

Fraud as a Reason to Book a Documentary Credit

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Abstract

This paper explores the role of fraud as a compelling reason for invoking documentary credits in trade transactions. Documentary credits, commonly known as letters of credit, serve as crucial financial instruments facilitating global commerce. The Bank is committed to examining the documents submitted by the beneficiary but does not fully guarantee their integrity, so it is committed to achieving this benefit. While designed to provide security and mitigate risks, the prevalence of fraud in international trade poses significant challenges. In the event of the commission of these acts, the seizure is considered a means of executing documentary credits. The research concluded that the examination of documents takes place without the obligation to comply with the goods, and it has found that legislation will establish separate rules for the seizure of documentary accreditation.

Keywords: fraud, documentary accreditation, independence, booking, bank, goods

Introduction

International trade has a special atmosphere different from domestic trade. It takes place among people who are usually unknown, who are not confident enough, and who are far apart, and it is difficult for one to infringe on the other when competing. They follow States whose legislation is different from that of other States. And the performance of the sales contract and the delivery process cannot take place between the seller and the buyer and is not physically on sale for the remoteness of the place of transmission from the place of arrival. It is mediated by the sales representative's documents; this differs in international trade conditions from domestic trade conditions requiring regulation and special means commensurate with the special atmosphere within international trade. The other

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party may intentionally document that match accreditation requirements but in fact, the goods may have been sent from a particular port, but the Certificate of origin has been shown to have been sent from another port (Akrem, 2000; Al-Billeh, 2022a).

The Documentary Accreditation Contract is independent of the contract that opened the accreditation because of the reason, and the Bank remains foreign to this contract, resulting in the examination Documents in which the International Contract conforms to the terms of documentary credits Accreditation, With no obligation to match the goods, as a result of which Contracting Parties have performed certain acts to obtain the value of the accreditation by fraud (Alavi, 2016; Al-Billeh, 2022b).

As a result of these acts, the Contracting Parties are obliged even prevent the execution of documentary credits in case of fraud and other unlawful acts, and seizure is an important means of doing so because the right holder fears that the debtor may lose a right whether by smuggling, taking or. Here we talk about the right person to use. Here is one of the contracting parties, buyer, or others, to take booking procedures to prevent the execution of documentary credits in the event of fraud (Alavi, 2017a; Al-Billeh, 2022c). Based on the foregoing, we will examine the concept of documentary accreditation fraud in the first claim, and fraud as one of the reasons for booking documentary reliance in the second claim.

Methodology

The importance of this study is that it carries out a fraud study affecting documentary reliance. The research shows the definition of fraud, conditionality, image, and course as a booking method used in international sales. This study also examined the Jordanian legislator's position on fraud for future advice. Researchers in the preparation of this research used the descriptive approach through the definition of fraud that will use people and conditionality to use you as a reservation, and the analytical approach through the analysis of the legal paragraphs dealing with the subject matter of the study.

Concept of fraud in documentary credits

Documentary accreditation is a type of transaction in, which the Bank carries out the financing of external transactions from selling and exporting and gives business operations confidence and stability that the process was organized by banks through documentary credits. The bank can play an essential role by assuring the buyer to receive its goods on time and at the designated location and is not obliged to pay the price. After receiving documents showing the seller's performance of all obligations imposed on it by the sales contract, At the same time,

the seller ensures that the price of its goods is received when the bank receives the required Existing in Letter of Credit (Alafi, 2017 b; Beila, 2022 d) The adoption of documents has several aspects, the most important of which is the protection of the parties. The important manifestation is the bank's independence.

To comply with to requirements of international contracts in documentary credits, without checking their conformity with the relevant goods, some contractors used fraudulent methods to obtain the value of documentary credit without undue prejudice to beneficiaries and banks. Based on the foregoing, we will study the concept of fraud in documentary accreditation, hence the means of fraud, image, and condition.

Definition of fraud in documentary credits

Documentary Accreditation Fraud" means any act of the beneficiary intended as the benefit of fraudulent accreditation. It is issued by the person who will benefit and not include others (Azar, 2017; Al-Billeh, 2022e). Means or means the use of fraudulent methods and methods by the contractor or by the other party (Azar & Abdallah, 2015; Alkhseilat et al., 2022).

Or is the beneficiary using the accreditation for the purpose of damaging the client, thereby deviating the vein of those guarantees to a bank from the purpose for which it existed and in contravention of the goodwill principle (Cheolsoo Kim, 2013; AL-Khawajah et al., 2022).

Evidence of fraud in documentary reliance

Until fraud is invoked and invoked until the amount of documentary credit is withheld, it can be invoked only after the substantial evidence In order to prevent allegations of fraudulent persons in conflict with the law with their intention of having bad faith purchasers The claim that there is fraud is not enough. It must be proven (Delimedjac, 2014; ALMANASRA et al., 2022).

Fraud in the area of documentary credits is established by all means of proof in accordance with the principles. The free proof is applied in commercial materials which means from the underpinnings of business operations and the permissibility of proof of business operations in all ways without waste of time and without formal complexities (Mead, 1922; Alshible et al., 2023). Fraud in goods upon arrival is evidenced by judicial expertise from the competent court and an exception is made through summary jurisdiction by an urgent disclosure request to establish the case.

Document fraud is proven by, for example, a record of the document ' However, such evidence must be performed before the credit is implemented and its payment is due, and Here the proof must be before an appropriation is implemented, i.e. before the accrual If it is implemented in several stages, it is before

the stage at which the payment is made or the last stage (Megrah, 1959; Al-Billeh et al., 2023).

Images of fraud in documentary accreditation

Document Fraud

The general rule is that the bank does not conform to the documents submitted by the contracting parties to it. However, the liabilities may not object to this if they have acted with equal intent, and the reason for this is that the principle of bank independence is not exploited. However, it refrains from paying the deduction so as not to offend the bank's principle of independence. (Akrem, 2000; Isa et al., 2022).

In the United States judiciary, the court did not explain that the for the bank's reason failure was fraud to meet the accreditation value but limited it to the case of apparent fraud and the evidence. You may submit to the bank documents on the face of them that are identical, but there are defects, here banks must refrain from performing the accreditation contract, and issue orders not to perform the documents because in the face of them, it is a violation. They are in conformity with the accreditation contract, but they are presented in bad faith, and "they are not in conformity with reality and their purpose is to shade the bank in order to get the credit amount here. The bank here is entitled not to pay the amount. If the buyer proves that the bank has undoubtedly when the bank deceived the beneficiary here should refrain from an affirmative request. The general rule is that fraud harms the interests of the parties to the documentary credit contract and reduces the trust on which the company is based, especially Barudi's banking services (Zhang, 2012; Al-Billeh & Al-Qheiw, 2023). An example of the bank's refusal of documents in case of discrepancy is if the goods that appear on the bill of lading were shipped from a particular port in that the certificate of origin refers to another port, in which Rejection of these documents.

Infidelity in goods

A form of fraud in documentary credits is fraud in contracted goods where the buyer provides unacceptable goods or does not conform to GE's certification specifications or reduce the weight of the goods. The other party may intentionally submit documents that appear to be in conformity with the accreditation requirements but in fact otherwise, or that the goods were shipped from a particular port while the certificate of origin states that they were shipped from another place (Azar and Abdullah 2- Fraud must be made by the person invoking it, the beneficiary, and fraud must be a client of intent. It is not assumed that fraud must

be presented to the court with evidence (Azar & Abdallah, 2015; Al-Billeh & Abu Issa, 2022).

A case in point also states that the goods are not present that have been described in the documents. Or it's in silver containers, or wares of poor quality, other than those described Goods described in documents the documents were of an erroneous description. ", Or a bill of lading that includes the existence of the type of goods is completely different from the goods actually shipped (Cheolsoo Kim, 2013; AL-Hammouri et al., 2023).

Requirement

Fraud as a reason to book a documentary credit Seizure is one of the interim measures preceding the initiation of the right action, as the right holder fears that a right will be lost by the debtor whether by smuggling or making money. Here we talk about the right holder's recourse, whether the ordered customer, buyer, or others, to take custody action to prevent the execution of documentary credits in the event of fraud or other unlawful acts. This does not mean that it is a lawsuit, since the client must, according to a fixed period determined by the legislation, file a claim of confirmation of the right, which is his complement to the detention, otherwise, the detention shall be invalid (Cheolsoo Kim, 2013; Al-Billeh & Al-Hammouri, 2023).

Detention is a legal system that has created the legislator as a means of provisional legal protection determined to prevent a creditor's anticipated risk to its general security, and therefore important for the practical effects With a view to bringing proceedings before the courts to ensure the preservation and fulfillment of litigants' rights, Booking Means used a booking applicant to influence his debtor's financial position and may also be a vexatious instrument for damaging the If used in bad (Delimedjac, 2014; Al-Billeh & Abu Issa, 2023).

Accordingly, the Jordanian legislature has made reservations as a preventive means of preventing the risk to the creditor under threat has regulated them in the Civil Procedure Act No. 24 of 1988, as amended, in articles 141 and 152 thereof, as well as in the Jordanian Implementation Act of 2007 and its amendments. Legislation works to prevent the risk from occurring, by speeding up proceedings by setting up a pre-action seizure request, which usually consists of a small fee and aims to prevent the disposal of money by the debtor by either smuggling or dissipation.

As a result of the application of the principle of banking independence, which is deemed to be foreign to the consent of the parties and examines documents that comply with the international contract with the terms stipulated in the documentary credit without the obligation to examine its compatibility with the

goods or related contracts, This led to some people using fraudulent methods to obtain the value of documentary credit without right to the detriment of the beneficiaries and the bank, the bank here must reject these violating documents and prevent the implementation of an obligation (Zhang, 2012; AL-Khalaileh et al. 2023; Azar & Abdallah, 2015; Al-Khawajah et al., 2023).

By reverting to the texts of uniform assets and customs, we find that they did not solve the problem of the parties' actions to harm contractors, but rather tried to prevent them through the examination of documents by banks, and the Supreme Court of America addressed this by issuing judgments in cases whose legal basis was fraud. (Where one of the contractors requested the bank to pay the value because the other party had committed fraud, the court decided to answer the students, on the basis that the principle of bank resignation should not be exploited by persons who commit fraud. The Supreme Court also issued a "Shaffer" case, which indicated that there was Document fraud based on its judgment that although the principle of autonomy did not examine those documents, it should not protect persons of intent. Unlike the judiciary in America, the Supreme Courts of Britain did not consider fraud to be a ground for preventing the execution of but only serious fraud in the documents. the execution of the value of the documentary credit, but only to serious fraud in the documents.

Conclusions

This study found that documentary accreditation instruments are used for the implementation of international agreements. Kuna overcomes the problems and risks of international trade. The transactions are financed by international commercial contractors through documentary credits, which contribute to the growth of this exchange because it plays a role in reducing risk and working to build trust between the relevant contractors.

From this study, we have found that Pure resignation is based on the examination of documents that are compatible with the international contract with those terms stipulated in the Documentary Credit without examining the applicability of the related contracts agreed upon. This resulted in some people using fraudulent actions to obtain the amount of Documentary Credit without right, resulting in damage to parties and banks. Through this study, we have established that booking is one of the most important means of preventing the execution of documentary credits in the event of fraud, fraud, and other unlawful acts. Interim measures preceding the initiation of a right action if the right holder is resorted to whether the client is a warrant, buyer, or other mechanism to prevent the execution of documentary credits in the event of fraud or fraud.

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