

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Wednesday, February 23, 2011

Liberian Shipping Company Sentenced to Pay \$2.4 Million for Falsifying Oil Record Book and Lying to Cover up Illegal Discharges of Waste

WASHINGTON – Cardiff Marine Inc, a Liberian-registered shipping company, was sentenced today in federal court in Baltimore after pleading guilty to a felony violation of the Act to Prevent Pollution from Ships. The company admitted falsifying records of illegal discharges of oily waste from the *M/V Capitola*, making false statements to the Coast Guard and other acts of concealment. U.S. District Judge Marvin J. Garbis sentenced Cardiff to pay a \$2.4 million fine and serve three years probation, subject to an environmental compliance plan that includes audits by an independent third party auditor.

The guilty plea and sentencing were announced by U.S. Attorney for the District of Maryland Rod J. Rosenstein; Ignacia S. Moreno, Assistant Attorney General, Environment & Natural Resources, U.S. Department of Justice; Rear Adm. Dean Lee, Commander of the U.S. Coast Guard's 5th District; Special Agent in Charge Otis E. Harris, Jr. of the Coast Guard Investigative Service-Chesapeake Region; and Special Agent in Charge David M. Dillon of Environmental Protection Agency's Criminal Investigation Division.

According to court documents, the investigation into the *M/V Capitola* was launched on May 3, 2010, at the Port of Baltimore, after a crew member informed a clergyman, who was on board the *Capitola* on a pastoral visit, that there had been "monkey business in the engine room," which involved a "magic pipe." The magic pipe proved to be a bypass hose that allowed the dumping of waste oil overboard, circumventing pollution prevention equipment required by law. The crew member asked the minister to alert the Coast Guard and to pass on a flash drive bearing video taken in the ship's engine room. That triggered an inspection of the *Capitola*, and ultimately, today's guilty plea.

"The Department of Justice will continue to hold shipping companies like Cardiff accountable for breaking the laws that protect our oceans," said Assistant Attorney General Moreno.

"Shippers who fail to record discharges of oily waste, discharge waste illegally, or try to cover up this unacceptable and illegal practice will be prosecuted."

"Cardiff Marine blatantly violated the law by dumping oil in the ocean and then lying to the Coast Guard about it," said U.S. Attorney Rosenstein. "As part of the punishment for this crime,

Cardiff Marine will pay a fine of \$2.4 million, and Cardiff will remain under court supervision for three years.”

“The resolution of this case is a credit to our strong partnership with the Department of Justice,” said Rear Admiral Lee. “The Coast Guard brings to bear the expertise and detection capability of our marine inspectors, and our partnership with the Department of Justice allows us to hold marine polluters accountable.”

“The oceans must be protected from shipping companies that look to cut corners by dumping waste improperly,” said Special Agent-in-Charge Dillon. “Today’s action demonstrates that neither the government nor the public will tolerate the flagrant disregard of U.S. laws. Those who violate the law and pollute our waters will be vigorously prosecuted.”

An investigation, involving agents from the Coast Guard Investigative Service and EPA’s Criminal Investigative Division, with support from their agencies, confirmed that there had been an illegal discharge system on the *Capitola* as depicted in the whistleblower’s video. It showed a black hose tied in several places to overhead piping in the *Capitola*’s engine room. The hose connected one of the vessel’s waste oil tanks to a valve that opened directly to the ocean.

During its inspection, the Coast Guard interviewed members of the *Capitola*’s engine room crew, including the whistleblower. Three of these crew members had served on the *Capitola* for more than six months and during that time had witnessed multiple occasions when a hose was used to discharge the waste oil, sludge and water that had accumulated in the separated oil tank overboard, as directed by a senior engineering officer. None of these illegal discharges were recorded in the Oil Record Book, as required by law.

Investigators also learned that there had been a document called the Daily Sounding Record on the *Capitola*, and that it had tracked how much waste oil, sludge and bilge water was in each waste tank, on a daily basis. This record would have been useful during the Coast Guard’s inspection of the *Capitola* in that it could have shown when the levels of the waste tanks changed, which could be compared to entries in the Oil Record Book. Sudden, unexplained drops in the measurements could have indicated specific dates when wastes were discharged overboard. The Daily Sounding Record was not produced to the Coast Guard. The senior engineering officer who kept these records told the Coast Guard that the only record of waste tank levels that he had were undated scraps of paper in his office.

This prosecution was made possible through the combined efforts of the U.S. Coast Guard Sector-Baltimore; the Coast Guard Investigative Service-Baltimore; Coast Guard Fifth District

Legal Office; Coast Guard Office of Maritime and International Law; Coast Guard Office of Investigations and Analysis; EPA Criminal Investigations Division. The cases were prosecuted by Thomas T. Ballantine of the Environmental Crimes Section of the U.S. Department of Justice and Justin S. Herring, Assistant U.S. Attorney in Baltimore.