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EVERGREEN TO PAY LARGEST-EVER PENALTY FOR CONCEALING VESSEL POLLUTION

Container Shipping Company to Pay \$25 Million

WASHINGTON, D.C. —The United States Attorneys from five judicial districts with major ports today announced criminal charges against Evergreen International, S.A. (Evergreen), one of many Evergreen-related companies involved in the container ship business. Under the terms of a plea agreement, Evergreen will pay \$25 million, the largest-ever amount for a case involving deliberate vessel pollution, and plead guilty to felony charges brought in Los Angeles; Newark, NJ; Portland, OR; Seattle; and Charleston, SC.

Evergreen pleaded guilty today to 24 felony counts and one misdemeanor—five counts from each federal district involved in the case—for concealing the deliberate, illegal discharge of waste oil and for a negligent discharge in the Columbia River. The charges include making false statements, obstruction of Coast Guard inspections, failing to maintain an accurate Oil Record Book, and one negligent violation of the Clean Water Act relating to the discharge in the Columbia River. Following the guilty pleas, U.S. District Judge Terry J. Hatter, Jr. ordered the company to pay \$25 million to be divided equally among the five judicial districts involved. Of this amount, \$10 million will be directed to environmental community service projects in each district.

“The deliberate and purposeful pollution of our oceans and America's waterways must be met with strict enforcement,” said Deputy Attorney General James Comey. “This penalty has secured justice against Evergreen and provided a victory for all Americans who enjoy and respect our environment. I want to thank the Justice Department’s Environmental Crimes Section for their hard work and the U.S. Attorneys from the Central District of California, New Jersey, Oregon, South Carolina and the Western District of Washington, along with the EPA and Coast Guard whose efforts made this agreement possible.”

Engine room operations on board large oceangoing vessels generate large amounts of waste oil. International and U.S. law prohibit the discharge of waste oil without treatment by an oil water separator—a required pollution prevention device. The law also requires all overboard discharges be recorded in an Oil Record Book, a required log which is regularly inspected by the Coast Guard. In May 2001, the U.S. Coast Guard discovered Evergreen was using bypass pipes aboard their ships to illegally discharge waste oil into the ocean without treating it in an oil-water separator. The discharge of oil and other toxic petroleum-related wastes can cause significant harm to marine life.

The filing of charges in each district was announced today by James Comey, Deputy Attorney General; Thomas L. Sansonetti, Assistant Attorney General for the Environment and Natural Resources Division, Department of Justice; Thomas V. Skinner, Acting Administrator for Enforcement and Compliance Assurance for the Environmental Protection Agency (EPA); Debra W. Yang, U.S. Attorney for the Central District of California; Christopher J. Christie, U.S. Attorney for the District of New Jersey; Karin J. Immergut, U.S. Attorney for the District of Oregon; Jonathan S. Gasser, Acting U.S. Attorney for the District of South Carolina; John McKay, U.S. Attorney for the Western District of Washington; and Rear Admiral Thomas H. Gilmour, Assistant Commandant for Marine Safety, Security and Environmental Protection, U.S. Coast Guard.

The investigation of Evergreen ships and companies began on March 4, 2001 after the discovery of approximately 500 gallons of oil in the Columbia River near Kalama, Washington. Through vessel traffic reports and oil samples, the U.S. Coast Guard traced the spill to the Ever Group, a container vessel managed by Evergreen Marine (Taiwan) Ltd., which had negligently discharged the oil. On May 14, 2001, the Washington State Department of Ecology (WDOE) discovered a bypass pipe used by crew members on another Evergreen vessel, called the Ever Given, to illegally discharge waste oil into the ocean.

The violations on these two vessels led the U.S. Coast Guard to conduct “Priority One” inspections of other vessels owned, operated, or affiliated with Evergreen in various United States ports. The federal investigation was conducted with the assistance of the WDOE as well as the EPA’s Criminal Investigations Division and the Federal Bureau of Investigation, and revealed that at least seven Evergreen ships (Ever Group, Ever Given, Ever Dainty, Ever Refine, Ever Gleeful, Ever Laurel, and Ever Reward) regularly and routinely used bypass equipment to discharge oily waste and sludge oil while circumventing required pollution prevention equipment and concealing the discharges in fictitious logs which it knew were inspected regularly by the Coast Guard. In a factual statement filed by the court, Evergreen admitted that it knew the fictitious logs were regularly inspected by the Coast Guard.

“Evergreen illegally discharged waste oil and then attempted to conceal its actions, thereby compounding its crimes,” said Thomas V. Skinner, EPA’s Acting Assistant Administrator for Enforcement and Compliance Assurance. “This guilty plea sends a clear and strong message to shipping companies: they will pay a heavy price if they intentionally violate our nation's environmental laws.”

According to a detailed factual statement filed in court and which Evergreen has admitted is accurate:

- During a 3½ year period, Evergreen discharged waste oil and sludge through bypass equipment and without the use of required pollution prevention equipment from certain ships, with the knowledge that this pollution violated international law;
- Evergreen concealed illegal discharges in order to prevent discovery by the U.S. Coast Guard through methods that included creating fictitious Oil Record Books and destroying a bypass pipe in anticipation of a Coast Guard inspection;
- Evergreen made false statements to the Coast Guard about the operation of the oily water separator and certain engine room officers instructed crew members that if questioned by the Coast Guard they should deny any knowledge of such unlawful activities.

“Cheating and deceiving is no way to conduct business, and the actions of Evergreen undermined the hard work of every honest operator that complies with these laws each day,” said Admiral Gilmour. “In order to protect our waters and maintain fair competition, the Coast Guard will continue to focus enforcement actions toward those who intentionally pollute and deliberately lie to the United States authorities to conceal their criminal behavior.”

Four related Evergreen companies—Evergreen Marine (Taiwan), Evergreen America, Greencompass Marine, S.A., and Evergreen International, S.A.—will be bound by a detailed Environmental Compliance Plan to prevent future violations as a condition of probation. Under the terms of the proposed plan, Evergreen will need to secure every overboard valve and flange with numbered tags and make other hardware changes to make bypassing more difficult. The compliance plan also requires that Evergreen ships visiting the United States be audited by an outside firm which will be reviewed by a special court appointed monitor.

Assistant Attorney General Sansonetti and U.S. Attorneys Yang, Christie, Immergut, Gasser, and McKay commended the investigation conducted by U.S. Coast Guard units in each port, the Washington State Department of Ecology, Coast Guard Investigative Service, Coast Guard Office of Maritime and International Law, Coast Guard Office of Investigations and Analysis, EPA Criminal Investigations Division, Federal Bureau of Investigation, and U.S. Department of Transportation Office of the Inspector General. The case was prosecuted by the Environmental Crimes Section of the U.S. Department of Justice and the U.S. Attorney’s Offices.

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