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For Immediate Release

January 13, 2009

GREEK-BASED OPERATOR OF SHIP PLEADS GUILTY TO FALSIFYING RECORDS

PHILADELPHIA - Pendulum Shipmanagement Inc. (“Pendulum”), a ship management company, headquartered in Greece, pleaded guilty today to charges that it conspired with members of the crew of the *M/V Quantum*, a commercial cargo ship, to defraud the United States by falsifying the vessel’s Oil Record Book, announced Acting United States Attorney Laurie Magid. United States District Judge Berle M. Schiller immediately sentenced the company to a \$1.3 million fine, a \$1,600 special assessment, three years of probation, and ordered the company to implement an Environmental Compliance Plan.

The false entries and omissions in the Oil Record Book pertained to the improper management and disposal of oily waste and ballast containing an oily mixture by the ship. Defendant Pendulum, acting through the actions of the crew of the vessel, also falsified Ballast Water Reporting Forms that were provided to the United States Coast Guard and obstructed a Coast Guard Port State Control Inspection of the ship when it entered the port of Philadelphia on 3, 2008.

Federal and international law require that ships comply with certain pollution regulations to ensure the proper handling and disposal of such oil contaminated materials. More specifically, owners, operators and crew of ships, like the *M/V Quantum*, must process oily wastes through a piece of pollution prevention equipment, called an Oily Water Separator, prior to discharge into the ocean. Large vessels generate significant quantities of oily waste from various mechanical operations, including when oil leaks and drips from machinery and engines into the bottom of a vessel (the bilge), and mixes with water. Such oily bilge waste may properly be disposed of by off-loading to a disposal facility in a port for a fee, or by discharging it overboard after the oily waste has been processed through the Oily Water Separator which acts like a large filter. Federal law further requires that ships record accurately the disposal of oily waste and oil-contaminated ballast water in an Oil Record Book, and to have the Oil Record Book available for inspection by the U.S. Coast Guard when the ship enters the jurisdiction of the United States.

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“These laws exist for the protection of our environment and are not ‘guidelines’ to be followed at someone’s whim,” said Magid. “The actions of the crew and, by extension, the ship’s operator took shortcuts that are unacceptable and posed a threat to the environment.”

“Pendulum demonstrated little regard for the environment as the evidence indicates that it’s crew mismanaged their oily waste and contaminated ballast, and sought to conceal such actions by falsifying its ship’s documents,” said David Dillon, special agent in charge of EPA's Criminal Investigation Division in Philadelphia. “In addition to a significant, yet appropriate, fine, the company must implement an environmental compliance plan--enforceable by the government --to make sure it doesn't commit crimes in the future.”

According to the Information, on or about July 3, 2008, the *M/V Quantum* arrived in the Port of Philadelphia, Pennsylvania, within the internal waters of the United States. The U.S. Coast Guard conducted an inspection of the ship and discovered evidence indicating that the *M/V Quantum*'s Oily Water Separator was not working properly and that as a result, the ship discharged oily waste directly overboard since at least May of 2008. The discharges were made using a pipe to bypass the vessel’s pollution prevention equipment, specifically the Oily Water Separator. The Information further alleges that on or about July 3, 2008, the *M/V Quantum* presented the ship’s Oil Record Book to the U.S. Coast Guard, and the Oil Record Book falsely indicated the oily waste was properly processed through the ship’s pollution prevention equipment and failed to account for the discharge of oily bilge waste.

The Information also charges that in or about February of 2008, the vessel’s ballast system became contaminated with oil. Efforts by defendant Pendulum to clean the ballast system of oil resulted in the further discharge of oil-contaminated ballast water directly into the ocean. The Information alleges that the *M/V Quantum*'s Oil Record Book failed to account for the discharge of oil-contaminated ballast water.

In an effort to hide the contamination of the *M/V Quantum*'s ballast system, the crew of the vessel installed a false hose into a ballast tank sounding tube that was closed at one end and filled with sea water to make it appear that the ballast tank contained clean water when, in fact, it was contaminated with fuel oil.

An information was filed on December 22, 2008, against Pendulum Shipmanagement, Inc., the master of the vessel Nestor Alcantara, 52, of the Philippines, and chief engineer Alfredo Onita, 50, also of the Philippines. Defendant Alcantara faces a maximum sentence of 11 years imprisonment, a three-year period of supervised release, a \$500,000 fine, and a \$200 special assessment. Defendant Onita faces a maximum sentence of 11 years imprisonment, a three-year period of supervised release, a \$500,000 fine, and a \$200 special assessment.

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The case was investigated by the United States Coast Guard Investigative Service, and the U.S. Environmental Protection Agency Criminal Investigation Division. It is being prosecuted by Assistant United States Attorney Jonathan I. Shapiro and Special Assistant United States Attorney Joseph J. Lisa.

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