



The United States Department of Justice
United States Attorney's Office
Western District of Louisiana

For Immediate Release
February 6, 2012

www.justice.gov/usao/law

Stephanie A. Finley
United States Attorney
(337) 262-6618
mona.hardwick@usdoj.gov

**U.S. ATTORNEY DISTRIBUTES \$2 MILLION IN COMMUNITY
SERVICE PAYMENTS TO LOUISIANA ENTITIES
FROM PELICAN REFINING COMPANY, LLC**

Sentence is the Largest-Ever Criminal Fine in Louisiana for Air Pollution

Lafayette, La.: United States Attorney Stephanie A. Finley, along with the U.S. Environmental Protection Agency, Office of Criminal Enforcement, Criminal Investigations Division, presented \$2 million in community service payments today, resulting from the sentence handed down in U.S. District Court to Pelican Refining Company, LLC.

Pelican was sentenced on December 15, 2011, by U.S. District Court Judge Richard T. Haik Sr. to pay a \$12 million penalty, which includes a \$10 million criminal fine and \$2 million in community service payments that will go toward various environmental projects in Louisiana, including air pollution monitoring. The criminal fine is the largest ever in Louisiana for violations of the Clean Air Act. Pelican is also prohibited from future operations unless it implements an environmental compliance plan, which includes independent quarterly audits by an outside firm and oversight by a court appointed monitor. The community service payments were presented to the following recipients:

\$1,000,000.00	National Fish & Wildlife Foundation
\$ 500,000.00	Louisiana State Police Emergency Services Unit
\$ 500,000.00	Louisiana Department of Environmental Quality

United States Attorney Stephanie A. Finley stated: "This case should send a message to anyone who threatens Louisiana's precious environment that there are serious consequences for failing to adhere to the environmental laws. Sentences in these cases can be costly. We take these violations very seriously and will continue to aggressively prosecute these types of cases. I particularly want to thank EPA, the Louisiana Department of Environmental Quality and the State Police for helping to bring these crimes to light and assisting in the investigation and prosecution."

Special Agent in Charge of the U.S. Environmental Protection Agency, Criminal Enforcement Office, Region 6, Dallas, Texas, Ivan J. Vikin, stated: "While the primary goal of criminal enforcement is deterrence, EPA and the Department of Justice also look for opportunities in pleas or sentences for defendants to undertake community service projects that will enhance public health and the environment for the long term. The Pelican Refining prosecution is a textbook example of federal and state law enforcement cooperation producing an important win for the public and the environment."

Pelican, headquartered in Houston, admitted at the guilty plea that the company knowingly committed criminal violations of its operating permit at the refinery located in Lake Charles, La. The violations were discovered during a March 2006 inspection by the Louisiana Department of Environmental Quality (LDEQ) and the EPA, which identified numerous unsafe operating conditions. Pelican also pleaded guilty to obstruction of justice for submitting materially false deviation reports to LDEQ, the agency that administers the federal Clean Air Act in Louisiana.

Pelican further admitted to the following:

- Pelican had no company budget, no environmental department and no environmental manager;
- In order to comply with a permit issued under the Clean Air Act, the refinery was required to use certain key pollution prevention equipment, but that equipment was either not functioning, poorly maintained, improperly installed, improperly placed into service and/or improperly calibrated;
- It was a routine practice for over a year to use an emergency flare gun to re-light the flare tower at the refinery designed to burn off toxic gases and provide for the safe combustion of potentially explosive chemicals; because the pilot light was not functioning properly, employees would take turns trying to shoot the flare gun to relight the explosive gasses;
- Sour crude oil was stored in a tank that was not properly placed into service and remained in the tank after the roof sank;
- A caustic scrubber designed to remove hydrogen sulfide from emissions was bypassed;
- A continuous emission monitoring system (CEMS) designed to measure the hydrogen sulfide levels in refinery emissions was not working properly; and
- Pelican provided false information to the states of Louisiana and Texas concerning the laboratory testing of asphalt.

Byron Hamilton, the Pelican vice-president who oversaw operations at the Lake Charles refinery since 2005 from an office in Houston pleaded guilty on July 6, 2011, to the crime of negligently placing persons in imminent danger of death and serious bodily injury

in violation of the Clean Air Act as a result of negligent releases at the refinery. On Oct. 31, 2011, Pelican's former asphalt facilities manager, Mike LeBleu, also pleaded guilty to a negligent endangerment charge under the Clean Air Act.

Under the Crime Victims' Rights Act, crime victims are afforded certain statutory rights, including the opportunity to attend all public hearings and provide input to the prosecution. Any person adversely impacted is encouraged to visit www.justice.gov/usao/law/vicwit/index.html to learn more about the case and the Crime Victims' Rights Act or you may contact the Victim Witness Coordinator for the U.S. Attorney's Office, Western District of Louisiana.

The criminal investigation was conducted by Acting Resident Agent in Charge Brett Spiers of the EPA Criminal Investigation Division in Baton Rouge with assistance from the Louisiana State Police Emergency Services Unit and the Louisiana Department of Environmental Quality Criminal Investigations Division. The case is being prosecuted by U.S. Attorney Finley, Senior Trial Attorney Richard A. Udell and Trial Attorney Christopher Hale of the Environmental Crimes Section of the Environment and Natural Resources Division of the U.S. Department of Justice.

Photos:

www.epa.gov/compliance/criminal/investigations/pelican-exhibits.pdf

The Joint Factual Statement:

www.epa.gov/compliance/criminal/investigations/pelican-jfs-10-21-11.pdf

More information on EPA's criminal enforcement program can be found at: www.epa.gov/compliance/criminal/index.html.

###