

The Virgin Islands Consortium

Vessel Owner And Operator Fined \$3 Million For Air Pollution Violations, Record-Keeping And Obstruction Of Justice Crimes

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U.S. Attorney Gretchen Shappert for the District of the Virgin Islands announced Monday that Ionian Shipping & Trading Corp., Lily Shipping LTD, Stamatios Alekidis, Athanasios Pittas and Rey Espulgar have been convicted and sentenced for various pollution, record-keeping, and obstruction of justice crimes on the *Motor Tanker Ocean Princess* on St. Croix.

The defendants' conduct included using fuel that exceeded the maximum allowable sulfur concentration in the U.S. Caribbean Emission Control Area ("U.S. Caribbean ECA") and

efforts to deceive U.S. Coast Guard inspectors about the source of the fuel being used aboard the *M/T Ocean Princess*, the District Court said.

The *M/T Ocean Princess* was owned by Lily Shipping LTD and operated by Ionian Shipping & Trading Corp., both Greece-domiciled companies. The two companies will each pay a fine of \$1.5 million, placed on four years of probation, and implement an Environmental Compliance Plan.

According to the U.S. Attorney's Office, the vessel was engaged in transporting petroleum products throughout the Caribbean including from Limetree Terminals on St. Croix. The commercial manager of the vessel would authorize 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. As the owner and operator of the vessel, Lily Shipping LTD and Ionian Shipping & Trading Corp., were further responsible for ensuring the vessel used fuel that complied with the U.S. Caribbean ECA standards, the court said.

While vessels are operating within the U.S. Caribbean ECA, they must not use fuel that exceeds 0.10% sulfur by weight in order to help protect air quality, the court said.

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. The fuel was petroleum cargo that had been transferred to the fuel tanks as authorized by the vessel's commercial manager. Once notification was received from Master Alekidis, Chief Officer Espulgar coordinated with Chief Engineer Mr. Pittas to make the transfers from the cargo tanks to the bunker tanks. Mr. Espulgar then falsified the Oil Record Book, Part II, by failing to record that cargo had been transferred to the bunker tanks. Mr. Pittas also falsified the Oil Record Book, Part I, by falsely recording that the fuel in the bunker tank originated from a shore-side company in St. Martin, F.W.I. Additionally, Mr. Pittas created fictitious Bunker Delivery Notes that claimed the fuel in the bunkers came from the same shore-side company in St. Martin, F.W.I. Between March 2, 2016, and February 6, 2018, nineteen separate fictitious Bunker Delivery Notes were created on and kept aboard the vessel.

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. Chief Officer Espulgar instructed some of the lower-ranking crew members to lie to the U.S. Coast Guard inspectors about where the fuel came from and to say the ship took on fuel in St. Martin, F.W.I., when in fact it did not.

"Protection of our unique environment and air quality are important priorities of federal law enforcement and prosecutors in the U.S. Virgin Islands," said U.S. Attorney Shappert. "These convictions underscore our commitment to holding violators accountable while defending precious natural resources. I am deeply grateful for the way that the federal partners worked together during this investigation to ensure that Justice is served."

"Ocean going vessels emit hazardous air pollutants or air toxics that are associated with adverse health effects impacting populations living near ports and coastlines," said Tyler

Amon, Special Agent in Charge of EPA's criminal enforcement program in the Virgin Islands. "EPA, along with its law enforcement partners are committed to ensuring the shipping industry continues to comply with laws designed to protect air quality."

"The results announced today send a strong message to anyone who seeks to take shortcuts and intentionally pollute our environment, and I couldn't be prouder of the Coast Guard's Resident Inspection Office in St. Croix and Sector San Juan marine inspectors who first identified the issue as well as our Coast Guard Investigative Service agents who worked closely with the Environmental Protection Agency in San Juan to investigate this case," said Rear Adm. Peter Brown, Coast Guard commander of District Seven. "We will continue to work with our Department of Justice and environmental protection partners to hold accountable any who put profit above the protection of our waters, beaches, and the air above them for future generations."

Mr. Alekidis, Mr. Pittas, and Mr. Espulgar were sentenced to three years of probation and ordered not to return to the United States on a ship during that time. Mr. Espulgar was also fined \$3,000.00.

The U.S. Coast Guard Investigative Service and the U.S. Environmental Protection Agency-Criminal Investigation Division conducted the investigation. Assistant U.S. Attorney Kim Chisholm and Department of Justice, Environmental Crimes Section Senior Trial Attorney Kenneth Nelson prosecuted the case.