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## Deadbeats, Beware: Nautical 'Repo Men' Take to the Seize

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They Risk Harassment and Jail  
In Exotic Places to Reclaim  
Vessels Deeply in Debt

By BILL RICHARDS

Special to THE WALL STREET JOURNAL  
SEATTLE — On his last assignment, Bruce Hull slipped \$75,000 past a suspicious Russian customs agent, went speeding through a Siberian town with a former KGB agent and commandeered a fleeing fishing boat on rocky Siberian seas.

Mr. Hull may look like a desk-bound, 35-year-old attorney, but he actually is a nautical version of a repo man — one of a small but growing number of people who specialize in repossessing boats that deadbeats have stashed in faraway ports. "I'm an admiralty attorney," he says, "who solves problems."

There are plenty of problems to solve in the boat-repossession business these days; a hangover from recession and the ups and downs in the global fishing industry is keeping the foreclosure market for yachts and large oceangoing fishing boats humming. And, though banks and lenders rely heavily on law-enforcement agencies to snatch back foreclosed boats in the U.S., marshals and sheriffs can't, by international law, venture more than three miles from shore to seize a vessel. Moreover, with lenders growing increasingly aggressive about seizures, some prefer to hire private repo men to seize boats in the U.S. as well.



Bruce Hull

This leaves plenty of work for private repo firms, says Robert Toney, president of National Liquidators Inc. The Fort Lauderdale, Fla., concern is the nation's largest boat repossessor, having seized more than 3,300 boats for lenders during the past seven years, most of them yachts whose owners have defaulted on their loans. Fees vary from a few hundred dollars to tens of thousands of dollars, depending on the difficulty of the operation.

Wherever the boat is, the creed of the modern maritime repo man is stealth and speed. "You sneak in, get on the boat and sail it to your marina," says Emery Harper, a New York maritime lawyer who has handled dozens of boat foreclosures. "Then you call the owner and say I'm selling it."

Mr. Hull can be even more direct. He once coaxed the owners off a yacht berthed at a marina in posh Newport Beach, Calif., and sailed away — after first allowing them to finish their drinks. Two years ago, he tracked a wayward cod-fishing boat to the far end of Alaska's Aleutian Islands. When he flew in with a hired crew to seize the vessel, he found a line of angry creditors waiting on the dock. Mr. Hull had to dole out more than \$7,000 before he could get the boat out of the harbor.

But last year, Caterpillar Inc. came to Mr. Hull with a complex problem. The finance arm of the Peoria, Ill., heavy-equipment maker had sunk \$10 million into three commercial-fishing vessels whose Seattle owner was in violation of his lending agreement; worse, the owner had taken the boats to Siberia, where he had sold them to the Shield Association, a group of Russian military veterans. And Shield, according to Mr. Hull, had obtained some of its financing for the boats from Russian organized-crime operatives — a fact that a Shield representative in the U.S. doesn't deny.

Could Mr. Hull get the boats back? Caterpillar attorneys say they tried negotiating with Shield and senior Russian officials to have the boats impounded in Sakhalin, Siberia, where they were berthed. But the negotiations broke down, says Richard Rothberg, a Caterpillar lawyer. "There is a great deal of chaos in Russia," he adds. "It's a lot wilder than Peoria."

Mr. Hull took the job, although legal experts say such forays present serious legal and liability problems. "Vessels sink, they bump into things," says Bruce King, a Seattle attorney who chairs the subcommittee on vessel foreclosures and insolvency for the Maritime Law Association of the U.S. "If the vessel goes down and you have an oil spill, you've got an enormous exposure."

Some countries also frown on free-lance repos. Three years ago, Cleveland-based Key Bank sent a repo team to snatch a yacht sitting in a marina in Costa Rica, a country that is especially unhappy with such ventures. The four-man team ended up in a Costa Rican jail and eventually sued the bank. A Key Bank spokesman declines to comment, saying the matter is still in litigation.

### Accounting for Conditions

Caterpillar says it dispatched Mr. Hull on his repo mission to Siberia with three bulging money belts and strict orders to do nothing illegal. "We hired Bruce to make sure we did things right," Mr. Rothberg says.

Mr. Hull maintains that he went by the book — although which book seems a bit unclear. He bluffed his way through customs, declaring that he was carrying only \$15,000 — the limit on cash that foreigners are allowed to take into Russia.

His Russian contact — "a guy named Yuri" — put up Mr. Hull and his hired three-man crew in a five-story concrete hotel in Sakhalin that was empty except two dozen blond Russian "hostesses" waiting for a chartered jet to fly them to Japan. Mr. Hull says he was walking from the hotel to a nearby beer kiosk one afternoon when he encountered a corpse, propped up near a group of youngsters playing soccer.

"Sakhalin," he says, "is a pretty tough place." Merely getting around was harrowing; Mr. Hull's Siberian driver bragged of his KGB connections while speeding about to routine appointments as if he were in a James Bond chase scene.

### Breaking Free

Caterpillar officials and Mr. Hull say no bribes were paid to retrieve the three fishing vessels. But it is clear that over six days, his \$75,000 stash dwindled to \$11,000. Mr. Hull, who doesn't speak Russian, says his Russian guide did most of the negotiating. Port officials, for example, demanded \$300,000 for back bills they said were owed on the boats. Mr. Hull says they settled for \$3,000, a chess set and an American police uniform that one of his crew happened to have with him.

During the negotiations one of the vessels suddenly steamed for the open ocean; Mr. Hull was forced to give chase. In a borrowed launch, the lawyer and his crew raced alongside and then boarded the boat. The captain refused to leave, so Mr. Hull hired him.

By the time Mr. Hull flew out of Siberia, all three of the confiscated fishing boats, along with a horde of Russian rats that had infested them, were headed for South Korea — two under their own power and a third, which had been gutted, at the end of a tow rope. Caterpillar says two of the boats are still being repaired in Korea. The third, the 1,095-ton Northern Empire, steamed into Seattle last month.

Even in Siberia, where strange things happen every day, the boat seizures were considered novel. Alexander Kozlov, a Shield Association official in Washington who negotiated with Caterpillar, says Caterpillar would have been better off allowing his investors to fish the boats, and repay the \$10 million in U.S. liens with proceeds from their catches. After all, he says he had spent \$1.4 million securing temporary fishing permits from Russian authorities.

But Mr. Hull says it is slightly more complicated than that; Mr. Kozlov had fallen out of favor with his permit granters, and it had become clear the boats weren't leaving the docks.

Mr. Kozlov simply shrugs and says, "We're honest guys" who got cheated.