provided additional information or further orders of the court, even upon the Administration's inquiry on 24 June 2020. The response from Attorney Andrew Dyer indicated he would revert with a status update, but that was the only communication related to the matter.

On 20 March 2020, the Administration received the necessary certificates required for the vessel to begin operating. The vessel, however, was still under arrest in the United Arab Emirates at this time. The Administration also received the package of materials for the vessel to be permanently registered, including the Liberia Certificate of Deletion. It is important to note that at this point, the Administration did not proceed with permanent registration as a result of the Certificate of Deletion showing non-compliance with international conventions, but kept the vessel provisionally registered to comply with the court injunction and dispute of ownership.

On 06 April 2020, while processing several mariners' endorsements and applications for Seafarer ID Books, the Administration's Mariner Department processed the application for Dominica endorsement for Captain Joginder Singh, the new Master of the vessel. He stated he joined the vessel on 27 February 2020, holding (at that time) licenses with Indonesia and Panama. Of note, the Seven Seas Navigation Pvt. Ltd. Seafarer Training Center in India, owned by Mr. Shakeel Ahmed, is approved by both the Panamanian Maritime Authority and that of Honduras.

In early May of 2020, U.S. federal authorities filed a criminal complaint against Amir Dianat and Kamran Lajmiri for the illicit activities stemming from the purchase and use of the Gulf Sky using a shell company to circumvent and/or violate U.S. sanctions. A civil complaint was also filed, seeking the forfeiture of the blocked funds held by Wells Fargo and the down-payment funds held by “Liberian Company 1.” The two individuals and the registered holding company Taif Mining Services LLC were each additionally added to the U.S. Treasury Department’s Office of Foreign Assets Control (“OFAC”) Specially Designated Nationals and Blocked Persons List (“SDN List”).

On 07 May 2020, the Administration became aware of the addition of these persons and entity to the SDN List, and immediately took action to prohibit the vessel from sailing. This further prevented the vessel from leaving its anchorage in Khor Fakkan, on top of the vessel’s arrest. An Initial Report on Blocked Property was prepared by the Administration and submitted to OFAC in accordance with the requirements of 31 C.F.R. § 501.603(b)(1).

Due to Taif Mining Services LLC being designated as a blocked entity, the Administration was effectively prohibited from providing further services to the vessel. The Administration was eager to investigate the lack of payment of crew wages as requested by the Master, who also alleged a lack of food and water as well as other needed supplies, and to be able to assist the seafarers as needed while the vessel remained provisionally registered with the Administration (which allowed for the investigation and the retention of authority over the vessel). Thus, the Administration applied to OFAC for a license to take necessary actions related to the Gulf Sky. The Administration was granted a license to take actions necessary to investigate the potential violations by the vessel and owner, levy penalties and liens against the vessel, and enforce the liens and secure payment from Taif Mining Services LLC, as well as to provide the crew with basic provisions as needed.

On 11 May 2020, Captain Singh, as suggested by the Administration, attempted to work with the P&I insurer, Maritime Mutual Insurance Association Limited, to resolve the crew wage issues. He received little communication from them, other than a note that the shipowners had stated they paid some wages.

On 14 May 2020, the U.S. Department of the Treasury, U.S. Department of State, and United States Coast Guard issued the Guidance to Address Illicit Shipping and Sanctions Evasion Practices. The Administration immediately made changes to its registration practices to incorporate the document's recommendations. It revised its sanctions compliance protocols to include additional information, and worked to acquire additional online data tools, among other additional changes.

On 01 June 2020, a letter was sent by the Administration to United Island Maritime Ventures and Mr. Gokhale, referring the crew wages dispute to mediation with the Emirates Maritime Arbitration Center. This letter was never replied to, and mediation was never initiated by Mr. Gokhale or the company, despite the letter requiring such within 14 days.

On 22 June 2020, according to the vessel and crew management companies' Managing Director Mr. Ahmed, a United Arab Emirates court in Khor Fakkan allegedly rendered a judgment in favor of Crystal Holdings Limited as to the ownership of the vessel. Said judgment allegedly required Taif Mining Services LLC to return the vessel to Crystal Holdings Limited on 22 July 2020. This event likely contributed to the hijacking of the vessel and her removal to Iran, but the Administration was not notified or aware of the court's judgment until on or about 22 August 2020, when the Administration was copied into an email from the vessel management company managing director to Taif Mining Services LLC. Neither the former or current owners of the vessel, nor any other party, informed the Administration or provided the court's judgment. The Administration has still not received the court's judgment to confirm whether such a judgment was truly rendered.

From June to July 2020, the Administration was actively trying to engage the relevant parties, particularly the vessel management company (as it was primarily responsible), in order to secure payment of wages for the crew members, working with the organization Human Rights at Sea's CEO David Hammond and Program Manager Elisabeth Mavropoulou. Upon requiring the management company to enter into mediation, the management company stopped responding to the Administration's continued requests for status updates. The Master, however, remained in

communication with the Administration. The Master received no further responses from the vessel management company. As of late June 2020, the pleas of the crew were growing desperate, as their outstanding wages were in excess of four months. On 30 June 2020, the Administration extended the provisional registration for purposes of abiding by the court injunction and continuing to assist the crew members in their pursuit of their wages.

On 01 July 2020, the Managing Director of the crew management company stated that partial wages had been paid to the crew members, which he also stated to the P&I representatives. The Administration requested that Captain Singh confirm this by replying to an email, but he never replied to confirm. On 07 July 2020, the Administration attempted to follow up with Captain Singh regarding the wages, but again he made no reply.

On 01 July 2020, the Administration reached out to the P&I insurer through its correspondents, Mr. Tey Choon Wee and others. The Administration requested at this time that the insurer cover the remaining outstanding crew wages. After discussions back and forth via conference video call and email, the P&I insurers have continued to give vague responses to our requests and questions and have attempted to claim the issue falls outside of coverage without specifying the exact reason as to why or how. In addition, they have failed to respond to a letter sent by the Administration demanding coverage where the insurer has, as of the date of this report, failed to fully investigate the claim in good faith and/or pay the claim, which was dated 19 October 2020. An Interim Statement of Compliance for Maritime Labour Convention was previously issued to the vessel by Universal Maritime Bureau Co., Ltd. (“UMB”), which was valid until 10 July 2020, subject to inspections.

The purpose of this interim statement of compliance was to allow for inspection of the vessel to issue the necessary full term Maritime Labour Compliance Certificate to the vessel. Said inspection of the vessel was being arranged but had experienced delays due to the Coronavirus pandemic restrictions in the United Arab Emirates at the time. Maritime Mutual alleges that it determined that the Maritime Labour Convention coverage it provided was voided due to a lack of a new Maritime Labour Convention ship survey report, despite the fact that UMB had until 09 July 2020 to conduct such an inspection. Further, neither the Administration nor UMB ever

received any notification from Maritime Mutual that the coverage had been voided, even though industry practices would normally result in such notifications. The insurance coverage excludes trade in Iran and “any claims arising from Piracy, Kidnap and Ransom absolutely.” It is important to note here, however, that the claim related to this incident occurred prior to the vessel arriving in Iran, and that the activities giving rise to the claim occurred prior to the hijacking of the vessel. Other relevant parties including the Master of the vessel have likewise communicated with the insurer to seek payment of wages. Maritime Mutual of New Zealand, in any case, has thus far failed to cover any of the wrongdoing by its then-member, Taif Mining Services LLC. The insurer additionally relayed to the Administration that the owners are no longer members at this time.

Investigation into the ownership of Maritime Mutual Insurance Association Limited suggests that the company is a New Zealand limited company located in Auckland, New Zealand, with a headquarters address of 36 Kitchener Street, Auckland, Auckland, 1010, New Zealand. Further investigation by the Administration resulted in additional facts. The full company is comprised of the parent company, Kitchener Trustees Limited, and multiple subsidiary companies, and its revenue in 2019 was \$22.68 million USD. The subsidiaries include Maritime Mutual, Design Warehouse 2011 Limited, Italian Design Limited, and La Puente Holdings Limited, among others. It was incorporated in 2004. Kitchener Trustees Limited is a New Zealand Limited Corporation incorporated in 2002. The known directors of Kitchener Trustees Limited are John Wilson Hart (100% of shares) and, formerly, David Grant Howden. The known current Directors of Maritime Mutual Insurance Association (NZ) Limited are, with their address locations in parentheses: Athena Ellis (New Zealand), Andrew John Baker (Liechtenstein), John Wilson Hart (New Zealand), Paul Martin Rankin (Guernsey), Julian Ashton Lister (Hong Kong, SAR China), Hedwige Stephen Bereaux (Switzerland and the Bahamas). All shares of Maritime Mutual are owned by Kitchener Trustees Limited. The Ultimate Holding Company for Maritime Mutual is Maritime Mutual Association Limited, which has an address of Suite 16, Watergardens 5, Gibraltar GX11 1AA, Gibraltar. Several of these companies have ties to China. In addition, the company utilizes a correspondent system for communications with the Club. The correspondents in charge of liaising between the Administration and Maritime Mutual were initially from MME Services DMCC (Dubai), which forwarded the Administration’s messages to Mr. Tey Choon

Wee of Far East P&I Services Pte Limited (incorporated and operating in Singapore). The legal correspondents for Maritime Mutual are Zhao and Co., a law firm presumably incorporated in China and doing business in Beijing and Shanghai, China.

2. Facts Leading the M/T Gulf Sky's Hijacking Event and Subsequent Notification to the Administration.

On 13 July 2020, the Administration received a notification from Human Rights at Sea that family members of the crew of the M/T Gulf Sky had not heard from the crew members for a period of 15 days. This message was originally sent through @TheZZulfaqar on Twitter on 12 July 2020 at 11:59 AM by relatives of the crew to seafarer organizations in India. It alleged that the vessel had left her position in the Khor Fakkan anchorage and was heading towards Iran, and that the harbormaster of Khor Fakkan had confirmed on 12 July 2020 the Gulf Sky was not found at anchorage. The Khor Fakkan Harbormaster did not alert the Administration until 18 July 2020 as detailed below. The vessel management company did not make a request to the Harbormaster to check on the status of the vessel until 12 July 2020, one week after the vessel left her anchorage position, and did not alert the Administration to the vessel's disappearance at all. It was only upon being told to contact the Administration that the vessel management company's managing director reached out to the Administration. Upon receipt of the communication from Human Rights at Sea, the Administration immediately initiated attempts to contact the vessel Master, Captain Singh, who had been in previous communication with the Administration regarding outstanding payment of wage issues with vessel management company, United Island Maritime Ventures. The last known position for the vessel was from 05 July 2020, when she was still located in the Khor Fakkan anchorage. The AIS has been turned off since.

On 14 July 2020, the Administration was copied into a communication originating on 12 July 2020, sent from the DPA, Mr. Hemant Gokhale, to the vessel's Khor Fakkan port agent Metro Marine Shipping Agencies. This communication inquired about the status of the vessel which had received weekly stores and supplies on 05 July 2020 but then radio and email silent from 06 July 2020 onward. The DPA stated his efforts to raise the vessel were made via email and the

local agent had queried other ships in the vicinity of the Gulf Sky's anchorage position from 08-09 July. Nearby vessels indicated the Gulf Sky could not be found at anchorage. Thus, no contact was made with the Administration regarding the disappearance of the vessel by any of these relevant parties prior to 14 July 2020, despite various parties' obligations to alert the flag state authorities.

On 15 July 2020, the Administration was notified by the DPA that he was informed by the managing director of Seven Seas Navigation Co. Ltd (crewing manager) that the Indian crew of the Gulf Sky were safe and sound in Delhi, India. They returned from Tehran and were placed in quarantine at Delhi. It was stated that the vessel was hijacked from her Khor Fakkan anchorage and taken to Bandar Abbas, Iran. The crew returned to India from there, with the exception of two crew members whose passports had expired. The DPA noted they would also return shortly.

The Administration immediately reached out to the Master again and held an initial interview with Captain Singh on 15 July 2020. Captain Singh confirmed arrival back to India and that he was in institutional quarantine due to requirements to limit spread of COVID-19.

On 16 July 2020, the Administration reached out to the United Arab Emirates authorities and the Directorate General of Shipping in India, to discuss conducting a joint investigation into the Gulf Sky's disappearance and how she ended up in Iran. Initially, the authorities in the United Arab Emirates expressed their willingness to work with the Administration on this investigation on 18 July 2020, and the Directorate General of Shipping in India did not respond at all until 17 August 2020, at which point the Administration held a video conference call with them. In that call, the Directorate General of Shipping confirmed they would be carrying out full interviews with each crew member, and they would send all of these interviews to the Administration for use in this report.

On 18 July 2020, Mr. Shakeel Ahmed, Managing Director of the vessel management company, finally reached out to the Administration after third parties requested that he contact the Administration, and alerted the Administration to the disappearance of the vessel. This occurred after the Administration had already been notified by others and had held some initial interviews

with crew members already back in India. It is unclear why the vessel management company did not alert the Flag State authorities until almost two weeks after the vessel's disappearance. Email communications later provided to the Administration demonstrate that Mr. Ahmed knew, at the very least, that the Khor Fakkan harbormaster was unable to find the vessel on 12 July 2020. It is unclear if he knew before this, as no such evidence was ever provided to the Administration.

On 21 July 2020, the Administration was notified that the two crew members who had remained in Iran had arrived in Delhi safely via Mahan Airways W50071. These two crew members were identified as Mr. Jatin Mithran and Mr. Lakhwinder Bajwa.

On 22 July 2020, Mr. Ahmed failed to make himself available for a previously-confirmed video conference, which was to be held with United Arab Emirates officials participating. He appeared instead for a remote interview on 30 July 2020, which was held in cooperation with the Federal Transport Authority in the United Arab Emirates. After this point, all communications with the DPA Mr. Gokhale ended but communications with Mr. Ahmed continued with the Administration pressuring the company for the payment of outstanding wages to crew. Mr. Ahmed made claims that he would be filing lawsuits in Oman against owning company Taif Mining Services LLC and was engaging with an Indian P&I company to make a claim for payment of wages. Mr. Ahmed alleged that the entire scheme for purchase and operations of the vessel had been initiated and backchanneled through several individuals spanning Omani, Iranian, and Iraqi nationalities and across several years of conversations and relationships possibly as far back as 2011, 2013, or 2014. DMA continued to follow up and pressure the company to make payment of wages until a Finding of Violation and Penalty was issued against the managing company United Island Maritime Ventures by the Administration on 17 October 2020 for violations of Maritime Labour Convention requirements on the payment of seafarer.

After several follow-up emails to the Directorate General of Shipping in India requesting a status update on the crew interviews, the Administration was told by email on 01 January 2021 "that the records of the de-briefing of the seafarers concerned earlier done in e-mode in last year could not be retrieved due to technical reason despite best efforts made at our end." While the Administration appreciates the Directorate General of Shipping's attempts to interview the crew

now, in January of 2021, the Administration feels it that now is too far removed temporally from the time of the incident, and that such interviews are less reliable, although the Administration will observe these interviews, if they are in fact provided. In addition, the statements from the crew members provided by the Directorate General of Shipping on 01 January 2021 to the Administration are, while better than any interviewing now would be, likewise unreliable evidence, as they were statements later written (in August and September of 2020) and the overlapping nature of several of them suggests that the statements were created by several crew members working on the language at once.

3. Information Obtained from Interviews and/or Statements Conducted by or Provided to the Administration.

Events occurring during the period were provided to the Administration in interviews with the crew and other related individuals, but supporting documentation or evidence could not be obtained as the vessel remains in Iran.

The initial interview was conducted with Captain Singh on 15 July 2020. Following the initial interview with Captain Singh, a written statement on the events was provided to the Administration by Captain Singh via email on 17 July 2020. This was the most comprehensive and detailed overview of what happened that was received by the Administration. Follow-up interviews were held with Captain Singh on 20 and 24 July 2020. Two interviews were conducted with crew member Jatin Mithran, on 27 and 29 July 2020. Crew member Patnaik Sumar was interviewed on 29 July 2020. Crew member Suneet Kumar was interviewed on 30 July 2020. Crew members Afzal Cook and Amit Diwakar were each interviewed on 17 August 2020.

During the initial interview with Captain Singh, the Captain stated that on 05 July 2020 while the vessel was under arrest, he was notified by Mr. Shakeel Ahmed, the Managing Director of the vessel management company Seven Seas Navigation PVT, that a vessel would be attending the Gulf Sky in order to perform a survey of the vessel. During later investigation, it was determined

via satellite imagery that at approximately 2200-2300 hours, a Panamanian-flagged Seamax Swift offshore supply vessel registered on seamaxuae.com as owned by Seamax Ship Management LLC out of Dubai, pulled alongside the Gulf Sky for about 58 minutes. It is not clear at this time if the alleged hijackers would have boarded the M/T GULF SKY from the Seamax Swift or another vessel. Captain Singh also stated that the crew were gathered together while the “surveyors” were onboard and were told the individuals were going to take the vessel on charter. Later, Captain Singh said that the same individuals held the crew at gunpoint, blindfolded them, and hijacked the vessel. He claimed 26 of the 28 crew members were flown from Tehran, Iran to Delhi, India, and the other 2 crew members were left in Tehran due to passport issues (which were being renewed in the UAE at time of the vessel’s disappearance). Captain Singh indicated the vessel location was believed to be in Bandar Abbas, Iran, but he could not definitively confirm due to being blindfolded by hijackers at the time. It has not been confirmed how the crew made it from Bandar Abbas to Tehran.

Generally, information received from the crew members was overall consistent across interviews, minor variations notwithstanding. Each crew member noted the disputes with the owners over payment of wages, and that the vessel was arrested at Khor Fakkan. The interviewees all indicated that the vessel was attended by a smaller vessel and boarded by a number of individuals claiming to be from Turkey and wearing “Aymak” (or similar spelling) uniforms, and that the individuals were there to carry out an inspection of the vessel and spoke Arabic. Captain Singh additionally stated that while these men were speaking Arabic, he also heard them speaking Farsi and he then believed them to be Iranian. It was after they had been onboard “inspecting” for a period of time that they removed guns from their bags (which had not been checked upon their boarding) and told the crew that they were being held up. The crew state that the crew members’ hands were tied using cable ties. Managing director Shakeel Ahmed and Captain Singh both stated that “Iranians” hijacked the vessel to bring her to Iran after U.S. officials seized their money and after losing the court case in the United Arab Emirates over ownership of the vessel. Several crew members likewise stated they were told that they would remain safe and that the hijackers wanted their ship. The crew also indicated that as they were loaded into a smaller boat to head toward the airport in Iran, they were blindfolded. Several individuals noted that one hijacker had only one eye, and that a bald man alleging to be the

shipowners' representative wore a black mask and goggles when he met them at the airport in Iran. Several crew members indicated that Mr. Ahmed was the "mastermind," and that he knew everything that was happening, as he was the only person in contact with the other relevant parties (owners, the Designated Person Ashore, etc.).

An interview with Captain Demetrio Cortes, who suggested registration with the Administration to Mr. Gokhale, was held on 16 July 2020. This interview essentially provided information on his suggestion to Mr. Gokhale and the process of the application to the Administration through a Chinese sub-agent, Wang Shau Fun, of the Administration's Cyprus office, Mansoc Shipping Services Limited.

One interview with Hemant Gokhale, the Designated Person Ashore for the Gulf Sky, was conducted on 20 July 2020. The interview with Mr. Gokhale, which additionally included Mr. Ahmed, was cut short by Mr. Gokhale. During the brief interview, he relayed that he had no authority over crew selection or wages and that the vessel management company and crew management company were the same company.

One interview was conducted with Mr. Ahmed, the Managing Director of the crew management company, on 30 July 2020. In this interview, Mr. Ahmed claimed that the Designated Person Ashore ("DPA"), Mr. Gokhale, had no previous knowledge of the hijacking and that he was told only that surveyors would attend the vessel to check the vessel's suitability for loading. The DPA had asked the Master to call him when the surveyors arrived at the vessel, but he never received any calls or messages. The DPA and Mr. Ahmed were both aware of the vessel's disappearance and the return of the crew to India before the Administration was but did not provide notification of the vessel's disappearance to the Administration until 14 July 2020 and 18 July 2020, respectively, and alerted the Administration to repatriation of the crew only after the crew had been repatriated. It was thus very clear from the interview that several opportunities to notify the Administration of what was occurring were missed by both the DPA and Mr. Ahmed.

4. Facts Related to Actions Taken by the Administration Since the Hijacking and Initial Interviews: Assessment of Contributing Factors and Causality.

Overview:

From the initial notification to the Administration that the vessel was missing through the present, the Administration has attempted to work toward a resolution to the outstanding violations, particularly those related to crew wages and failure to protect those crew during the hijacking incident. The Administration has, to date, received very little from the other relevant parties, by way of assistance or substantive materials. Several statements were made by Mr. Ahmed and others that the crew wages would be paid (or were paid and receipts would be sent to the Administration), yet the wages from February onward are either still outstanding or verification of the payments has not been provided to the Administration. The Directorate General of Shipping in India claimed it would be interviewing the crew members and providing video, audio, and/or transcripts of these interviews to the Administration as part of the joint investigation agreement, but now claims that technical errors led to these materials being unrecoverable. It is not clear if these interviews were ever undertaken, or if a meeting with the crew and provision of some later statements was all that occurred. The Administration received strong support from the authorities in the United Arab Emirates during the investigation, in addition to the crew members who made themselves available for interviews.

There were several contributing factors leading to the hijacking of the M/T Gulf Sky, some of which the Administration had little or no control over and some which have already been addressed by the Administration. These are outlined below.

First, it is important to state that upon any publicly or otherwise available information that the vessel had possibly engaged in illicit activity, the Administration would not have accepted the vessel for registration. Transparency in the reasons for deletion of a vessel from a registry likewise enables other flag states to decline registration; in this case, the previous flag's reasoning likely should have included sanctions violations.

Second, in light of the fact that knowledge of the vessel's previous movements and activity would have led the Administration to decline even provisional registration of the Gulf Sky, the Administration has worked diligently to obtain software to monitor its fleet in real time. The Administration now utilizes the IHS Markit MIRS software. MIRS, the Maritime Intelligence Risk Suite, allows the Administration to track ship movements and assess the previous movements of a vessel prior to registering it. The software enables the Administration to make informed decisions based on in-depth review of vessel movements in a way that it was unable to before, and to track vessels in its fleet in real time throughout the period the vessel is registered with the Administration.

Third, the onset of the Coronavirus pandemic created delays in surveying vessels, including the Gulf Sky, and uncertainty regarding the alleged survey to be conducted on the date of the vessel's disappearance. Proper communication protocols between the DPA, the vessel management company, and the Administration could have prevented the boarding, as the Administration could have raised flags regarding the timing and circumstances surrounding the alleged inspection.

Fourth, failures to notify the Administration throughout this incident by the Gulf Sky's owners, the Khor Fakkan Harbormaster, the DPA, and the vessel management company led to the inability of the Administration to begin investigating the incident immediately and a prolonged period of time in which the vessel's location and the welfare of the crew were unknown.

Fifth, the use of Taif Mining Services LLC as a fraudulent shell company contributed to the concealing of the true vessel owners.

Sixth, the unilateral withdrawal from the Joint Comprehensive Plan of Action ("JCPOA") aka the 'Iran Deal' by the United States led to a resurgence in tension between the U.S. and Iran. A 'tit-for-tat' scenario has ensued, and DMA found itself amongst this geopolitical discord with the M/T Gulf Sky being hijacked and brought to Iran.

Seven, a lack of partnership between the U.S. and relevant parties such as DMA to best effectuate the U.S. sanctions regime against Iranian actors led to potential administrative opportunities being missed from the outset of DMA's relationship with the vessel. Additionally, the seeming absence of coherent policy strategy by the previous U.S. administration seems to have at times led to a lack of cooperation or interest on behalf of some U.S. partners in the MENA and Asia regions respectively to recognize Iranian sanctions.

Overall, this case presented a breakdown in recognition of maritime law due to negligent behaviors of several interested parties whether as a result of complicity, lack of interest, or institutional disruptions caused by COVID-19.

U.S.-Iran Relations:

Tensions between Iran and the United States have escalated and a game of 'tit-for-tat' has ensued. Tankers that were operating in the waters of the Middle East, particularly the Persian Gulf and the Strait of Hormuz, have become targets of the stresses between the superpower and its thorny counterpart, with Iran taking unprecedented risks to taunt and poke holes in the U.S.' sanction regime.

In May of 2020, the U.S. Justice Department filed criminal charges against two Iranians, accusing them of trying to launder some \$12m to buy the tanker, then named the MT Nautica, through a series of front companies. Court documents allege the smuggling scheme involved the Quds Force of Iran's Islamic Revolutionary Guard Corps, which is its elite expeditionary unit, as well as Iran's national oil and tanker companies.

As a result of the criminal filing, a U.S. bank froze funds associated with the sale, causing the seller to launch a lawsuit in the UAE to repossess the vessel, the Justice Department said earlier. That civil action was believed to still be pending, raising questions of how the tanker sailed away from the Emirates after being seized by authorities there.

Investigation into the case has also discovered a link between the vessel and Amir Dianat, who had been designated by the U.S. Department of Treasury over alleged ties with Iran's Islamic

Revolutionary Guard Corps-Qods Force (IRGC-QF) and efforts to generate revenue and smuggle weapons abroad.

The U.S. Justice Department filed criminal charges regarding the case. The U.S. was also involved in increasing tensions with Iran during this period prior to the hijacking. Rocket attacks on U.S. forces in Iraq in December led to U.S. airstrikes and protests at the U.S. embassy in Baghdad. The U.S. then killed IRGC Quds Force commander Qasem Soleimani.

Geo-Political Observations:

From a geopolitical perspective, the events that unfolded regarding the Gulf Sky and related events surrounding the maritime industry as of late reveal a disturbing trend. The ever-growing prevalence of economic sanctions as a tool for statecraft have led to a welcomed reduction in use of military force but have also resulted in growing violations of international norms in an attempt to evade these sanctions. Globally we are witnessing serious deviations from the rules-based international order and brazen acts of non-normative behavior that will lead to serious consequences in the future if not addressed or apprehended. At best, this non-normative behavior will lead to more entrenchment and non-cooperation between state actors. At worst, it foments the types of scenarios that can instigate wars. The use of economic sanctions and their effectiveness can be debated many ways, but until a ‘better’ alternative to use of military force can be developed, we can expect economic sanctions to be improved upon and implemented on an increasing scale.

The most significant consequence of economic sanctions as it relates to international law, is the development of black markets to evade these sanctions. From a maritime perspective, sanctions breed fraud, smuggling, human rights abuses, pollution, financial crimes, and other serious violations. In the case of the Gulf Sky, we witnessed the theft of an arrested vessel from its anchorage – violating the sovereignty of the UAE and Dominica and denying due process of the law to relevant stakeholders.

The growth of criminal networks in the past decade is concerning in that these networks are emanating from state targets of sanctions or states who share close economic or political ties

with sanction targets. Thus far, these states have done little to nothing to address these criminal networks which raises the grave concern that these states are either unwilling to dismantle them or are beneficiary to some of the economic benefits that are generated by them. If the latter holds true, it again raises the concern that we are witnessing a drastic deviation from the rules-based order that has upheld the most peaceful period in modern human history.

The Dominica Maritime Administration has witnessed numerous violations of international treaties and conventions lately in the context of sanctions evasion. DMA is particularly concerned by the violations of the International Convention for the Safety of Life at Sea (SOLAS 1974, as amended) which puts human lives at risk. Disregard for human life is the gravest offense that can be committed on the seas.

The rise in cases of abandoned vessels and vessels that operate in the dark – completely violating all flag state requirements and international law – puts a serious risk to human life and our environment. Without multilateral accountability and resolutions using Track 1 diplomacy, the international order can only expect more chaotic and illegal behaviors.

Misalignment of Port, Coastal, and Flag State Priorities:

The lack of harmonization between port, coastal, and flag states poses a serious threat to the efficacy and safety of shipping. Substandard shipping will never end unless harmonization of real time information is shared. The development of a harmonized international flag, port and coastal state information and intelligence sharing regime be developed to mitigate illicit activity in, on or near the waters utilizing IMO instruments for the basis of sovereign regulatory tools.

All authorities mentioned above are entrusted with certain functions and powers that often overlap. Yet these authorities often fail to coordinate efforts that result in the escape of criminal or disruptive actors from accountability. Improved communication and coordinated efforts between relevant authorities is needed across the maritime industry as a whole.

Recommendations

Flag State (Dominica Maritime Administration):

Comments made by the Commonwealth of Dominica Maritime Administration:

Recommendations made:

Automatic Identification Systems (AIS) onboard ships remains an important tool for identifying the location of a vessel at any given time. Monitoring of vessels for their compliance with requirements on AIS reporting can be utilized as an effective mechanism to determine if a vessel has moved or disabled their equipment. Timely identification of incidents or anomalies in relation to AIS reporting for the vessel Gulf Sky would have alerted the Administration regarding the disappearance of the vessel and may have impacted response time of local port authorities.

Improvements to the oversight program for AIS compliance of vessels under the flag and timely response to investigate incidents of equipment deactivation is recommended.

Monitoring the AIS for a fleet of vessels requires analysis of large sets of data and best supported by use of tracking programs or software to identify anomalies. At the time of the incident the flag's protocol for identification of AIS reporting anomalies was insufficient to promptly respond to the deactivation of AIS for the vessel Gulf Sky.

Improvements to monitoring and use of an effective tracking and reporting tool for fleet compliance is recommended. Currently, issues arising from GPS and GNS systems because of hacking or "spoofing" and physical tampering render AIS and GPS systems inconsistent and unreliable when tracking bad actors. Improvements to these systems are necessary.

At the time of the vessel's arrest in Khor Fakkan, UAE the COVID-19 pandemic had restricted travel and effectively prohibited the attendance of flag and classification society surveyors

onboard the vessel. There were no established procedures or recognized arrangements for facilitating surveyor transit to a vessel at anchorage during these restrictions. Improved communications and correspondence between flag, coastal and port states may have resulted in earlier development of acceptable arrangements for carrying out surveyor attendance of a vessel at anchorage.

It is recommended that flag, coastal and port states continue to engage in constructive dialogue for development of procedures and acceptable arrangements for facilitating necessary vessel surveys at anchorages. To facilitate the contact it is recommended that relevant parties keep updated appropriate contact information with the IMO's GISIS Module.

Flag State policies and procedures on acceptance and requirements for vessels flying the flag provides a framework for determining which vessels are accepted for registration. Thorough due diligence review processes and identification of potential risks allows for an informed decision determination on acceptance. Access to open and transparent information on a vessel and related companies prior to registration supports the review process and effective determination of potential risks.

When the Dominica Maritime Administration had accepted the vessel Gulf Sky for registration under the flag the registrar did not have all pertinent information available to conduct a complete evaluation of the risks involved. This includes missing details on the purpose of deletion from the vessel's previous flag, identification of the true owners of company Taif Mining Services LLC and information that the funds related to the vessel's sale had been seized through U.S. courts. If these details were available at the time of review it may have resulted in an increased risk and subsequent denial of registration by the flag.

It is recommended that the flag state continued to improve and refine vessel acceptance procedures, risk analysis protocols and due diligence best practices. Open and transparent access to information in relation to vessels and their associated companies is also recommended to facilitate a complete and thorough risk evaluation.

Correspondence between flag states to share the information available on a vessel is recommended as a means of access to transparent and open information. Clearly stated reasons for the purpose of deletion from the previous flag would provide pertinent information for future flags.

Sanctions designations of ship owning companies creates burdensome challenges for flag, coastal and port state when carrying out vessel related services. Following the OFAC designation of Taif Mining Services LLC as a designated entity the flag was restricted in the services which could be provided to the vessel Gulf Sky and its crew until a formal OFAC license was awarded. The time required to submit an application and be awarded a license placed a sustained period of hardship on the crew of the vessel. This is due to the flag being restricted from providing services to the vessel including those related to the crew.

It is recommended that the OFAC license application process be improved to significantly hasten the time requirement from application to decision. It is also recommended that formal OFAC policies or procedures be developed for conditions of waiver to OFAC restrictions in instances of human related crisis like crew abandonment and needs for refuge

United Arab Emirates (Port State and Coastal State):

Comments made by the Commonwealth of Dominica Maritime Administration:

Evidence indicates that officials from the Khor Fakkan Port did not know of the GULF SKY's departure from its anchorage for several days, perhaps even a week. This lack of knowledge and inability to inform the appropriate stakeholders indicates a need to improve Port State capacities in Khor Fakkan and perhaps in the UAE generally. Some credence is of course lent to the difficulties and disruptions caused by COVID-19.

DMA wishes to respectfully make the following recommendations to each respective agency if such measures have not already been considered:

Khor Fakkan Port (KFK):

1. Install a vessel traffic monitoring system (VTS) and equip control towers with upgraded monitoring and communication equipment.
2. Enhance control tower staff training for enhanced monitoring of vessel activities within the port jurisdiction, including anchorage areas.
3. Define the role and the responsibilities of the Coastguard especially as it relates to monitoring ships under court arrest.
4. Monitor the automatic identification systems (AIS) of all vessels in the port jurisdiction and develop communications procedures between the Port State, Coastguard, and the vessel to enquire as to the cause of AIS non-compliance. Vessels unable to resolve their non-compliance or vessels that fail to communicate with the Port should be boarded and inspected if their activity is suspicious.
5. Establish a routine daily report for ships at anchor and within Port jurisdiction. Develop an alert system in case there is any delay in such report. This data should be archived for a specified period, accessible to the courts and federal authorities to assist in any cases or investigations that should arise from incidents involving vessels present in UAE jurisdiction. Data fields identifying all vessels currently under arrest or abandoned should be included.

Coastguard:

1. Enhance the security in the Eastern coast of UAE to avoid security breaches, as it is an area with intensive traffic with past security breaches. This shall include improved onshore and offshore monitoring technologies and additional vessels if needed.
2. Define the role and the responsibilities with the KFK Port especially as it relates to monitoring ships under court arrest.
3. Develop procedures for monitoring vessels under court arrest and understand the risk pertaining to each vessel as it relates to the cause of arrest for each vessel. Improve relationships with the courts to better facilitate arrest procedures.

4. Utilize Artificial intelligence technology to indicate high risk ships with possibility of security breaches or develop a risk algorithm to assign risk to each vessel based on available data such as AIS non-compliance, owners, operators, flag state, vessel type, cargoes, etc.

Ministry of Justice:

1. The importance of the courts informing the UAE Federal Transport Authority (FTA) on ship arrests as stated in UAE maritime law article 119 is critical to best effectuate and maintain those arrests. The working relationship between the courts and the FTA can be improved upon to ensure successful maintenance of vessel arrest. Understanding risks associated with each vessel will help avoid seafarer abandonment cases and enable relevant agencies to appreciate any security concerns. A reporting system with vessel risk profiles is perhaps the most concise method for arranging the exchange of information.
2. The UAE should amend its vessel arrest procedures to reduce lengthy court arrests. In cases without an assigned party to look after the ship and the seafarers onboard can lead to cases of seafarer abuse, exploitation, abandonment, and in some unfortunate and drastic recent events even suicide. Exploitation and abandonment are what may have led to alleged poor decisions by the crew as a result of mental and physical health conditions, for example. Lengthy arrests may also drive interested parties to take drastic and illegal measures for remedy outside of the courts which can lead to security breaches and even allows considerable planning time for such actions to take place. Recommendations for amendments to the vessel arrest procedures in the Federal Maritime Law are provided in the section below.

U.S.-Iran Relations:

The Commonwealth of Dominica Maritime Administration notes that the complex relationship between United States and Iran was a causal factor in the hijacking of the Gulf Sky. DMA feels that this vessel was a target because it was registered under the Dominica flag which is operated by a U.S. registered company and because funds related to the vessel were seized by the U.S.

banking industry under U.S. terrorism laws.

The U.S. withdrawal from the Joint Comprehensive Plan of Action (JCPOA or the ‘Iran Deal’) signed by the P5+1, the EU, and Iran has led to a serious escalation of tensions between the U.S. and Iran. From the perspective of DMA, the result has been a “tit-for-tat” zero sum game and DMA feels the U.S. and Iran must continue high-level negotiations to address the violations that have taken place. Based on the events that have unfolded after the withdrawal, the DMA is concerned that there was no serious reasoning behind the decision to withdraw but is hopeful for a diplomatic resolution. DMA is concerned the conflict with Iran could evolve into a protracted issue similar to the Democratic People’s Republic of Korea and therefore wishes to urge relevant stakeholders to resolve these issues in a diplomatic setting.

Finding ways to remove sanctions will help reduce tensions and regional friction. Any removal of sanctions is also dependent on a return to normal rules-based behaviors and/or a departure from non-normative statecraft behaviors and vice versa. The use of terrorism as a form of statecraft by the Islamic Republic of Iran and the pursuit of nuclear arms is unacceptable if Iran wishes to become part of a responsible member of the international maritime community, which strongly adheres to rules-based order. This type of activity must end if Iran hopes to normalize relations with the current global order.

CONCLUSION

The M/T GULF SKY was allegedly hijacked on or about 05 July 2020 from her anchorage off Khor Fakkan and brought to Iran. The disappearance of the vessel was likely facilitated by the intended owners of the vessel (Amir Dianat and Kamran Lajmiri), or more broadly by the Islamic Revolutionary Guard Corps (IRGC). This is despite the vessel being under arrest by the United Arab Emirates authorities and being under a Prohibition from Sail issued by the Administration. It appears that the actors intended to bring the vessel to Iran to further the aim of distributing Iranian state oil. The Master at the time of the hijacking had onboarded in 2020, after the ship-to-ship transfer with a national Iranian vessel but was aware of the vessel's arrest and ownership dispute prior to boarding. During the alleged hijacking incident, the crew indicates they were under duress, as they allege, they were held up at gunpoint, had their hands tied by armed robbers using cable ties, and were later blindfolded when disembarking the vessel. They were, by their accounts, coerced into complying.

Overall, the activities and omissions surrounding the vessel's alleged hijacking suggest that the removal of the vessel from UAE waters was planned, and that third parties, including, but not limited to private entities, state actors, sovereign state agencies and, or others were aware of these plans.

While the Administration, based on the available evidence, cannot make a determination as to how the vessel disappeared from Khor Fakkan and who the perpetrators and co-conspirators were, it also cannot absolve the relevant parties based on this lack of evidence. It is therefore worth noting that a lack of cooperation from certain parties and withholding of information actively undermined this investigation and this Administration can therefore not exclude the possibility that self-implicating information was withheld by some parties. The belief held by this Administration is that the incident was facilitated by multiple relevant parties and involved a multinational scheme to bypass sanctions of the Iranian regime by the United States Treasury Department. A tracing of funds relating to the vessel and the parties in this investigation would reveal how this scheme was facilitated. DMA is of the belief this was a lot more complex than any one party "recouping" what was lost.

ACTIONS TO BE TAKEN BY THE ADMINISTRATION

1. That the Administration continue to utilize the enhanced IHS Markit MIRS software and develop lists of its vessels in order to set alerts for certain activities and movements by these vessels that was acquired after the incident described.
2. That the Administration continue following its updated protocols related to vessel registration and enhanced due diligence on beneficial owners of a vessel.
3. That the Administration pursue all possible actions related to enforcement of its penalties against the vessel owners, which are also recorded as a lien against the Gulf Sky.
4. That the Administration continue pursuing all avenues to receive payment from the owners, or obtain and sell the vessel, for the penalties levied against the owners, which are additionally recorded as a lien on the vessel.
5. That the Administration continue to provide support to the crew, to the extent possible, to secure their unpaid wages.
6. That the Administration continue to pursue further evidence and information related to this matter, through communicating with the relevant parties.
7. That the Administration draft and develop a “white paper” to the International Maritime Organization to insist on the development of a harmonized international flag, port and coastal state information and intelligence sharing regime be developed to mitigate illicit activity in, on or near the waters utilizing IMO instruments for the basis of sovereign regulatory tools.

The Administration Investigation Officers:

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APPROVED IN FULL ON THE DATE UNDERSIGNED:

A handwritten signature in black ink, appearing to read "Eric R. Dawicki", with a stylized flourish at the end.

Eric R. Dawicki

Lead Investigation Officer

Dated: 19 July 2021