



## Balsa 62 Operator Pleads Guilty to Conspiracy and Falsifying Records

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On November 10, 2008, the U.S. Department of Justice announced the operator of commercial cargo ship Balsa 62 agreed to plead guilty to on charges of conspiracy and falsifying and failing to properly maintain discharge records. Japanese company Hiong Guan Navegacion Japan Ltd. admitted to maintaining false records in connection with illegal activity that occurred on the Balsa 62 between June 2007 and May 2008. Chief Engineer Francisco Bagatela directed crew members to operate a bypass pipe, commonly called a “magic pipe,” to allow oily discharge to bypass the ship’s environmental protection equipment and be unloaded directly into the ocean. In February 2008, new Chief Engineer Robert Racho continued the illegal practices. Coast Guard investigations that occurred May 31, 2008, in Tampa, Florida revealed the illegal activity and the falsified oil record book. Hiong Guan faces fines of \$500,000 per felony, five years probation, and a \$400 special assessment per penalty. As part of the plea agreement, Hiong Guan will pay a \$1.75 million in fines and implement an extensive environmental compliance plan. Former chief engineers Bagatela and Racho previously pleaded guilty in October, and each faces up to six years in prison, a \$250,000 fine, and three years supervised release.

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