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Two Shipping Corporations Plead Guilty and Are Sentenced in Maryland for Obstruction of Justice and Environmental Crimes*Companies Each Sentenced to Pay \$1.2 Million, Including \$550,000 to Benefit Chesapeake Bay*

WASHINGTON – Two corporations pleaded guilty today in separate hearings in Baltimore for their role in managing and owning a ship engaged in deliberate discharges of waste oil and plastic garbage. The companies were each sentenced by U.S. District Judge Marvin Garbis to pay \$1.2 million and serve three years of probation during which they will be required to implement a government approved environmental plan that includes audits conducted by an independent firm and review by a court appointed monitor.

Efploia Shipping, a Marshall Islands corporation based in Greece, was the technical manager of the *M/V Aquarosa*, a 33,005 gross ton newly built cargo ship, constructed in China and registered in Malta. Aquarosa Shipping, a company based in Denmark, was the owner of the vessel. Both corporations pleaded guilty today to four felony counts: obstruction of justice, making material false statements, and the environmental crimes of knowingly failing to maintain an accurate oil record book and knowingly failing to maintain an accurate garbage record book, both in violation of the Act to Prevent Pollution from Ships (APPS).

According to papers filed in court, senior ship engineers started dumping oil contaminated bilge waste on the ship's very first voyage after it was completed in June 2010 in China. One method involved removing the blocking mechanism inside a valve so that waste could be pumped overboard. Another method involved a so-called "magic pipe" consisting of a long rubber hose and metal flanges welded together onboard to bypass required pollution prevention equipment.

The investigation began after an engineer complained to the U.S. Coast Guard when the ship arrived in Baltimore in February 2011. The crew member provided the Coast Guard with his cell phone containing 300 photographs showing how a magic pipe was being used to discharge sludge and oily waste overboard and to bypass the ship's oily water separator, a required piece of pollution prevention equipment. Plastic garbage bags containing oil soaked rags were also dumped overboard. Under MARPOL, an international treaty to which the United States is a party and which is enforced by the APPS, ships must maintain an oil record book and a garbage record

book in which all such discharges are recorded. Both defendants admitted to deliberately falsifying these required logs.

The ship's Chief Engineer, Andreas Konstantinidis, is currently incarcerated for his role. He pleaded guilty in December to obstruction of justice charges and was sentenced to three months in prison.

Both Efploia Shipping and Aquarosa Shipping were sentenced to pay a total of \$1.2 million. Of that amount, each defendant was ordered to pay \$275,000 in organizational community service payments to the National Fish & Wildlife Foundation which will receive a total of \$550,000 earmarked for projects involving Chesapeake Bay.

At the hearing today, the United States requested that the court issue an award to the whistleblower whose information led to the conviction of the defendants. The court did not rule on the matter today.

“The Justice Department will continue to vigorously prosecute the intentional dumping of oil and plastic from ships and falsification of ship records because they are serious crimes that threaten our precious ocean resources,” said Ignacia S. Moreno, Assistant Attorney General for the Environment and Natural Resources Division of the Department of Justice.

“The defendants dumped pollution into the ocean and falsified records to prevent the Coast Guard from learning about it,” said Rod J. Rosenstein, U.S. Attorney for the District of Maryland. “More than \$500,000 of the penalty proceeds will fund conservation efforts for the Chesapeake Bay, our nation's largest and most diverse estuary.”

“The Coast Guard's objective when investigating violations and supporting these prosecutions is to ensure environmental stewardship is not optional and that deliberate violators are held accountable,” said Coast Guard Capt. Mark O'Malley, Captain of the Port of Baltimore. “This sentence includes a requirement that these defendants develop and implement a comprehensive environmental compliance program that will be monitored by third-party auditors. Our inter-agency efforts are not just aimed at punishing misconduct, they are aimed at fostering a safe, environmentally conscious and professional marine industry,”

“This case was resolved through excellent partnership between the regulatory and enforcement divisions of the U.S. Coast Guard, and also the dedicated pursuit of justice by the U.S. Attorney's Office, Department of Justice and EPA-CID” said Otis E. Harris Jr., Special Agent-in-Charge, Coast Guard

Investigative Service Chesapeake Region. “The Coast Guard Investigative Service is fully committed to investigating and resolving all criminal allegations of violations of environmental and regulatory statutes.”

“The oceans must be protected from those who circumvent laws by dumping wastes improperly,” said David G. McLeod, Special Agent in Charge of EPA’s criminal enforcement program in Maryland. “The defendants in this case directed the discharge of oily waste and garbage from their vessel into open water, ordered ship records to be falsified and lied to conceal these crimes. Today’s guilty pleas and sentences should send a strong message that we do not tolerate the flagrant violation of environmental laws and will work closely with our partners to vigorously prosecute those who despoil our environment.

This case was investigated by the U.S. Coast Guard Investigative Service and the EPA Criminal Investigation Division, with assistance from Coast Guard Sector Baltimore, and the Fifth Coast Guard District Staff Judge Advocate’s Office. The case was prosecuted by Senior Trial Attorney Richard A. Udell and Trial Attorney David O’Connell of the Environmental Crimes Section of Department of Justice Environment and Natural Resources Division, and Assistant U.S. Attorney Michael Cunningham.