

NEWS

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FOR IMMEDIATE RELEASE
March 10, 2009

Swedish Maritime Co. to Pay \$1.4 Million for Covering up Oil Pollution

**Crew of M/V Snow Flower Allegedly Dumped Oily Waste Overboard,
Obstructed Coast Guard Inspection**

(More)

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CAMDEN – A Swedish shipping company was sentenced today to pay a \$1 million fine and a \$400,000 community service payment in addition to serving a three-year term of probation for covering up the illegal dumping of oily waste in international waters by crew members of *M/V Snow Flower* operated by Holy House Shipping AB, Acting U.S. Attorney Ralph J. Marra, Jr. announced.

Under the terms of the plea agreement approved by U.S. District Judge Jerome B. Simandle, the \$400,000 community service payment will go to the National Fish and Wildlife Foundation for projects to restore and protect fragile marine habitats in New Jersey. Judge Simandle also ordered that as part of its probation, Holy House Shipping AB (“Holy House”), with offices in Stockholm, is to implement an Environmental Management System/Compliance Plan (EMS) to ensure there is no future dumping from any ship in Holy House’s control that operates in U.S. ports.

Holy House, which operates approximately 14 oceangoing bulk carrier vessels, pleaded guilty on Oct. 17, 2008, to a two-count Information for violating the Act to Prevent Pollution From Ships (“APPS”), which implements the MARPOL Protocol, an international treaty regulating the handling and disposal of oil waste at sea, and for making false statements to authorities. Specifically, Holy House attempted to conceal the illegal dumping of oil-contaminated waste directly overboard from the *M/V Snow Flower*, an approximately 15,000 ton, 568 foot Cook Islands flagged oceangoing refrigerated ship, directly into the Pacific and Atlantic Oceans in January and February 2008. One of those discharges took place only one day’s sail from New Jersey.

“The ports in northern and southern New Jersey are among the busiest in the nation, and shipping companies must recognize that we and the Department of Justice will be relentless when it comes to enforcing maritime law protecting our oceans from polluters,” said Marra.

Marra noted that this is the latest of several such prosecutions by the District of New Jersey in recent years in which international shipping companies have been fined millions of dollars and had ship captains and engineers fined and/or imprisoned for exactly the same conduct.

“The Coast Guard is committed to aggressive enforcement of U.S. laws and international requirements designed to prevent pollution at sea. We thoroughly investigate credible reports of alleged illegal discharges of oil and/or tampering with shipboard anti-pollution equipment or falsifying oil discharge records,” said Captain David Scott, Commanding Officer of the U.S. Coast Guard’s Sector Delaware Bay. “We work closely with appropriate state and other Federal law enforcement agencies to prosecute environmental crimes, to promote compliance with these important environmental protection statutes.”

“We work closely with the U.S. Coast Guard to investigate those who take shortcuts and despoil our marine environment,” said William Lometti, Special Agent in Charge of EPA’s Criminal Investigation Division in New York. Lometti added that “Today’s sentence should send a clear message that those who violate the law and pollute our waters will be vigorously prosecuted.”

On Feb. 27, 2008, U.S. Coast Guard inspectors from Coast Guard Sector Delaware Bay boarded

the *M/V Snow Flower* at the Gloucester Marine Terminal in Gloucester City for an inspection. Inspectors identified discrepancies in the Oil Record Book. Oceangoing vessels like the *M/V Snow Flower* are required by international and U.S. law to maintain an accurate Oil Record Book that records any transfer or disposal of oily waste. Inspectors also located a “magic pipe,” a section of pipe installed for temporary periods at sea and used to discharge oil waste into the oceans.

Judge Simandle also approved a motion by the government that \$375,000 of the fine be awarded to two crew members of the *M/V Snow Flower* who alerted the U.S. Coast Guard to the illegal dumping. The government attorneys noted in a motion to the Court that the two whistle-blowers risked their careers in the maritime industries by informing the Coast Guard of this crime and that a “substantial monetary award” both rewards the crew members for taking that risk and may provide an incentive for fellow crew members to alert inspectors and investigators of similar conduct on other ships.

The Chief Engineer of the *M/V Snow Flower*, Igor Krajacic, 45, of Croatia, plead guilty to failing to maintain an accurate Oil Record Book on Nov. 3, 2008. Krajacic was sentenced by Judge Simandle to a one-year period of probation and an \$8,000 fine on Jan 16, 2009.

Marra credited Special Agents with the U.S. Coast Guard Investigative Service, under the direction of Special Agent in Charge Jon Finnegan; members of the Coast Guard Sector Delaware Bay under the command of Captain David Scott; and Special Agents with the U.S. Environmental Protection Agency, under the direction of Special Agent in Charge William V. Lometti, for their investigation of this matter.

The case was prosecuted by Assistant U.S. Attorney Ronald Chillemi of the U.S. Attorney’s Office in Newark and Trial Attorney Gary N. Donner of the Environment and Natural Resources Division of the United States Department of Justice in Washington, D.C.

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Defense Counsel: Thomas Russo, Esq. New York City