



**ATTORNEY GENERAL JANET RENO PRESS CONFERENCE ON
ENVIRONMENTAL CRIMES BY ROYAL CARIBBEAN CRUISES LTD.**

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CONFERENCE ROOM B

U.S. DEPARTMENT OF JUSTICE

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WASHINGTON, D.C.

ATTORNEY GENERAL RENO: Good morning. Our ports and coastlines are polluted, and that's why this administration has been so committed in protecting our oceans and prosecuting companies that pollute them. Five years ago we encountered one such company that demonstrated a disregard for our nation's waters. Ironically, that company, Royal Caribbean Cruise polluted the very environment on which it's business relies. Today I am pleased to announce the Sixth District criminal plea agreement with Royal Caribbean. It will sound like a fog horn to the entire maritime industry. As we speak the Justice Department prosecutors are

filing a plea agreement in six different cities, Anchorage, San Juan, Saint Thomas, Miami, L.A., and New York City. Under the terms of the plea Royal Caribbean will pay 18 million dollars in criminal fines, the largest criminal penalty ever assessed against a cruise line. We first became aware of the conduct of Royal Caribbean in 1994 when the U.S. Coast Guard, during a pro-active operation, detected a Royal Caribbean Cruise Liner dumping oil off the

coast of Puerto Rico. For engaging in these acts, grand juries in Miami and San Juan indicted Royal Caribbean, not only for conspiring to dump the waste, but for also trying to conceal that conduct from the Coast Guard.

It worked like this; The company's cruise ships were rigged with secret bypass pipes. Engineers on the ships used the pipes to dump their bilge waste overboard, often in the darkness of night.

And to make matters worse, the company routinely falsified the ship's logs so much so that it's own employees referred to the logs with a Norwegian term meaning Fairy Tale Book. In an effort to avoid responsibility, Royal Caribbean argued with it's Norwegian and Liberian Flagships, they were immune from prosecution in this country. The two ports in Miami and in San Juan rejected that argument. As a result in that first case, Royal Caribbean pled guilty in June of 1998, and was sentenced to pay a nine million dollar criminal fine. But at the time of this first plea we advised the company that the plea would only involve the specific cases under consideration and that our investigation would be continued. Royal Caribbean gambled we would not learn more about illegal conduct, it gambled and it lost, for since that time our investigation has uncovered dumping on a scale far greater than previously acknowledged. It has revealed additional instances of dumping oily bilge waste, falsification of records and the illegal disposal of hazardous chemicals. What's more, this dumping and lying occurred not only in Miami and in San Juan, but also in four other U.S. ports on both coasts. They dumped everywhere. At sea, in port, and in sensitive environmental areas, even in the shadow of the company's executive suites, they didn't care.

Today the company is agreeing to plead guilty a second time. Under the plea, it will pay 18 million dollars in criminal fines, bringing the total amount of criminal fines to \$27 million. Additionally, the company must cooperate with our continuing investigation of individuals responsible for the violations and operate under a court supervised environmental compliance plan during a five year probation period. The fine is based in part on the ill-

gotten gains that the Royal Caribbean pocketed from its illicit conduct and it should send a message to the entire cruise ship industry, that illegal dumping does not pay. Today's case would not have been brought without the hard work and cooperative effort of many agencies, and the United States Attorneys from all six districts. Today, I am joined by representatives from those agencies including Admiral James Carr, the Vice Commandant from the U.S. Coast Guard, Deputy Assistant Director, Ted Jackson, of the F.B. I., Assistant Attorney General Lois Shippard and Steve Solo, Chief of the Environmental Crimes Section. I also want to acknowledge the fine work the EPA did in this matter. They have a significance conference underway, and could not be here, I understand.

Finally, these cases would not have been brought without the efforts of the six U.S. Attorneys Offices which filed these cases. We're joined by representatives of those offices as well. I now invite Admiral Carr. Thank you, Admiral, for being with us today.

ADMIRAL CARR: Well, thank you, Madame Attorney General. Today's action against Royal Caribbean Cruise Lines is vitally important to all of us who are dedicated to protecting our

nation's waters from environmental harm. Many agencies worked together with the Department of Justice and with the U.S. Attorneys from around the nation to develop this case. Among those who have been involved in this excellent cooperative effort are representatives from the Coast Guard, the F.B.I., the EPA, their Criminal Investigation Division, and the Department of Transportation Inspector General's Office. The Coast Guard has played a key role in development of the case from its inception. The focus on the Royal Caribbean Cruise Lines began back in October of 1994, when Coast Guard aircraft observed oil being discharged from an RCCL vessel off Puerto Rico. From that time forward, until today, personnel from Coast Guard Marine Safety Offices and Coast Guard Investigative Service have worked tirelessly to uncover the full extent of RCCL's violations of environmental laws and regulations. This heavy involvement reflects the Coast Guard's commitment to

it's fundamental roles as a maritime law enforcement agency, as a steward of the marine environment. There's another aspect of this case, however, which is of particular concern to the Coast Guard. As indicated in the charges today, during the course of the investigation the Coast Guard was lied to and presented with false records, including falsified oil record books. This type of behavior is particularly damaging to other Coast Guard efforts to work with responsible members of the maritime industry to improve marine safety and to protect the marine environment. The Coast Guard must be able to rely upon honesty and mutual trust if cooperative efforts with vessel owners and operators, are to succeed. They should not take their ships and intentionally pollute our environment, operate outside the law and undermine the entire regulatory system. The prosecution of Royal Caribbean Cruise Lines should serve as a dramatic reminder of the consequences of criminal behavior, it should also improve compliance and play an important role in our continuing efforts to protect our nation's waters and the marine environment. The Coast guard has been pleased to be a part of this effort.

ATTORNEY GENERAL RENO: Thank you, Admiral. And I would also like to -- I understand Mr. Domico --Michael Wood, from EPA.

ATTORNEY GENERAL RENO: Mr. Domico is the Director at EPA's Criminal Investigation Division and we are delighted to have you here today.

MR. DOMICO: Thank you.

PRESS: General Reno, Why didn't these folks learn their lessons the first time; you fined them \$9 million and you put them all the way through indictment before they plead. Why didn't they 'fess up then and say we're continuing to do this? Did they ever open their books to you and say, come on board and see what else is happening?

ATTORNEY GENERAL RENO: Steve.

MR. ROLO: RCCL in the first plea agreement, RCCL did not choose or elect to cooperate with the government and we

made clear to them, as the Attorney General mentioned at that time, as a result, we would continue our investigation, which we did. And ultimately, as you may recall, they were again, indicted in Los Angeles, which has wound up in this agreement as well. And ultimately decided to come back to the government and now have agreed to fully cooperate and turn over, as you say, what they know.

PRESS: So in addition to the 1994 indictments, indictments the onset of indictments, in these pleas the others, the others are just pleas before that?

MR. ROLO: '96. That's correct.

PRESS: 1996, right.

PRESS: Are there any individuals -- this apparently is a fleetline practice, but just looking at the -- doesn't see any individuals named in these indictments. Are you targeting any company officials?

MR. ROLO: I can't comment on that. However, I can say that two individuals as you know, were charged in the earlier indictment, and what we have obtained today, for the first time, is the company's full cooperation in obtaining all the information we need on individuals and their conduct and the government's investigation is continuing.

PRESS: What level of individual -- I mean, are we talking about high level officers of the company that know about this dumping?

MR. ROLO: I can't comment on that. As a condition of probation the company will be implementing a comprehensive environmental compliance program specific to the approval of the Coast Guard and in addition, subject to oversight by the agencies and by the U.S. District Courts. So any violation in fact, of this environmental compliance plan would constitute a violation of probation by the company.

PRESS: I thought there was a similar plan for the earlier plea agreement?

MR. ROLO: That's right.

PRESS: Well, did you then bring any charges against them for violating that earlier plan, or take any action against them for violating the earlier agreement?

MR. ROLO: Actually, the earlier agreement was just -- in commenting, they were just sentenced in June and their first report was just made to the District Court in Miami. What we're doing now is making this applicable in every district where they're pleading except they're under the supervision in each of those districts, as well as Miami.

PRESS: But then the question about you know, how they did it.

MR. ROLO: If I could share for one second with you is this chart, as the Attorney General noted they had installed illegal bypass pipes in their ships and in fact, this is the bypass pipe that was in the Sovereign of the Seas. At the time that the Admiral noted that the Coast Guard saw the oil slick behind the Sovereign of the Seas, and boarded that ship in San Juan this was the condition of the oil water separator in the engine room at the time it was boarded. And I am pointing to with your permission, that pipe where the Attorney General is running her finger. During the ship's return to Miami, when they knew they were again to be boarded by the Coast Guard, that pipe was sliced into pieces, put into plastic bags, and thrown into a dumpster. When the ship was boarded again by the Coast Guard four days later there is no pipe, the bypass pipe was removed prior to it's return and then discarded in a dumpster in Miami. That was how they affected the dumping.

PRESS: What was the extent of the damage and how much it is going to cost for the administration to make efforts to repair that damage?

MR. ROLO: Well, that's a good question. It won't cost the administration anything. It's going to cost the Royal Caribbean a considerable amount of money to -- in fact, what they have done already is replace what were inadequate

oil water separators on all their vessels with newer equipment that is sufficient to handle the amount of flow that goes through the ship.

PRESS: I have a question. Any sense of how much and the amount of illegal material that was dumped; and secondly, a sense of if this is a industry wide problem and a sense of how much dumping that may have occurred?

MR. ROLO: And I think it answers in part something with what you were getting at. Of course, it's hard to know exactly, since in fact this was done secretly. Sometimes at night, to evade actually our knowledge and inaccurate and no accurate records were kept, but we can take some lesson from how they're operating now. In terms of the amounts of material that are being

properly handled. For example, whereas, in the past they off-loaded and paid for the proper disposal of almost no wastewater, oily contaminated waste water from the ships, that they now pay for the proper disposal of as much as 100,000 gallons of such waste water from certain ships every year. And that gives you some idea of the quantities involved that may have been improperly discharged and the kind of costs that they were avoiding. In addition, the oily water separators that they were not operating -- the cost of a set of membranes, which are actually housed in these tubes, the cost of a set of those membranes is about \$10,000. Prior to the government's investigation they changed those membranes zero to one time per year. Since the government's investigation, the membranes were replaces five to ten times per year, until they finally fully replaced that system, the membrane system with a different system that is actually more effective.

PRESS: So how much were they trying to save?

MR. ROLO: I can't give you an aggregate figure. But you know, they were trying to save money even at the time that they were making a significant amount of money by selling themselves as eco-tourists. You know, I think it's worth noting that at the same time that their ships were sailing

into the inland passage of Alaska, one of the most sensitive and beautiful eco-systems in our nation, their crew members were wearing buttons that said, "Save

the waves." That's what they were wearing above deck. Below deck, business as usual was going on and oily contaminated bilge water was being dumped overboard.

PRESS: You said the investigation was on-going are you focusing solely on Royal caribbean or on any other cruise lines?

MR. ROLO: I can't comment.

PRESS: When you are talking a little bit about the details of how this most recent dumping and falsification of records was discovered, not prior to '98, you know, what lead up to the '98 thing, but in this case, just in the last year or so, how was this discovered?

MR. ROLO: Well, if you're referring to the one in '98 --

PRESS: I'm referring to the one that lead to the agreement today.

MR. ROLO: Well --

PRESS: Since, they knew they were under the spotlight you obviously had a chance to go through some of their records, what did they do in the last year or year in a half that lead to

today's and how did you discover?

MR. ROLO: Well, we had a continuing grand jury investigation is the most I can say at this point, in which we obtained testimony from various individuals about their operations.

PRESS: So it involved the cooperation of some employees?

MR. ROLO: I really can't comment.

PRESS: How many dumpings?

MR. ROLO: There were several. They were throughout the country.

PRESS: New York, L.A., Virgin Islands, Alaska?

MR. ROLO: Yes. I think it's safe to say that all the six jurisdictions have been conducting investigations. Well, it's a goal, as the Attorney General said, is to make it not a problem. I mean, what we have I think done today is put obviously RCCL on notice and the entire industry on notice that we are out there looking and we will keep looking to make sure this kind of behavior doesn't continue.

ATTORNEY GENERAL RENO: That's really the message, that we will -- people have questions about the enforcement about what is required. We want to work with them. If they are honest and straightforward and we want to deal with them in good faith. We expect the laws to be enforced. We want to do everything that we can to see that that happens. If people flim-flam us, they should expect the consequences. And the message is our waters are far more fragile than people give credit for and we have got to stop messing with them up if we want to preserve the way life for our children and our grandchildren.

PRESS: One more question. Could you expand on the other types of chemicals, other than oil bilge water that was dumped into the water. Was there photo chemicals?

MR. ROLO: Yes. Well, these ships are floating cities and they contain many of the amenities of a city, including dry cleaning operations, photographic development facilities and even print shops. And as you know, those are the kind of facilities on land that produce various kinds of hazardous materials, hazardous chemical materials. Prochloroethelene, acetone, poliolene, and other solvents. These are the kinds of materials that would find their way into grey water, which is essentially the water from bath and shower and sinks and then being discharged overboard,

not only at sea, but in every port, into which RCCL sailed their ships.

PRESS: Why did they dump in ports instead of out at sea; it seems a good way to get caught?

MR. ROLO: They dumped everywhere. I think the Attorney General said that they simple dumped everywhere. They dumped wherever they wanted.

PRESS: How do you explain that? I mean, why would somebody dump so close to humanity?

MR. ROLO: Yeah. I guess you would have to ask them to explain that.

PRESS: On a slightly different subject, there's a civil suit going on now in Miami concerning rapes on board. Is the Justice Department looking into whether any crimes were committed, whether this is outside of the country or anything else concerning allegations of rape onboard?

ATTORNEY GENERAL RENO: We cannot comment on that at this time.

PRESS: Last question.

PRESS: Ms. Reno, do you have anything to say publicly now about the passing of John Kennedy, his wife, and his sister?

ATTORNEY GENERAL RENO: It is a very sad time for this nation. They were all three wonderful young people, with wonderful futures. John Kennedy framed this half of the century for us and I think all of America's heart goes out to both of the families and so many of us just remember him standing there that day. Thank you, very much.