

## Ship Management Corp. to Pay \$4 Million Penalty for Deliberate Pollution



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The Panamanian shipping company, Irika Shipping S.A., pled guilty to charges stemming from its ship, the *M/V Iorana*, on July 8. According to court documents, Irika was charged with felony obstruction of justice charges and a violation of the Act to Prevent Pollution from Ships (APPS). As part of a plea agreement, Irika has agreed to pay \$4 million, be placed on probation for five years, and be subject to the terms of an Enhanced Environmental Compliance Program. The \$4 million penalty will be split into a \$3 million criminal fine, and a \$1 million community service payment that will fund various marine environmental projects in Maryland, Washington, and Louisiana. Under the terms of the plea agreement, Irika Shipping and its ships must also be audited by an independent firm and supervised by a court appointed monitor.

The case involves Irika Shipping, and has some ominous undertones for shipowners. In summary, the company had taken delivery of the new-build M/T IORANA in June 2009. On the vessel's first voyage, from China to Tacoma Washington, and then to New Orleans and then Baltimore, Maryland, the ship had problems with its waste stream management, and carried out a number of improper discharges. The engineers also failed to record alarms in the Oil Record Book, and otherwise failed to document problems with the OWS system. Those problems were uncovered by USCG inspectors, who were tipped off by a note from unhappy crewmembers and later received cell phone photos of the unlawful "magic pipe" bypass hose used to carry out the wrongful discharges. Inspectors in the port of Baltimore ultimately found the magic pipe. Charges were brought in federal courts in Louisiana, Washington, and Maryland, and were later consolidated in Baltimore for disposition.

This was not Irika's first run-in with U.S. environmental enforcement. In 2007, Irika was fined \$750,000 and put on four year probation for similar charges. Investigators of the 2007 incident found a flexible hose in the engine room which crew members said had been used to pump oil residue overboard rather than run it through an incinerator. Irika admitted to hiring back the chief engineer who was convicted in that prior case, which contributed to the court's view of Irika as not sufficiently repentant after its first conviction. The chief engineer involved in the IORANA violations, Triantafyllos Marmaras, pled guilty in June of 2010 to obstruction of justice.

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