

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA	:	
	:	Hon.
	:	
v.	:	Crim. No. 09-
	:	
DALNAVE NAVIGATION INC.,	:	18 U.S.C. § 371
PANAGIOTIS STAMATAKIS, and	:	18 U.S.C. § 1001
DIMITRIOS PAPADAKIS	:	18 U.S.C. § 1505
	:	18 U.S.C. § 2
	:	33 U.S.C. § 1908(a)

**I N D I C T M E N T**

The Grand Jury in and for the District of New Jersey,  
sitting in Newark, charges:

**COUNT ONE**  
**(Conspiracy - 18 U.S.C. § 371)**

1. At all times relevant to this Indictment, unless  
otherwise indicated:

The Defendants

a. Defendant DALNAVE NAVIGATION INC. was a company  
incorporated in the Republic of Liberia with offices in Athens,  
Greece. Defendant DALNAVE NAVIGATION INC. was a ship management  
company that managed and operated a fleet of ocean-going bulk  
carrier vessels, including the Motor Vessel (M/V) Myron N.

b. Defendant PANAGIOTIS STAMATAKIS, a citizen of  
Greece, was the Chief Engineer of the M/V Myron N from at least  
on or about November 6, 2007, through on or about September 8,  
2008.

c. Defendant DIMITRIOS PAPADAKIS, a citizen of Greece, was a Third Engineer of the M/V Myron N from at least on or about November 2, 2007, through on or about August 7, 2008. He was Second Engineer of the M/V Myron N from on or about August 7, 2008, through on or about September 8, 2008.

The M/V MYRON N

d. The M/V Myron N was a Cypriot-registered, ocean-going dry bulk carrier vessel weighing approximately 38,337 gross tons, with a crew of approximately 26 people, and with an International Maritime Organization ("IMO") number of 8811364. The M/V Myron N was commercially operated and managed by defendant DALNAVE NAVIGATION INC.

e. Ocean-going bulk carrier vessels, such as the M/V Myron N, generate oil-contaminated waste, the proper disposal of which may result in costs to the vessel management company. The normal operation of an ocean-going ship produces a significant quantity of oil sludge due to the processing of fuel oil and lubricating oil. In addition, the engineering machinery of virtually all ocean-going vessels leaks and drips large amounts of oil-contaminated waste that collects in the bottom of the ship, known as the ship's bilges. This oil-contaminated waste must be regularly discharged to help ensure the ship's seaworthiness. The discharge of oil-contaminated waste is regulated by International Treaties and United States law as set

forth herein.

f. Approximately 10 crew members of different ranks worked in the M/V Myron N's Engine Department, including a Chief Engineer, a Second Engineer, and varying numbers of Third Engineers, Fourth Engineers, Oilers, Wipers and Pipe Fitters. Oilers typically assisted the engineers in cleaning and maintaining engine machinery. Wipers typically were responsible for cleaning equipment and assisting the engineers.

g. As Chief Engineer, defendant STAMATAKIS had overall responsibility for the operation of the Engine Department, including the supervision of daily operations, formulation and implementation of engine room procedures, and verification that all systems, including the Oily Water Separator, a pollution prevention device required by law, were functioning properly. As Chief Engineer, he was responsible for maintaining an Oil Record Book for the M/V Myron N that accurately recorded the handling, transfer, and discharge of oily waste aboard the ship. He, along with the junior crew members who served under him in the Engine Department of the M/V Myron N, acted as agents of defendant DALNAVE NAVIGATION INC.

h. As Third Engineer and later as Second Engineer, defendant PAPADAKIS operated the Oily Water Separator on board the M/V Myron N. Defendant PAPADAKIS signed entries made by the Chief Engineer in the Oil Record Book relating to the discharge

or transfer of oily waste from the M/V Myron N. He, along with the junior crew members who served under him in the Engine Department of the M/V Myron N, acted as agents of defendant DALNAVE NAVIGATION INC.

The Act to Prevent Pollution from Ships and the MARPOL Protocol

i. The Act to Prevent Pollution from Ships ("APPS"), 33 U.S.C. §§ 1901 et seq., was enacted by Congress in 1980 to implement two related international treaties to which the United States is a signatory: the 1973 International Convention for the Prevention of Pollution from Ships and the Protocol of 1978 Relating to the International Convention for the Prevention of Pollution from Ships. Together, these treaties were known as the "MARPOL Protocol".

j. APPS made the MARPOL Protocol applicable to all commercial vessels operating in the navigable waters of the United States or while in a port or terminal under the jurisdiction of the United States, including vessels operating under the authority of a country other than the United States.

k. APPS also authorized the United States Coast Guard (the "Coast Guard"), an agency within the United States Department of Homeland Security, to promulgate regulations implementing the MARPOL Protocol, namely, Title 33, United States Code, Sections 1907(c)(1) and (c)(2). Pursuant to that authority, the Coast Guard established Title 33, Code of Federal

Regulations, Sections 151.01 et seq., to ensure compliance with the MARPOL Protocol and to prevent pollution in United States waters.

Regulation of Oil-Contaminated Waste from Ocean-Going Vessels

1. A principal source of water pollution addressed by the APPS regulations and the MARPOL Protocol was the oil sludge and oil-contaminated waste generated in the machinery space of large ships such as the M/V Myron N.

m. The oil sludge and oil-contaminated bilge waste of ships such as the M/V Myron N are collected in tanks designed to hold the oily waste for proper disposal. On board the M/V Myron N, the oil sludge was stored in the Fuel Oil Sludge Tank and the Lube Oil Sludge Tank and, at times, was transferred to the Oily Bilge Tank. Other oil-contaminated bilge waste was stored in the Bilge Holding Tank of the M/V Myron N.

n. Regulation 17 of MARPOL Annex I and Title 33, Code of Federal Regulations, Sections 151.10(a)(5) and (b)(3), provided that waste generated in machinery space may be discharged overboard into the sea only if it contains less than fifteen (15) parts of oil per million (ppm). To facilitate the discharge of oil-contaminated water without causing pollution, all large ships are equipped with a pollution control device known as an Oily Water Separator. The Oily Water Separator is designed to remove oil contamination from bilge waste to produce

water containing less than 15 ppm, which was pumped overboard through an overboard discharge valve. APPS and the MARPOL Protocol also required that oil sludge, which could not be processed through pollution control equipment, be disposed of by either burning it in a ship's incinerator or by off-loading it to shore for proper disposal.

The Requirement that Vessels Maintain an Oil Record Book

o. To ensure that oily waste is properly processed and disposed of, Regulation 20, of MARPOL Annex I and Title 33, Code of Federal Regulations, Section 151.25(a), (d), and (h), provided that, with regard to certain vessels of more than 400 gross tons, the person or persons in charge of an operation involving the transfer or disposal of oily waste was required to fully record every operation, without delay and on a tank to tank basis, in a log known as an Oil Record Book. All transfer or disposal of oily waste was required to be recorded in the Oil Record Book, and all emergency, accidental, or other exceptional discharges of oil or oil mixtures, including a statement of the circumstances of, and reasons for, the discharge, were also required to be recorded in the Oil Record Book, pursuant to Title 33, Code of Federal Regulations, Section 151.25(g). The Oil Record Book was required to be maintained on board the vessel for not less than three years and be readily available for inspection at all reasonable times, pursuant to Title 33, Code of Federal

Regulations, Section 151.25(k).

The Coast Guard's Authority

p. The Coast Guard was authorized to conduct inspections to determine whether vessels in U.S. waters were in compliance with MARPOL, APPS and other applicable federal regulations. In connection with its inspections, the Coast Guard was authorized to examine the vessel's Oil Record Book to determine, among other things, whether the vessel had operable pollution prevention equipment, whether it posed a danger to United States ports and waters, and whether the vessel had discharged oily waste in violation of law, pursuant to Title 33, Code of Federal Regulations, Sections 151.23(a)(3) and 151.23(c). In conducting inspections, the Coast Guard relied on the ship's Oil Record Book and statements of the crew to determine whether the vessel's crew was properly handling oily waste, pursuant to Title 33, Code of Federal Regulations, Section § 151.23(c).

The Conspiracy

2. From at least in or about 2004 through in or about September 2008, in Port Newark and the internal waters and ports of the United States, including in the District of New Jersey, and elsewhere, defendants

DALNAVE NAVIGATION INC.,  
PANAGIOTIS STAMATAKIS, and  
DIMITRIOS PAPADAKIS

did knowingly and willfully conspire and agree with each other

and others to:

- A. Defraud the United States: To impede, impair, obstruct, and defeat, the lawful governmental functions of the United States Coast Guard in enforcing the MARPOL Protocol, APPS, and the regulations promulgated thereunder; and
- B. Violate the laws of the United States as set forth below:
  - (i) Failure to Maintain an Oil Record Book: To knowingly and willfully violate the MARPOL Protocol, Chapter 33 of Title 33 of the United States Code, and the regulations issued thereunder by failing to maintain an Oil Record Book for the M/V Myron N in which all discharges, disposals and transfers of oil and oily waste, including all overboard discharges of oil-contaminated bilge waste, were fully recorded, contrary to Title 33, United States Code, Section 1908(a) and Title 33, Code of Federal Regulations, Sections 151.25(a) and 151.25(h); and
  - (ii) Obstruction of Proceedings: To corruptly influence, obstruct, and impede and endeavor to influence, obstruct, and impede the due and proper administration of the law under which a pending proceeding, namely, an inspection and investigation of the M/V Myron N, was being had before a department and agency of the United States, namely, the United States Coast Guard and the United States Department of Homeland Security, contrary to Title 18, United States Code, Section 1505.

Object of the Conspiracy

3. It was an object of the conspiracy to illegally discharge oil-contaminated bilge waste directly into the sea and to conceal and cover up the illegal discharges to avoid detection by the Coast Guard and other governmental authorities.



Manner and Means

4. It was a part of the conspiracy that the defendants, and their co-conspirators, maintained special bypass pipes on board the M/V Myron N that were used to pump oil-contaminated bilge waste directly overboard.

5. It was further part of the conspiracy that the defendants, and their co-conspirators, in order to pump oil-contaminated bilge waste directly overboard, removed and caused to be removed a portion of the discharge line that connected the Oily Water Separator to the overboard discharge valve and directed junior crew members to install the bypass pipes, which drew oil-contaminated bilge waste from the Bilge Well, the Bilge Holding Tank, and the Oily Bilge Tank to the overboard discharge valve.

6. It was further part of the conspiracy that the defendants, and their co-conspirators, directed junior crew members to use the bypass pipes to discharge and cause the discharge of oil-contaminated bilge waste directly overboard into the sea, thus bypassing the Oily Water Separator and other required pollution prevention equipment.

7. It was further part of the conspiracy that the defendants, and their co-conspirators, in order to avoid detection, directed junior crew members to conduct the improper discharges at night and when the M/V Myron N was far from shore.

8. It was further part of the conspiracy that the defendants, and their co-conspirators, in order to avoid detection, directed junior crew members to disconnect the bypass pipes when the M/V Myron N was close to shore and prior to entering ports.

9. It was further part of the conspiracy that the defendants, and their co-conspirators, attempted to conceal the overboard discharges of oily waste by directing junior crew members to store the bypass pipes, when not installed, within a stack of pipes in the M/V Myron N's steering gear room.

10. It was further part of the conspiracy that the defendants, and their co-conspirators, in order to conceal the overboard discharges of oily waste, failed to record such discharges in the Oil Record Book of the M/V Myron N.

11. It was further part of the conspiracy that during the M/V Myron N's port calls in or around Port Newark, New Jersey, and other United States ports, the defendants, and their co-conspirators, would maintain a materially false Oil Record Book for the M/V Myron N, to make it appear compliant with APPS regulations and the MARPOL Protocol when in fact it was not.

12. It was further part of the conspiracy that during the M/V Myron N's port calls in or around Port Newark, New Jersey, and other United States ports, the defendants, and their co-conspirators, would cause to be presented a materially false

Oil Record Book to the Coast Guard during the Coast Guard's inspections of the M/V Myron N, knowing that it contained material omissions.

13. It was further part of the conspiracy that, in an effort to conceal the improper discharge of oil-contaminated waste and false record-keeping practices, the defendants, and their co-conspirators, made false statements to the Coast Guard, during its inspection of the M/V Myron N, which included misrepresentations that the M/V Myron N's crew had not pumped oil to sea; that the bypass pipes belonged to an oil purifier system that had been replaced; and that oil in the overboard discharge valve was residue from use of the Oily Water Separator.

14. It was further part of the conspiracy that, in an effort to conceal the improper discharge of oil-contaminated waste and false record-keeping practices, the defendants, and their co-conspirators, directed various junior crew members to make false statements to the Coast Guard.

#### Overt Acts

15. In furtherance of the conspiracy and to effect its unlawful object, defendants DALNAVE NAVIGATION INC., STAMATAKIS and PAPADAKIS committed and caused to be committed, in the District of New Jersey, and elsewhere, the following overt acts:

#### Use of Bypass Pipes

a. After being hired by DALNAVE NAVIGATION INC., in

or about March 2004, to serve in the Engine Room of the M/V Myron N, an individual identified herein as Crew Member #1 was directed by defendant DALNAVE NAVIGATION INC. and its co-conspirators to use the bypass pipes to discharge oil-contaminated bilge waste directly overboard into the sea.

b. After being hired by DALNAVE NAVIGATION INC., in or about December 2005, to serve in the Engine Room of the M/V Myron N, an individual identified herein as Crew Member #2 was directed by defendant DALNAVE NAVIGATION INC. and its co-conspirators to use the bypass pipes to discharge oil-contaminated bilge waste directly overboard into the sea.

c. After defendant DALNAVE NAVIGATION INC. hired defendants STAMATAKIS and PAPADAKIS to oversee the engine room of the M/V Myron N in or about November 2007, defendants DALNAVE NAVIGATION INC., STAMATAKIS, PAPADAKIS, and their co-conspirators, directed junior crew members to reduce the contents level of the Bilge Holding Tank and the Oily Bilge Tank while a bypass pipe was connected on the M/V Myron N.

d. Between in or about July 2008, and in or about August 2008, defendants DALNAVE NAVIGATION INC. and PAPADAKIS, and their co-conspirators, directed junior crew members on the M/V Myron N to install bypass pipes that drew oil-contaminated bilge waste from the Bilge Well, the Bilge Holding Tank, and the Oily Bilge Tank to the overboard discharge valve and to use

bypass pipes to discharge oil-contaminated bilge waste directly overboard into the sea.

e. Between in or about July 2008, and on or about September 8, 2008, defendants DALNAVE NAVIGATION INC. and PAPADAKIS, and their co-conspirators, directed junior crew members to store the bypass pipes, after use, among a stack of pipes in the M/V Myron N's steering gear room.

Maintaining and Presenting A False and Fraudulent Oil Record Book

f. Between in or about July 2008, and on or about September 8, 2008, defendant DALNAVE NAVIGATION INC., defendants STAMATAKIS and PAPADAKIS, and their co-conspirators, maintained a false Oil Record Book for the M/V Myron N by failing to record illegal and improper discharges of oil-contaminated bilge waste.

g. On or about February 17, 2006, in or around Corpus Christi, Texas, defendant DALANAVE NAVIGATION INC., and its co-conspirators, maintained a false and misleading Oil Record Book for the M/V Myron N.

h. On or about September 8, 2006, in or around Savannah, Georgia, defendant DALANAVE NAVIGATION INC., and its co-conspirators, maintained a false and misleading Oil Record Book for the M/V Myron N.

i. On or about September 17, 2006, in or around Tampa, Florida, defendant DALANAVE NAVIGATION INC., and its co-conspirators, maintained a false and misleading Oil Record Book

for the M/V Myron N.

j. On or about September 19, 2006, in or around New Orleans, Louisiana, defendant DALANAVE NAVIGATION INC., and its co-conspirators, maintained a false and misleading Oil Record Book for the M/V Myron N.

k. On or about October 6, 2006, in or around Houston, Texas, defendant DALANAVE NAVIGATION INC., and its co-conspirators, maintained a false and misleading Oil Record Book for the M/V Myron N.

l. On or about September 17, 2007, in or around Philadelphia, Pennsylvania, defendant DALANAVE NAVIGATION INC., and its co-conspirators, maintained a false and misleading Oil Record Book for the M/V Myron N.

m. On or around September 8, 2008, in or around Newark, New Jersey, defendants DALANAVE NAVIGATION INC., STAMATAKIS, PAPADAKIS, and their co-conspirators, maintained a false and misleading Oil Record Book for the M/V Myron N.

n. On or about February 17, 2006, in or around Corpus Christi, Texas, defendant DALNAVE NAVIGATION INC. and its co-conspirators, presented for inspection to the Coast Guard a false and misleading Oil Record Book for the M/V Myron N.

o. On or about September 17, 2007, in or around Philadelphia, Pennsylvania, defendant DALNAVE NAVIGATION INC. and its co-conspirators, presented for inspection to the Coast Guard

a false Oil Record Book for the M/V Myron N.

P. On or about September 8, 2008, in or around Newark, New Jersey, defendants DALNAVE NAVIGATION INC., STAMATAKIS, PAPADAKIS, and their co-conspirators, presented for inspection to the Coast Guard a false Oil Record Book for the M/V Myron N.

False Statements to Coast Guard Inspectors

q. On or about September 8, 2008, defendants DALNAVE NAVIGATION INC. and PAPADAKIS falsely stated to Coast Guard inspectors and investigators that the M/V Myron N had not pumped oil to sea.

r. On or about September 8, 2008, defendants DALNAVE NAVIGATION INC. and PAPADAKIS falsely stated to Coast Guard inspectors and investigators that the bypass pipes belonged to an oil purifier system that had been replaced on the M/V Myron N.

s. On or about September 8, 2008, defendants DALNAVE NAVIGATION INC. and PAPADAKIS falsely stated to Coast Guard inspectors and investigators that oil in the overboard discharge valve of the M/V Myron N was residue from use of the Oily Water Separator.

t. In or about September 2008, defendants DALNAVE NAVIGATION INC. and PAPADAKIS directed junior crew members to deny to the Coast Guard that they had any knowledge of the bypass pipes used on board the M/V Myron N.

In violation of Title 18, United States Code, Section

371.



**COUNT TWO**  
**(Act to Prevent Pollution from Ships -**  
**33 U.S.C. § 1908(a), 18 U.S.C. § 2)**

1. Paragraphs 1 and 3 through 15 of Count One of this Indictment are re-alleged and incorporated herein.

2. On or about September 8, 2008, in Port Newark and the internal waters and ports of the United States, in the District of New Jersey, and elsewhere, defendants

DALNAVE NAVIGATION INC.,  
PANAGIOTIS STAMATAKIS, and  
DIMITRIOS PAPADAKIS

did violate the Act to Prevent Pollution from Ships, Chapter 33 of Title 33 of the United States Code, and the regulations issued thereunder, including Title 33, Code of Federal Regulations, Section 151.25, by knowingly failing to maintain an Oil Record Book for the M/V Myron N in which all discharges, disposals and transfers of oil and oily waste, including all overboard discharges of oil-contaminated bilge waste, were fully recorded.

In violation of Title 33, United States Code, Section 1908(a) and Title 18, United States Code, Section 2.

**COUNT THREE**

**(False Writings - 18 U.S.C. §§ 1001(a)(1) and (3) and 2)**

1. Paragraphs 1 and 3 through 15 of Count One of this Indictment are re-alleged and incorporated herein.

2. In or about September 2008, in Port Newark and the internal waters and ports of the United States, in the District of New Jersey, defendants

DALNAVE NAVIGATION INC.,  
PANAGIOTIS STAMATAKIS, and  
DIMITRIOS PAPADAKIS

did knowingly and willfully (a) falsify, conceal, and cover up by trick, scheme, and device, by omitting certain material facts, namely, that bypass pipes were used on board the M/V Myron N to dispose of oil-contaminated waste, and (b) make and use materially false writings and documents, namely, the Oil Record Book for the M/V Myron N by failing to record the discharge of oil-contaminated waste without the use of an Oily Water Separator, in a matter within the jurisdiction of the Executive Branch of the United States, namely the United States Coast Guard and the United States Department of Homeland Security.

In violation of Title 18, United States Code, Section 1001(a)(1) and (3) and Section 2.

**COUNTS FOUR THROUGH EIGHT**  
**(Obstruction of Justice - 18 U.S.C. §§ 1505 and 2)**

1. Paragraphs 1 and 3 through 15 of Count One of this Indictment are re-alleged and incorporated herein.

2. In or about September 2008, in Port Newark and the internal waters and ports of the United States, in the District of New Jersey and elsewhere, the defendants, listed individually below per Count, did corruptly influence, obstruct, and impede, and endeavor to influence, obstruct and impede, the due and proper administration of the law under which a pending proceeding, namely, an inspection of the M/V Myron N, was being had before a department and agency of the United States, namely, the United States Coast Guard and the United States Department of Homeland Security, by knowingly committing the acts identified and described below:

Obstruction of Justice Counts		
Count	Defendants	Obstructive Act
4	DALNAVE NAVIGATION INC., PANAGIOTIS STAMATAKIS and DIMITRIOS PAPADAKIS	presenting an Oil Record Book, containing material omissions, to the Coast Guard
5	DALNAVE NAVIGATION INC. and DIMITRIOS PAPADAKIS	making the false statement to Coast Guard inspectors that the M/V Myron N had not pumped oil into the sea
6	DALNAVE NAVIGATION INC. and DIMITRIOS PAPADAKIS	making the false statement to Coast Guard inspectors that the M/V Myron N's bypass pipes belonged to an oil purifier system that had been replaced
7	DALNAVE NAVIGATION INC. and DIMITRIOS PAPADAKIS	making the false statement to Coast Guard inspectors that oil in the overboard discharge valve of the M/V Myron N was residue from use of the Oily Water Separator
8	DALNAVE NAVIGATION INC. and DIMITRIOS PAPADAKIS	directing junior crew members of the M/V Myron N to deny knowledge of the bypass pipes to United States Coast Guard inspectors

In violation of Title 18, United States Code, Sections  
1505 and 1515(b) and Section 2.

A TRUE BILL

---

FOREPERSON

---

RALPH J. MARRA, JR.  
Acting United States Attorney