



Department of Justice

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Tanker Company Fined \$4.9 Million for Falsifying Records and Obstruction of Justice

WASHINGTON—Repeat offender, Ionia Management, a Greek company that manages a fleet of tanker vessels, was sentenced today for its role in falsifying records to conceal the overboard dumping of waste oil from the M/T Kriton into international waters and its efforts to impede the investigation of the U.S. Coast Guard, announced Ronald J. Tenpas, Assistant Attorney General for the Justice Department's Environment and Natural Resources Division, Kevin J. O'Connor, U.S. Attorney for the District of Connecticut, and Rear Admiral Tim Sullivan, Commander of the First Coast Guard District, U.S. Coast Guard.

U.S. District Judge Janet Bond Arterton for the District of Connecticut fined Ionia Management \$4.9 million and appointed a Special Master to oversee the company's record keeping. As part of the sentence, the Special Master will hold hearings every 6 months to review the company's records. Also as part of the sentence, no ships owned by Ionia Management will be permitted into U.S. ports without first installing special monitoring equipment.

Ionia Management was convicted on Sept. 6, 2007, in New Haven, Conn., on 13 counts of violating the Act to Prevent Pollution from Ships, three counts of falsifying records in a federal investigation, one count of obstruction of justice, and one count of conspiracy.

The M/T Kriton was equipped with an oil water separator and an incinerator, equipment designed to prevent oil-contaminated wastes from polluting the sea by treating and disposing of the wastes within the ship. Typically, oil-contaminated wastes are produced when other equipment on the ship is operated, repaired, and cleaned. The waste oil from these processes collects in the bottom of the ship where it mixes with seawater. Heavier oily sludge wastes are captured and stored on tanks aboard the ship.

From at least Jan. 1, 2006, to March 20, 2007, crew members aboard M/T Kriton, operated by Ionia Management, made false entries in the ship's oil record book indicating that they had regularly used the ship's oil pollution prevention equipment. Evidence at trial proved that the equipment was rarely, if ever, used and, instead, crew members pumped the ship's oil-contaminated wastes and sludge directly from the ship into the ocean using a rubber hose. At least 968 tons of oil-contaminated waste was unaccounted for in the Kriton's oil record books. In addition to falsifying oil record books, Ionia Management submitted false statements in environmental compliance checklists that it was required to submit to the U.S. Coast Guard as part of its probation from the 2004 conviction in the Eastern District of New York. After the Coast Guard investigation of the Kriton began in March 2007, the ship's Chief Engineer and Second Engineer destroyed the rubber hose used to pump waste to the ocean.

Chief Engineer Petros Renieris pleaded guilty and was sentenced on Dec. 3, 2007. Second Engineer Edgardo Mercurio pleaded guilty and was sentenced on Oct. 12, 2007.

The counts were consolidated for trial from indictments returned in the District of Connecticut, Southern

District of Florida, Eastern District of New York, and District of the U.S. Virgin Islands. The maximum possible fine on each count was \$500,000, for a total maximum fine of \$9 million. The company had a prior conviction in the Eastern District of New York in 2004 for false statements involving the oil record book on another ship and was still on probation for that crime when the latest violations occurred.

“Ionia Management engaged in serious criminal conduct, concealing their deliberate acts of large-scale pollution, even while they were on probation,” said Assistant Attorney General Tenpas. “This company has a history of ignoring environmental laws and obstructing subsequent Coast Guard investigations. Today’s sentence should make clear to them that such actions will be punished.”

“We hope and expect that this prosecution and the stiff sentence imposed sends a clear message to all who intend to pollute the world’s waters that such conduct will not be tolerated,” said U.S. Attorney O’Connor.

“The jury’s verdict in this case, and the sentence imposed by the court today, should mark a clear shot across the bow to all ship operators. Those who deliberately and illegally use our oceans as their own dumping grounds and attempt to obstruct our investigations into their illegal activities will be held accountable by juries and judges in the United States,” said Rear Admiral Tim Sullivan, Commander of the First Coast Guard District. “All companies particularly repeat offenders such as Ionia Management S.A., must take note, accept responsibility, and change their behavior. Until that happens and compliance is achieved, we will continue to work with our trusted partners in the U.S. Attorneys offices, the Department of Justice, and our international counterparts to further escalate these enforcement actions.”

The investigation was conducted by the Coast Guard Investigative Service, the Coast Guard Sector Long Island Sound, and the Environmental Protection Agency’s Criminal Investigative Division. Assistance was also provided by the Netherlands Royal Military Police, Ministry of Transport, Public Works, and Water Management, and Coast Guard. The case was prosecuted by the U.S. Attorney’s Office for the District of Connecticut, the U.S. Attorney’s Office for the Southern District of Florida, the U.S. Attorney’s Office for the Eastern District of New York, the U.S. Attorney’s Office for the District of the U.S. Virgin Islands, and the Environmental Crimes Section of the U.S. Department of Justice.

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