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Ship Operator Pleads Guilty and Sentenced to Pay \$10 Million Related to Charges Arising from Grounding in the Aleutians

WASHINGTON—IMC Shipping Co. Pte. Ltd. (IMC), a Singapore corporation, pleaded guilty today in federal court in Alaska to a three-count information alleging two violations of the Refuse Act for the illegal discharge of oil and soy beans and one violation of the Migratory Bird Treaty Act for killing of thousands of migratory birds that resulted from the grounding of the M/V Selendang Ayu on Dec. 8, 2004 in the Alaska Maritime National Wildlife Refuge. IMC was subsequently sentenced to pay a criminal penalty of \$10 million.

The grounding of the M/V Selendang Ayu spilled approximately 340,000 gallons of bunker fuel, as well as several thousands of tons of soy beans, into the Bering Sea in the Alaska Maritime National Wildlife Refuge in the Aleutian Islands resulting in the deaths of several thousand migratory birds.

The subsequent efforts by the U.S. Coast Guard to rescue the crew of the Selendang Ayu resulted in the loss of a U.S. Coast Guard helicopter at sea when it was struck during the storm by a 30 foot wave. Tragically, six of the Selendang Ayu crew members died in the crash. The National Transportation Safety Board has also conducted a casualty investigation.

According to the plea agreement, in December 2004, the M/V Selendang Ayu, operated by IMC, was traveling the Great Circle Route through the Aleutian chain in Alaska when it went aground near the north shore of Unalaska Island, west of Skan Bay in the Bering Sea. Unalaska Island is within the Alaska Maritime National Wildlife Refuge. On Dec. 6, 2004, the discovery of a crack in the engine's number three cylinder liner led the crew to shut down the engine. The ship drifted for three days in high winds and heavy seas while the crew attempted to repair the engine. The crew was never able to restart the engine. On Dec. 8, 2004, the M/V Selendang Ayu ran aground on the north shore of Unalaska Island, Alaska west of Skan Bay.

The criminal penalty includes \$4 million in community service, specifically, \$3 million to conduct a risk assessment and related projects for the shipping hazards of the area where the M/V Selendang Ayu went aground near Unalaska Island, and \$1 million for the Alaska Maritime National Wildlife Refuge, Aleutian Chain Unit where the ship went aground. IMC has also been sentenced to serve 3 years probation to include an audit of IMC's maintenance program. The cost of the clean up of the spill was over \$100 million.

The refuge where the ship went aground hosts the largest nesting population of seabirds in North America and is a significant site for migratory seabirds both nationally and internationally. The refuge's primary functions are to facilitate scientific research regarding the health of the ocean and promote conservation of seabirds. As a result of the grounding of the Selendang Ayu, approximately 340,000 gallons of bunker oil spilled into the ocean killing migratory birds in numbers into the thousands, and oiling 20 miles of coastline and spilling thousands of metric tons of soy beans into the Bering Sea.

In connection with the entry of the guilty pleas, FBI Assistant Special Agent in Charge of the Anchorage Field Office, David Heller said, "The FBI takes very seriously our role in enforcing the nation's environmental

statutes and we greatly appreciate the close relationships we have with the agencies with whom we worked on the Selendang Ayu investigation. As future challenges arise, we look forward to the opportunity to continue to support our partner agencies in protecting the Alaskan people, economy, and environment.”

Regarding the criminal resolution, Stan Pruszenski, Special Agent in Charge, U.S. Fish and Wildlife Service, Office of Law Enforcement, Alaska said, “The Aleutian Islands and Unalaska are a region rich in wildlife diversity and critically important as migratory bird habitat. This area of the Alaska Maritime Refuge hosts seabird populations of both national and international significance. This resolution is a positive step toward restoration and future protection of this habitat. I am particularly encouraged by the allocation of monies to conduct a risk assessment to protect the wildlife and habitat in this busy shipping corridor.”

Granta Nakayama, the U.S. Environmental Protection Agency’s Assistant Administrator for Enforcement and Compliance Assurance said, “The defendant’s actions led to the spill of 340,000 gallons of oil into the Alaska Maritime National Wildlife Refuge. Companies that gamble with safety and violate the laws that protect our environment will be prosecuted.”

The captain of the M/V Selendang Ayu, Kailash Bhushan Singh, previously pleaded guilty on April 1, 2005, to a charge of making a false statement during the casualty investigation regarding the time the engine was shut down prior to the grounding of the M/V Selendang Ayu. The plea agreement in this case addresses only IMC’s criminal culpability. The state and federal trustees are continuing to assess natural resource damages from the spill. This plea agreement does not limit any civil liability that IMC may have to any person or entity, including any federal, state or local government agency.

The case was prosecuted by Assistant U.S. Attorney Andrea (Aunnie) Steward, Assistant U.S. Attorney Kevin Feldis, Special U.S. Attorney Todd Mikolop, all of the U.S. Attorney’s Office in the District of Alaska together with Senior Trial Attorney Robert Anderson from the Environmental Crimes Section of the Department of Justice. The case was investigated jointly by the following agencies: U.S. Fish and Wildlife Service Office of Law Enforcement, the U.S. Environmental Protection Agency’s Criminal Investigation Division, the Federal Bureau of Investigations, and the U.S. Coast Guard.

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