Message

From: Lopez, Peter [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=B7B64B3B2F984708840A5F342309D460-LOPEZ, PETE]
Sent: 7/22/2019 8:29:17 PM
To: Stewart, Renee [Stewart.Renee@epa.gov]
CC: Guerrero, Carmen [guerrero.carmen@epa.gov]; Lyon, Christopher [lyon.christopher@epa.gov]; LaPosta, Dore [LaPosta.Dore@epa.gov]; Mugdan, Walter [Mugdan.Walter@epa.gov]; Schaaf, Eric [Schaaf.Eric@epa.gov]; Prince, John [Prince.John@epa.gov]; Mears, Mary [Mears.Mary@epa.gov]; Rodriguez, Elias [Rodriguez.Elias@epa.gov]; Mosher, Eric [Mosher.Eric@epa.gov]; Buettner, Robert [Buettner.Robert@epa.gov]; Amon, Tyler [Amon.Tyler@epa.gov]; Hick, Patricia [Hick.Patricia@epa.gov]; Garelick, Jason [garelick.jason@epa.gov]; Jordan-garcia, Carolina [Jordan-Garcia.Carolina@epa.gov]; Wieder, Marla [Wieder.Marla@epa.gov]; Anderson, Kate [Anderson.Kate@epa.gov]; Mcgarry, Barbara [McGarry.Barbara@epa.gov]
Subject: Re: Upcoming CID Activities: Ocean Princess and Carville National Leather

Hi Renee.

Thank you so much!

Sincerely,
Pete

Pete Lopez
Regional Administrator
US EPA-Region 2
290 Broadway
New York, NY 10007
(212) 637-5000
Ex. 6 Personal Privacy (PP)

On Jul 22, 2019, at 2:27 PM, Stewart, Renee <Stewart.Renee@epa.gov> wrote:

Good Afternoon,

Just a couple updates on the sentencings:

Ocean Princess

On July 19, 2019, Ray Espulgar, was sentenced to the following: three (3) years unsupervised probation, defendant not to enter the United States/territories on any merchant vessel, $3,000 fine, $100 special assessment.

Carville National Leather

On July 22, 2019, Robert Carville was sentenced to two (2) years probation, no criminal fine, $100 special assessment. Judge Scullin ordered that restitution is pending per further information. Ordered information due in 30 days. More information to follow.

Just as a reminder- there will be a large DOJ press release after the companies are sentenced on August 22. If the NDNY decide to issue a press release from today's sentencing for Carville, I will forward immediately.

Thanks!
Renee
Renee Stewart
Assistant Special Agent in Charge, Region 2
U.S. Environmental Protection Agency
Criminal Investigation Division, Syracuse Resident Office
441 South Salina Street Box 349, 6th Floor
Syracuse, NY 13202
Ex. 6 Personal Privacy (PP) cell

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From: Stewart, Renee
Sent: Wednesday, July 17, 2019 8:35 AM
To: Guerrero, Carmen <guerrero.carmen@epa.gov>; Lopez, Peter <lopez.peter@epa.gov>; Lyon, Christopher <lyon.christopher@epa.gov>; LaPosta, Dore <LaPosta.Dore@epa.gov>; Mugdan, Walter <Mugdan.Walter@epa.gov>; Schaaf, Eric <Schaaf.Eric@epa.gov>; Prince, John <Prince.John@epa.gov>; Mears, Mary <Mears.Mary@epa.gov>; Rodriguez, Elias <Rodriguez.Elias@epa.gov>; Mosher, Eric <Mosher.Eric@epa.gov>; Buettner, Robert <Buettner.Robert@epa.gov>
Cc: Amon, Tyler <Amon.Tyler@epa.gov>; Stewart, Renee <Stewart.Renee@epa.gov>; Hick, Patricia <Hick.Patricia@epa.gov>; Garelick, Jason <garelick.jason@epa.gov>; Jordan-garcia, Carolina <Jordan-Garcia.Carolina@epa.gov>; Wieder, Marla <Wieder.Marla@epa.gov>; Anderson, Kate <Anderson.Kate@epa.gov>; Mcgarry, Barbara <McGarry.Barbara@epa.gov>
Subject: Upcoming CID Activities: Ocean Princess and Carville National Leather

Good Morning,

Please find the below information regarding upcoming CID activities.

Ocean Princess/Rey Espulgar (CAA-Annex VI-MARPOL) – U.S. VI

- **On July 19, 2019**, Rey Espulgar, Chief Mate of Ocean Princess, will be sentenced in federal court. On January 16, 2019, Espulgar plead guilty to an APPS count for falsifying the ORB by failing to document the transfer of cargo into the bunker tanks, in violation of Title 33, U.S.C., Section 1908(a), which carries a maximum sentence of incarceration of six years, a $250,000 fine, a maximum term of supervised release of two years.

- Ionian Shipping & Trading Corp., Lily Shipping LTD., and Ionian Management are scheduled for sentencing in federal court on **August 22, 2019**.

- ***It should be noted that we are currently awaiting a significant press release from DOJ regarding the entire case after all sentencings have occurred.***

Background

- <!--[if !supportLists]--><!--[endif]-->Lily Shipping Ltd. and Ionian Shipping & Trading Corp., both Greece-domiciled companies, owned and operated, respectively, the M/T Ocean Princess. The vessel was engaged in transporting petroleum products throughout the Caribbean including from Limetree Terminals, St. Croix, U.S.V.I. Ionian Management Inc., a New York City domiciled company, managed the commercial operations of the vessel, that is, Ionian directed where and how much petroleum cargo was to be delivered to customers in the Caribbean, and, authorized the Master of the vessel, Stamatios Alekidis, to transfer petroleum cargo from the cargo tanks into the vessel's fuel tanks, known as bunker tanks.

- <!--[if !supportLists]--><!--[endif]-->Chief Officer Rey Espulgar would coordinate with Chief Engineer Athanasios Pittas to carry-out the transfer from the cargo tanks to the bunker tanks. Espulgar would then falsify the Oil Record Book, Part II, by failing to record that cargo had been transferred to the bunker tanks. Pittas would then falsify the Oil Record Book, Part I, by recording that the bunkers originated from a shore-side company in St. Martin, F.W.I. Additionally, Pittas would create a fictitious Bunker Delivery Note that claimed the bunkers came from the same shore-side company in St. Martin, F.W.I., and an employee from that company would come on board the vessel and counter-sign the false Bunker Delivery Note.

- <!--[if !supportLists]--><!--[endif]-->Between March 2, 2016 and February 6, 2018, while Lily Shipping and Ionian Shipping owned and operated the M/T Ocean Princess, nineteen (19) separate fictitious Bunker Delivery Notes were created on and kept aboard the vessel.

- <!--[if !supportLists]--><!--[endif]-->While vessels are operating within the U.S. Caribbean ECA, they must not use fuel that exceeds 0.10% sulfur by weight. Between January 3, 2017 and July 10, 2018, the M/T Ocean Princess entered into, and operated within, the U.S. Caribbean ECA using fuel that contained excessive sulfur on twenty-six separate occasions. U.S. Coast Guard inspectors boarded the M/T Ocean Princess on July 10, 2018 to conduct an inspection. During the inspection, the U.S. Coast Guard discovered that the vessel was using fuel with an excessive sulfur content. During the inspection, Chief Officer Espulgar instructed some of the low-level crewmembers to lie to the U.S. Coast Guard inspectors about where the fuel came from, and that they should say the ship took on fuel in St. Martin, F.W.I., when in fact it did not. EPA CID joined the investigation with the Coast Guard Investigative Service.

- <!--[if !supportLists]--><!--[endif]-->As the investigation progressed, it was learned that in fact Ionian Management would authorize the transfer of excessive-sulfur fuel from the cargo tanks into the bunker tanks on a routine basis. As the owner and operator of the vessel, Lily Shipping and Ionian Shipping were responsible for ensuring the vessel used fuel that complied with the U.S. Caribbean ECA standards.

- <!--[if !supportLists]--><!--[endif]-->The Clean Air Act regulates new and U.S. flagged vessels- specific to ones with marine diesel engines. There is sulfur content in marine fuel. These fuels are contained in Annex VI of the International Convention on the Prevention of Pollution from Ships (a treaty called MARPOL) under the authority of the Act to Prevent Pollution from Ships (APPS), where we have chargeable offenses. Under APPS 2- EPA and U.S. Coast Guard agreed to jointly enforce U.S. and International air pollution requirements for vessels operating in U.S. Waters.

- <!--[if !supportLists]--><!--[endif]-->No State or Local law enforcement agency was involved in this investigation.

CRIMINAL JUDICIAL ACTIONS

- On January 30, 2019, Stamatios Alekidis, Master of Ocean Princess, signed a plea agreement, pleading guilty to an APPS count for knowingly operating the vessel without changing the bunker tanks to a lower sulfur fuel.

- On February 20, 2019, Chief Engineer Athanasios Pittas, signed a plea agreement, pleading guilty to aiding and abetting a felony violation of the Act to Prevent Pollution from Ships, 33 U.S.C. § 1908(a), for knowingly aiding and abetting the operation of the vessel using fuel that exceeded the 0.10% sulfur by weight limitation imposed by EPA in the U.S. Caribbean Emissions Control Area.

- On April 23, 2019, IONIAN MANAGEMENT INC., IONIAN SHIPPING & TRADING CORP., LILY SHIPPING LTD., plead guilty for various pollution, recordkeeping, and obstruction of justice crimes on the Motor Tanker ("M/T") Ocean Princess as indicated below. According to the draft plea agreement, IONIAN SHIPPING & TRADING CORP. and LILY SHIPPING LTD. have agreed to each pay a fine of $1,500,000.00., be placed on four years of probation and implement an Environmental Compliance Plan. IONIAN MANAGEMENT INC. has agreed to pay a fine of $500,00000 and be placed on a period of probation of one year. **Sentence pending for August 22, 2019.**

- On May 7, 2019, Stamatios Alekidis, Master of Ocean Princess and Chief Engineer Athanasios Pittas were sentenced in federal court. Alekidis and

Pittas were both sentenced to 3 years' probation, during which time they cannot return to the United States on a ship. There was no fine imposed.

- The charges stemmed from the routine practice on the M/T Ocean Princess to use fuel that exceeded the maximum allowable sulfur concentration in the U.S. Caribbean Emission Control Area ("U.S. Caribbean ECA"), and the efforts made onboard the ship to deceive inspectors into believing the fuel that was consumed came from a shore-side facility in St. Martin, French West Indies ("F.W.I.") when in fact it had originated from cargo the ship was transporting.

- The first of its kind criminal prosecution for MARPOL Annex VI, specifically relating to air emissions.

Carville National Leather/Robert Carville (RCRA/CERCLA) – Johnstown, NY

- **On July 22, 2019,** Robert Carville will be sentenced before Senior U.S. District Judge Frederick J. Scullin, Jr., for pleading guilty to one count violation of RCRA, Title 42 Section 6928 (d)(2)(A), for knowingly storing hazardous chemicals without a valid RCRA permit. The maximum penalty for this crime is a term of imprisonment of 5 years, a fine of not more than $500,000 or $50,000 per day of violation, a mandatory $25 special assessment and a term of supervised release of 3 years. Carville's sentencing guideline range is 12-18 months in prison. On December 3, 2018, Carville plead guilty to one count violation of RCRA, Title 42 Section 6928 (d)(2)(A) for knowingly storing hazardous chemicals without a valid RCRA permit.

Background

- In late July 2016 EPA Region 2 On-Scene Coordinator Paul Kahn advised that he and his team had responded to a potential hazardous waste spill and release at a former leather tanning company, Carville National Leather. The property borders a public walking/biking trail and is near Cayadutta Creek, which flows into the Mohawk River. This is a very close to a residential neighborhood and commercial district.

- Carville was a family tannery that used to produce leather using a chrome tanning process, which involved a multi-step procedure using numerous chemicals to convert animal hides to processed leather.

- Carville shut down in 2013 and purportedly left behind approximately 200 drums of chemicals, some of which have been identified as acids and caustics. OSC Kahn said some of the materials are on the EPA list of Hazardous Chemicals. OSC Kahn said the property appears to have been abandoned, and the building was unlocked and apparently had been vandalized, causing chemicals to be released, to outside the premises and into the environment.

- Overall, the OSCs observed over 500 containers, totes and drums with various labels- some said "corrosive," "caustic soda," "acid," "hazardous chemical" or "poisonous gas." Laboratory testing was conducted and the analytical results of the 570 containers confirmed that approximately 330 of the containers held more than 3,300 galls (about 13 tons) of hazardous waste. The lab testing revealed a significant portion of the waste to have characteristics of corrosivity, ignitability, reactivity, and to contain toxic concentrations of both chromium and lead.

- On March 21, 2018, Carville was charged in this matter. Specifically, Robert Carville, was charged with one count RCRA, Title 42 Section 6928 (d)(2)(A) for knowingly storing hazardous chemicals without a valid RCRA permit and one count CERCLA, Title 42 Section 9603(b) for failure to notify the NRC of a release of hazardous substances to include lead and chromium. He was subsequently arrested on April 10, 2018.

- DOJ anticipates a small press release.

I will forward any press release upon receipt. Any questions, please let me know.

Thanks, Renee

Renee Stewart
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