

NEWS

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FOR IMMEDIATE RELEASE
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New Jersey Pipe Manufacturing Company Fined \$8 Million for Environmental, Worker Safety-Related Crimes

– Atlantic States of Phillipsburg Also Subject to Monitoring –

(More)

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TRENTON, N.J. – Phillipsburg-based Atlantic States Cast Iron Pipe Co. (a division of McWane, Inc. of Alabama) was sentenced today to pay a fine of \$8 million for its convictions for committing flagrant abuses of environmental and worker safety laws as well as obstructing investigations of its conduct, Acting U.S. Attorney Ralph J. Marra, Jr., and the U.S. Justice Department and Environmental Protection Agency announced.

U.S. District Judge Mary L. Cooper also ordered the company to serve four years of probation, during which it will be subject to oversight by a court-appointed monitor. The monitor, who has yet to be named, will report twice annually to the court on the company's lawful operation and adherence to environmental and worker health and safety regulations.

Judge Cooper also required an unusual but appropriate added condition of probation: that specific top managers at the Phillipsburg, N.J. plant and at McWane headquarters in Birmingham, Ala. – including the chairman and president – read the entire transcripts from the sentencings this week of the four managers who were convicted along with the company.

The sentencing of the company followed sentencings this week of four former Atlantic States managers to federal prison terms. Those sentences were: 70 months for former plant manager John Prisque; 41 months for former human resources manager Scott Faubert; 30 months for former maintenance superintendent Jeffrey Maury; and six months for former Atlantic States finishing department head Craig Davidson.

“We are gratified,” Marra said, “that just punishment has been imposed and we hope these sentences tell McWane one thing in no uncertain terms: once and for all end the practices that have been so destructive to workers, their families and the environment.”

"These sentences mete out just punishment for the company and its employees for their history for multiple violations of worker safety and environmental protection laws," said Associate Attorney General Thomas Perrelli. "This case should serve as an example for company executives and plant operations managers that ignoring environmental laws and disregarding workers' lives and limbs will be met with prosecution and stiff sentences, including multi-million dollar fines and prison time."

“These sentences show that senior managers, as well as companies, will be prosecuted when they break the law,” said Catherine McCabe, acting assistant administrator for EPA's Office of Enforcement and Compliance Assurance in Washington. “The managers had an obligation to run the facility safely and legally; instead, they committed environmental crimes that polluted the air and water.”

“The jail time imposed against the Atlantic States managers and the \$8 million fine imposed on the company send a clear message of zero tolerance to employers who choose to disregard their basic, legal obligation to protect the safety and health of their workers,” says Robert D. Kulick, OSHA regional administrator in New York. “OSHA will continue to take action, alone and in partnership with other agencies, to bring to justice those companies and executives who blatantly violate worker safety and health laws and endanger their employees.”

“Some people don't think environmental crimes are as significant as public corruption, fraud or violence,” said Weysan Dun, Special Agent in Charge of the FBI in Newark. “Well, I want the public to know that we at the FBI take violations of our environmental laws very seriously because they impact our communities both now and in years to come. I offer my congratulations to all of our partners in this case.”

Following a seven-month trial, a jury on April 26, 2006 convicted Atlantic States and the four managers of engaging in an eight-year conspiracy to pollute the air and Delaware River in violation of the federal Clean Air and Clean Water Acts, expose its employees to dangerous conditions, and impede and obstruct federal regulatory and criminal investigations. (A fifth defendant was acquitted at trial.)

The jury verdicts affirmed the government's charges that Atlantic States and the managers regularly discharged oil and other pollutants into the Delaware River, willfully polluted the air and rigged emissions tests, concealed serious worker injuries from health and safety inspectors, and maintained a dangerous workplace that contributed to multiple injuries, including severe burns, broken bones and amputations and the death of one employee at the Phillipsburg plant. The company and individual defendants also were convicted of obstructing environmental and worker safety investigations.

The convictions then represented the fifth time in two years that a McWane division either pleaded guilty or was convicted in federal court of environmental and worker safety crimes and obstruction. The notorious practices at the plant, in which worker health and safety and reasonable environmental protections were sacrificed for the goal of maximum production and profits, became known as the “McWane Way” at the Phillipsburg and other McWane plants in the U.S. and Canada.

The company and each of the defendants were convicted of the main conspiracy count in a 34-count Indictment. Atlantic States was convicted of a total of 32 of 34 counts, which also included five counts of making materially false statements to state and federal environmental agencies and the federal Occupational Safety & Health Administration; four counts of obstructing OSHA investigations; and 22 counts of violating the federal Clean Water Act and one count of violating the Clean Air Act.

For details on the counts of conviction for each defendant, follow this link to the news release from the convictions: http://www.usdoj.gov/usao/nj/press/files/atla0426_r.htm

The privately held McWane Inc. and its divisions are among the largest manufacturers in the world of ductile iron pipe with more than a dozen plants in the United States and Canada. McWane's products are used primarily for municipal and commercial water and sewer installations.

The case was prosecuted by Acting U.S. Attorney Ralph J. Marra, Jr., former Assistant U.S. Attorney Norv McAndrew, Senior trial attorney and First Assistant Section Chief in the Department of Justice Environmental Crimes Section Andrew Goldsmith, and Senior Trial Attorney and Assistant Chief Deborah Harris from the Environmental Crimes Section.

For the investigation and assistance in the prosecution, Marra and Assistant Attorney General John C. Cruden of the DOJ Environment and Natural Resources Division credited Special Agents of the EPA, under the direction of William V. Lometti, Special Agent in Charge of EPA's Criminal Investigation Division in New York; Special Agents of the FBI, under the direction of Special Agent in Charge Weysan Dun in Newark; staff of OSHA's Avenel, N.J. office, under the direction of Robert D. Kulick, OSHA Regional Administrator in New York; the New Jersey Department of Environmental Protection, under the direction of Commissioner Mark N. Mauriello; the New Jersey Department of Law and Public Safety, Division of Criminal Justice, under the direction of Attorney General Anne Milgram; and the Phillipsburg Police Department.

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