

# Cruise-ship dumping poisons seas, frustrates U.S. enforcers



**Admitted guilt:** The Norway steamship, owned by Norwegian Cruise Line, illegally dumped oily waste into the ocean for years, but its operator paid a \$1 million fine. Other cruise operators have paid steeper fines.

## Operator's \$1 million fine called inadequate

By Marilyn Adams  
USA TODAY

MIAMI — The stately cruise ship Norway, which sails to the Caribbean, evokes a gentler time. Beneath modern trappings such as an Internet cafe, the 40-year-old steamship with its grand ballrooms is reminiscent of ocean liners that crossed the Atlantic before the advent of the jet.

But the Norway, owned by Norwegian Cruise Line, long kept a secret: It illegally dumped oily waste into the ocean, and the crew filed false records to mislead the Coast Guard. Three months ago, after the cruise line's new owner cooperated with the Justice Department, Nor-

wegian pleaded guilty to one felony and paid a \$1 million fine for falsifying records.

Now, some of the federal agents who investigated the case say the company's pollution went on for much longer and was much worse than the relatively light fine suggests.

Environmental Protection Agency agents say — and court records support the claims — that the Norway not only poured hundreds of thousands of gallons of oily bilge water into the ocean. It also dumped raw sewage mixed with hazardous, even cancer-causing, chemicals from dry cleaning and photo development into the waters near Miami for many years.

"The violations at Norwegian were some of the worst we've ever seen," Rick Langlois, EPA's Florida-based special agent in charge, said in an interview. "Almost every waste they had was going overboard."

## Cover story

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# Wary government still keeps watch for illegal dumping by cruise ships

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The current CEO of the cruise line, Colin Veitch, acknowledged the company's past mistakes in a recent interview. "The presence of hazardous waste in that mix does seem to have been the case" before the late '90s, Veitch, who took over in 2000, told USA TODAY.

Langlois and several other investigators from government agencies that investigated Norwe-

## A lighter penalty

The Norwegian case is significant because, despite the cruise line's pollution history, prosecutors imposed a lighter penalty to reward its new owner for offering no resistance, admitting wrongdoing and taking steps to fix problems.

Knowingly dumping hazardous waste into Miami's Biscayne Bay "is a crime," says Richard Udell, a Justice Department senior trial attorney for environmental crimes. "In this case, Norwegian provided cooperation above and beyond what any cruise line had done in any prior case." The one felony to which the company pleaded guilty was representative of its violations, he said.

This case and other recent developments, including a major cruise ship spill in Alaskan waters in August, raise questions about whether — and why — some in the cruise industry still might be circumventing pollution laws.

"I can tell you the senior management of my (cruise) lines is focused on improvements," says Michael Crye, president of the International Council of Cruise Lines, which represents the biggest cruise lines. "Gone are the days when the oceans were viewed as a dumping ground."

Others aren't convinced. "Recent cases document continuing violations both by cruise ships and the much larger shipping industry," prosecutor Udell says.

"What we found at Norwegian surprised and angered us," agent Langlois says. "Is the message getting out? I don't know."

"We see the same practices that cruise lines have been convicted for happening over and over," says Tracy London, policy director for Oceans Blue Foundation, an environmental group based in Vancouver, British Columbia.

### Among recent developments:

► In April, Carnival Corp. pleaded guilty to falsifying records to cover up oil pollution by six ships over several years. It paid an \$18 million fine, and the company is on probation. A new violation

could prompt new criminal charges.

► In late September, a fired Carnival Cruise Lines executive filed a whistle-blower lawsuit alleging a host of environmental and safety violations, including toxic-chemical dumping, on ships sailed by Carnival, Holland America, Cunard and Costa to ports around the USA. Carnival Corp. owns all those lines. The allegations have not been proved, and Carnival Corp. has not commented on them.

► On Oct. 15, Carnival Corp. disclosed in a government filing that officers from one of its Holland America ships have been subpoenaed to testify before a federal grand jury in Alaska investigating a spill of wastewater in Juneau Bay in August. The Coast Guard in Alaska estimates 40,000 gallons went overboard.

## As much waste as a city

The cruise industry represents a fraction of the worldwide shipping fleet. The most famous ship-pollution disaster involved the Exxon Valdez oil tanker, which spilled 240,000 barrels of oil into the Gulf of Alaska after running aground in 1989.

But federal authorities have focused considerable resources on cruise ships because of the industry's rapid growth and its unique threat. Unlike a typical freighter, which might carry a dozen crewmembers, a large cruise ship typically carries at least 2,000 passengers and 1,000 crew, generating as much waste as a small city. Cruise ships also sail through fragile ecosystems like Florida's coral reefs and Alaska's Inside Passage.

Cruise ships generate a wide range of man-made toxins, including perchloroethylene (PERC) from dry cleaning; benzene and toluene from paint and solvents; and oily waste from fuel and machine oil. PERC is linked to cancer and birth defects in humans, and even small amounts in water have been shown to be toxic to aquatic animals. Benzene is a known human carcinogen. Oil in even minute

concentrations can kill fish. Consuming oil can kill birds and cause internal hemorrhaging or death in marine mammals.

Proper disposal of waste is costly. By law, waste must be analyzed for content, packaged, documented and shipped to an authorized disposal facility. Handling a 55-gallon drum of photo waste, for example, runs about \$300 a drum, says Larry Doyle, executive vice president of Cliff Berry, an environmental services firm based in Fort Lauderdale. Anywhere from a few to a dozen such drums are taken off a cruise ship after each trip.

According to Royal Caribbean figures, a typical cruise generates 110 gallons of photo chemicals, five gallons of dry-cleaning waste and 10 gallons of used paint. Doyle, whose firm handles waste disposal for all Carnival Cruise Lines ships in South Florida, says the annual bill runs in the "high six figures."

## Miami's the focus

Nowhere has the Justice Department been tougher on cruise-ship pollution than in Miami, the USA's cruise capital and headquarters of Carnival, Royal Caribbean and Norwegian, three of the biggest lines. Last year, nearly 3.4 million passengers boarded cruise ships here. In the annals of cruise-ship pollution cases, the four-year Royal Caribbean case was a watershed.

Royal Caribbean admitted in court it had installed special pipes on some ships — removed before every scheduled Coast Guard inspection — to bypass pollution-control devices that prevent oily dumping. The line also pleaded guilty to dumping toxic chemicals used in dry cleaning, photo processing and other activities.

The Coast Guard shot aerial videotape in 1994 of an oil slick trailing Royal Caribbean's 900-foot ship Sovereign of the Seas near San Juan, Puerto Rico. Royal Caribbean hired several high-powered former Justice Department lawyers to argue that the federal government lacked jurisdiction to prosecute. Royal Caribbean is incorporated in Liberia.

## Cover story

gian wanted to see the cruise line pay more than a \$1 million fine because, they say, the Norway and other ships it owned dumped so much waste for so long. For some of the same types of violations, Royal Caribbean Cruises in recent years was fined \$27 million and Carnival Corp. \$18 million.

But the Justice Department imposed a \$1 million fine to reward Norwegian's new owners for voluntarily reporting pollution problems and assisting the government — even though the company received a tip that an EPA probe was underway before it came forward.

The outcome "may have fit the circumstances, rather than the crime," says EPA agent James Pear-

sal, who investigated Norwegian. "It's definitely troubling," says Teri Shore, an activist for Bluewater Network, an environmental group based in San Francisco. "It's like telling the industry, 'It's OK to pollute so long as you tell us later.'"

The Norwegian case is an eye-opening glimpse into the federal government's long fight to end cruise-ship pollution. In a campaign to reverse decades-long dirty practices, the Justice Department has prosecuted nine cruise lines in nine years for dumping everything from plastic trash to hazardous waste to oil. It has been a sometimes-frustrating battle against secretive dumping, often at night, by foreign-registered ships owned by foreign-registered companies. By avoiding proper disposal, the cruise lines saved hundreds of thousands — possibly even millions — of dollars a year.



That case "was in a class by itself," says Udell, who helped prosecute Royal Caribbean.

After a judge ruled the government did have jurisdiction, Royal Caribbean pleaded guilty to 30 criminal charges in Miami, New York, Puerto Rico, Los Angeles, the Virgin Islands and Alaska. It paid \$27 million in fines in 1998 and '99. The line has since implemented a companywide environmental compliance program.

When subpoenas arrived at Carnival Corp. a year later, the corporate response was far different. Carnival didn't question jurisdiction and instead handed over 1,200 boxes of records and began negotiating a deal. In April, the company pleaded guilty in Miami, agreed to set up a compliance program and paid an \$18 million fine.

Three months later, Justice announced Norwegian's guilty plea and \$1 million fine. The government's news release said Norwegian, a Bermuda corporation, had turned itself in and lauded the company's "corporate citizenship."

In its own announcement, Norwegian said only that it had "discovered reporting irregularities" and "immediately reported these problems to the government."

Whether Norwegian technically turned itself in is a matter of debate.

A former Norway officer, who had been fired for what Norwegian says were unrelated reasons, had gone to the EPA in 1999 with piping diagrams and videotaped evidence of oil-dumping by the ship, court documents and officials say. EPA began an investigation. Months into it, senior Norwegian officials were faxed an anonymous letter warning that the former officer had tipped off the EPA, say federal officials and court records.

Agents already had come across other disturbing information: The Norway had few of the legally required records for its wastes and had apparently routinely dumped sewage and hazardous waste into the ocean for years, government officials say.

Around the same time, Star Cruises Group, based in Hong Kong, bought Norwegian in a hostile takeover and brought in Veitch as CEO. He had been an executive at Princess Cruises when that line was investigated for pollution crimes years earlier.

Veitch says he heard about the faxed tip to Norwegian and immediately began looking for problems aboard the Norway, the company's oldest ship. He hired an outside consultant who witnessed Norway crewmembers tampering with pollution-control equipment to cover up dumping of oily bilge water. The consultant boarded a second ship, the Majesty, and found the same thing, court records say.

Norwegian's lawyer, Norman Moscowitz, approached the EPA and Justice in spring 2000, saying the cruise line wanted to voluntarily disclose pollution violations and request leniency: a civil case rather than a criminal one. The government declined that request, and the probe continued.

Only weeks later, in documents handed over by the cruise line, did investigators find the faxed tip.

Veitch and lawyer Moscowitz, one of the lawyers who had represented Royal Caribbean, say Norwegian didn't know it was under active investigation when it came forward. No subpoenas or search warrants had been issued.

"If we actually thought something was going on, I would have acted on it the day I arrived," Veitch says. "The decision (to self-report) was very difficult. We knew we were potentially exposed to a huge fine."

#### **The last steamship**

The Norway, believed to be the last steamship in U.S. cruise use, runs on 1,700 tons of black oil a week. The vessel, as long as three football fields, was designed before modern environmental laws were enacted and had never been retrofitted. Before Star Cruises took over, it had outdated equipment for separating water from waste oil that drops into the bilge. It also had a single 547-ton wastewater tank that held all dirty water and waste from toilets, kitchens, showers and sinks used by 3,000 passengers and crew.

Though the company had added two upper decks of cabins during the '90s, the wastewater tank had not been enlarged, Veitch says, so that it sometimes overflowed into Port of Miami waters. Dumping untreated sewage within 12 miles of the coast is illegal.

When investigators asked for Norwegian's required records of hazardous waste disposal by the ship, they say, they found none kept before 1998 and incomplete records after that. Agents were told those wastes had probably gone overboard, too — as Royal Caribbean was convicted of doing.

Without waiting for the investigation's outcome, Veitch ordered new pollution-control equipment installed on all Norwegian ships. Since early 2000, Veitch says, Norwegian has invested \$22 million in pollution-control equipment, training and testing.

"Their cooperation set a very high standard," says Udell, the prosecutor. "We struck a balance to reward that." The company even turned over to Justice notes from internal interviews with employees that contain what amount to criminal confessions of polluting, he said.

Today, the Norway has three tamper-proof machines that separate oil from bilge water and recycle the oil. The wastewater tank capacity has been nearly doubled, and the company is installing a treatment system to sanitize wastewater before it's sent overboard. Toxic wastes are packaged and offloaded.

People familiar with the case say the government is still investigating current or former Norwegian employees. But the case against the company is closed.

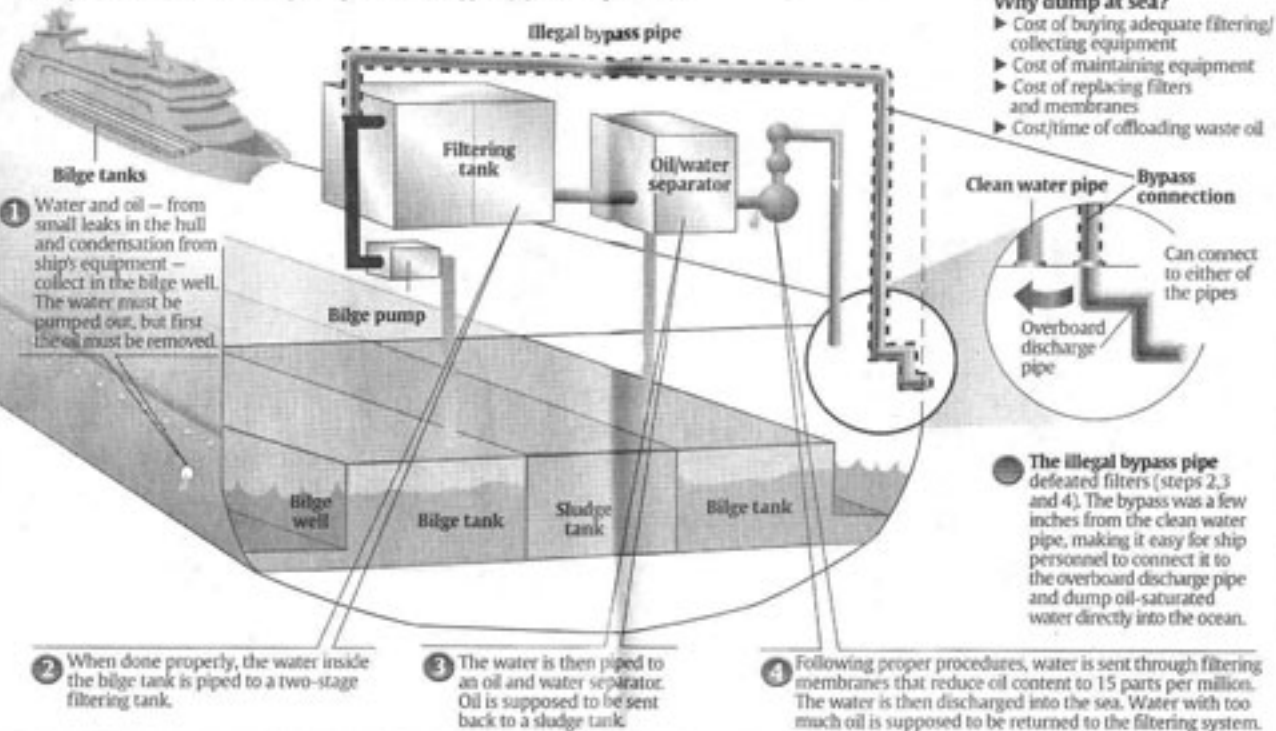
"We think it's a very fair outcome," Veitch says.

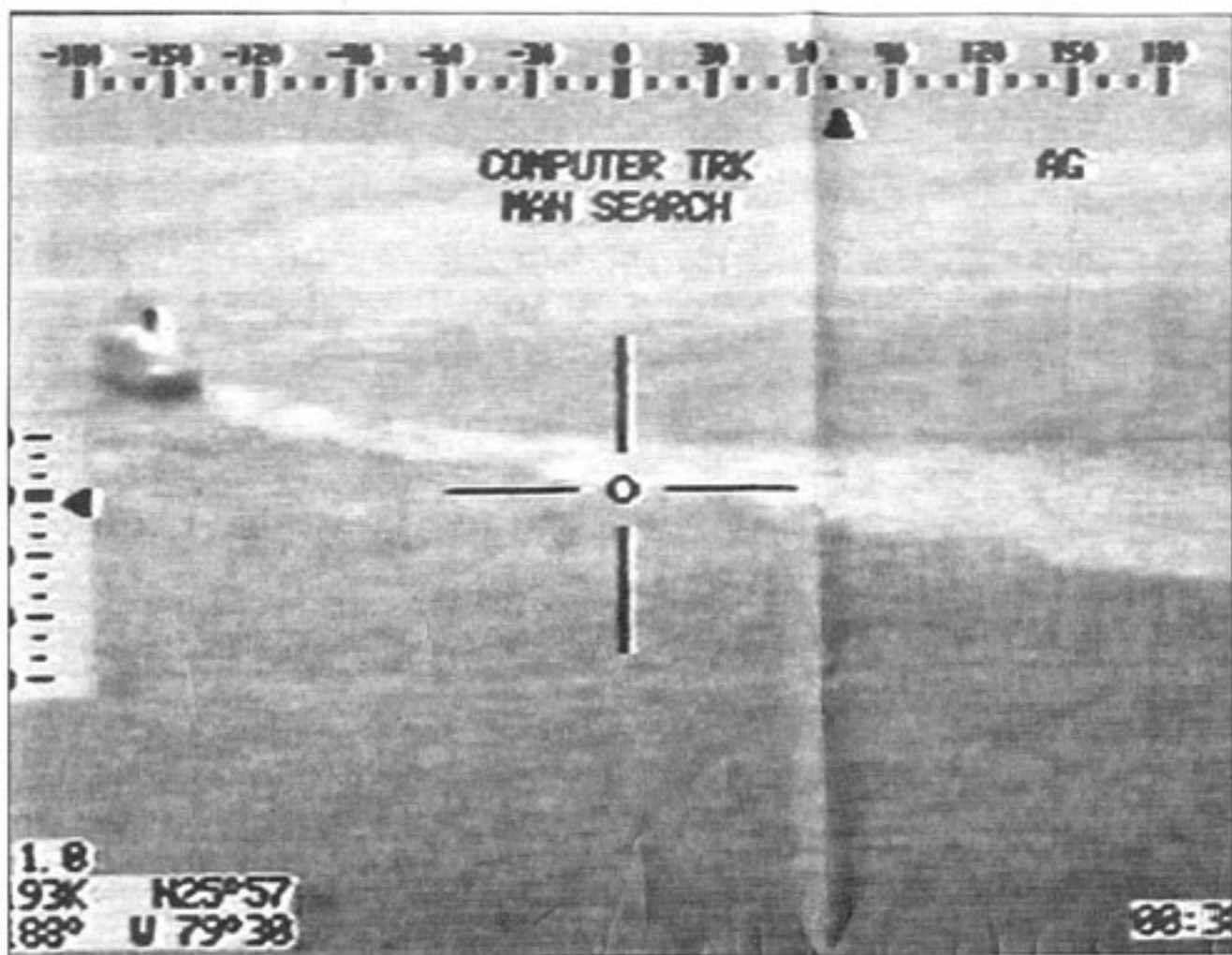
"Nothing in this result says that what they did wasn't serious," Udell says.

EPA agent Langlois, who wanted a stiffer penalty, has his own view of Norwegian's decision to come forward as it did. "In light of the circumstances," he says, "it was a brilliant business decision."

## Breaking environmental laws

Cruise ships are prohibited from dumping harmful quantities of oil and other pollutants at sea. But some cruise lines have disregarded safety regulations and discharged oil and other toxic substances into ocean waters, potentially harming marine life. A federal investigation revealed how one ship, Royal Caribbean's *Sovereign of the Seas*, altered its disposal system with a bypass pipe to dump oil at sea.





Department of Justice

**Aerial photo:** This is a picture of the Royal Caribbean Nordic Empress cruise ship caught dumping oily bilge water in 1993 while approaching Miami. The waste is the light-colored wake trailing the ship. The photo was taken by the Coast Guard using infrared technology because the dumping occurred at night.

# Former Carnival exec says he was fired for helping federal inquiry

By Marilyn Adams  
USA TODAY

Months after pleading guilty to federal pollution charges, cruise giant Carnival Corp. has been accused by a fired executive of a wide range of safety and pollution violations on ships from four of its cruise lines.

The former vice president, James P. Walsh, says in a 15-page complaint filed in September in a Fort Lauderdale court that numerous ships sailed by Carnival, Holland America, Cunard and Costa — all owned by Carnival Corp. — have operated with unsafe conditions, such as inoperative lifeboats, and dumped oily waste and toxic chemicals into the ocean. He alleges the violations occurred before and during the federal government's investigation.

Walsh, who seeks monetary damages for wrongful termination, was an auditor for all Carnival fleets and later was vice president for safety and environmental matters for Carnival Cruise Lines. Walsh alleges he was fired the same day Carnival pleaded guilty because he had helped federal agents with their investigation.

## Company's response

Carnival says Walsh, who worked there seven years, was fired for other reasons that it declined to provide. The company wouldn't comment on the alleged violations Walsh says he reported to company officials while he worked there.

Carnival Corp., based in Miami, is the world's biggest cruise company. It sails 45 ships under six brands and posted a \$926 million profit last year. Its cruises visit New York, Florida, California and Alaska, as well as

the Caribbean, Mediterranean and South Pacific. It soon may get even bigger: It has offered \$5.4 billion to acquire P&O Princess Cruises, the world's third-biggest line.

Among other things, Walsh's complaint alleges that while Carnival was under federal investigation, its officials ordered the destruction of a 2000 videotape showing ship officers admitting to disabling a pollution-control device. The lawsuit also charges that a Carnival officer lied about a company test of fire-resistant rope to the National Transportation Safety Board during its probe of a 1998 fire aboard Carnival's ship *Ecstasy*.

"This is like the Enron of the seas," says Fort Lauderdale attorney William Amlong, who is representing Walsh.

"During the investigation, Carnival encouraged employees to cooperate with the government. Carnival itself cooperated with investigators and looks forward to presenting this evidence in court," Carnival spokesman Tim Gallagher said. Carnival has not responded to the complaint in court.

In an April plea agreement with the Justice Department, Carnival paid an \$18 million fine and pleaded guilty to six felony charges of lying in records to cover up oil pollution by six Carnival ships. The company is on five years' probation.

Walsh's detailed lawsuit has attracted attention within the industry, the government and environmental groups.

"This lawsuit doesn't surprise any of us in the environmental community," says Teri Shore, an activist for San Francisco-based Bluewater Network, which has petitioned the Environmental Protection Agency to tighten limits on cruise ship waste.



## Cruise line dumping convictions add up

Since 1993, the Justice Department has handed out more than \$48.5 million in fines to 10 cruise lines for illegal dumping:

► **April 1993.** Princess Cruises, \$500,000 criminal fine for dumping garbage off the Florida Keys.

► **April 1994.** Palm Beach Cruises, \$500,000 criminal fine for discharging waste oil from bilges, causing 2½-mile oil slick off the coast of Florida.

► **September 1994.** American Global Lines, based in Hawaii, \$100,000 criminal fine for dumping of demolition materials.

► **March 1995.** Regency Cruises, \$250,000 criminal fine for discharging plastics from two ships during cruises.

► **November 1997.** Ulysses Cruises of Miami and Seaway Maritime of Greece, each fined \$75,000 for dumping oil in the Atlantic. Ulysses also fined \$75,000 for dumping plastic bags full of garbage.

► **June 1998.** Holland America, \$1 million criminal fine for discharging oily bilge waste in waters off Alaska.

► **1998 and 1999.** Royal Caribbean Cruises pleaded guilty to 30 charges and was fined \$27 million for a fleetwide conspiracy to dump oily bilge wastewater into U.S. waters.

► **April 2002.** Carnival Corp. fined \$18 million for falsifying ship records to cover up dumping of oily bilge wastewater from six ships.

► **July 2002.** Norwegian Cruise Line fined \$1 million for falsifying ship records to cover up dumping of oily bilge wastewater by one ship.

Source: Department of Justice