

1 Up until now, we were having a small
2 problem there. They were printing out the records
3 and faxing them to us, so we weren't able to use our
4 software here.

5 He explained to them how to use that VOD
6 stick, and he did some refresh training with regard
7 to credits and licensing of the units and the
8 responsibilities of the chief officer when he's
9 onboard, so -- to make sure that they are familiar
10 with our all our requirements, and he also attended
11 the competency evaluation test of an ordinary seaman
12 and a chief officer, and he found that the system
13 there is working fine.

14 So are there any questions on that?

15 HEARING OFFICER BUNDY: Yeah.

16 I'm sorry, the court reporter has a
17 question on -- in the CBT, you said there were some
18 problems with the use of -- is that a flash drive or
19 a...

20 MS. TSOCHLAS: Yes. It's a flash drive
21 that's called a "V-O-D stick." It's exclusive to the
22 video (Indiscernible) CBT.

23 HEARING OFFICER BUNDY: Okay. Thank you.

24 MS. TSOCHLAS: Okay. So shall I go on to
25 the computer-based training?

1 HEARING OFFICER BUNDY: If there are no
2 questions from anyone, please, move on.

3 MS. TSOCHLAS: Okay. Now, we've installed
4 CBTs on all our vessels, apart from the ESTIA. The
5 ESTIA, we sent the CBT unit onboard, but the captain
6 has requested that we assist in installing it and
7 implementing it. Unfortunately, the vessel is in
8 West Africa, so we still have to work out what we're
9 going to do about that. The rest of the vessels, we
10 had the CBT installed on them and they're
11 functioning. Training regarding the CBT is pending
12 onboard the THEO T, because we haven't been able to
13 attend the vessel. However, prior to signing on the
14 vessel, we trained the captain, in order for -- to
15 make sure he knew how the system worked and be able
16 to train the crew in the use of it onboard.

17 The idea behind the CBT is that each
18 seafarer is required to carry out one CBT session per
19 month. Those training records are submitted to the
20 company at the end of each month and entered into the
21 software that we have available that will assist us
22 in analyzing those records. At the end of each
23 month, we review those records to ensure that the
24 sessions are being carried out in accordance with our
25 requirements, and our intention is, at the end of six

1 months, we'll analyze those records, in order to
2 identify trends. As of yet, we don't have enough
3 data to be able to carry out an effective analysis.

4 The environmental elements included in the
5 CBT that's being installed onboard the vessels are
6 Preventing Pollution at Sea, Waste and Garbage
7 Management, MARPOL Annex VI, (Indiscernible) Maritime
8 Pollution Offenses, Sewage and Wastewater Treatment,
9 Sludge in the Incinerator and the Oil Record Books.

10 We have a number -- we have several more
11 titles related to pollution prevention and MARPOL in
12 the CBT that have been provided to the manning agent
13 and that we have at our premises here. The ones
14 onboard are limited to these titles.

15 In an effort to establish the extent to
16 which our shipboard personnel have found that the CBT
17 units are helping them improve their knowledge, we
18 distributed a questionnaire to our personnel onboard
19 asking them to assess whether they find the units
20 interesting and relevant to their duties, whether the
21 sessions are informative and whether they consider
22 that they will improve their knowledge using the CBT.

23 The feedback provided from the fleet was
24 very encouraging. We found that shipboard personnel
25 are very receptive to the use of CBT units. They

1 find the sessions informative and interesting, and
2 especially the junior officers are very enthusiastic
3 about using the CBT units.

4 So any questions, or should I go on to the
5 next item?

6 HEARING OFFICER BUNDY: Go on.

7 MS. TSOCHLAS: The adequacy of training
8 material, I'm not sure what you would have wanted me
9 to present there. I know that there was one issue
10 that had been raised by Ms. Pettus regarding the
11 Environmental Management Plan training
12 presentation --

13 HEARING OFFICER BUNDY: Yes.

14 MS. TSOCHLAS: -- some inaccuracies. I've
15 prepared something for that.

16 Some inaccuracies have been identified
17 while using the presentation. Each time we present
18 it, we do find some inaccuracies, and as we find
19 them, we try to correct them.

20 The inaccuracies that were pointed out by
21 Ms. Pettus have already been corrected, as you will
22 see in this revised presentation that we submitted
23 with the follow-up material.

24 HEARING OFFICER BUNDY: Yeah. That was
25 Appendix F to the follow-up material. It's a -- it

1 looks like a PowerPoint presentation.

2 MS. TSOCHLAS: Yes, exactly.

3 HEARING OFFICER BUNDY: Okay.

4 MS. TSOCHLAS: There was also mention, too,
5 that we're minimizing the seriousness of the KRITON
6 incidents and detention. Well, we should keep in
7 mind the presentation is aimed at seafarers.
8 They have minimal knowledge of legal matters and
9 terminology, so we want to communicate the
10 consequences of violations to environmental
11 regulations as simply as possible. It's important
12 that we get the essence across to them.

13 We have tried to amend parts of the
14 presentation in order to enhance the seriousness of
15 the legal implications that were involved with the
16 incident. And you saw those -- you have seen those.
17 In the revised presentation, you will -- if you have
18 any more feedback on that, it's very welcome, for us
19 to include in further revisions.

20 HEARING OFFICER BUNDY: Ms. Pettus, have
21 you had a chance to review the revised program? And
22 do you have any comments or observations or
23 questions?

24 MS. PETTUS: Yeah. I reviewed it briefly.
25 I mean, I certainly haven't kind of read every bullet

1 point in detail. And I did see some changes that
2 were made, and I think that's good.

3 The one concern that I still had a little
4 bit is there's no mention of the fact that after the
5 trial in this case the Chief Engineer on the KRITON
6 actually also pled guilty. And that kind of seems
7 like a minor point, in one respect, but I think it's
8 important to communicate to the seafarers that
9 sometimes they're going to be told by the person
10 who's kind of their ultimate boss on the ship to do
11 something that's not correct or that that possibility
12 exists. So whether that's made clear to them by
13 noting in kind of that first line, describing what
14 happened on the KRITON, that, in fact, the Chief
15 Engineer was involved in some capacity, or whether
16 that's emphasized later in the -- in the
17 presentation, I think that's something that's
18 important for crew members to know, so that that kind
19 of emphasizes the importance of the mechanisms
20 they have to report back to shore and kind of
21 prepares them for that eventuality, if, you know, God
22 forbid, that actually occurs.

23 MS. TSOCHLAS: Well, we will be happy to
24 make that revision. But one should also keep in mind
25 that this presentation was for training to do with

1 the Environmental Management Plan, to make our
2 personnel familiar with the Environmental Management
3 Plan and its requirements.

4 The beginning line that relates the
5 incident of the KRITON and the detention is
6 introductory, in order for our personnel to
7 understand why we've made these changes. This
8 presentation as such has got not -- has not got to do
9 with ethics; we have other training for that.

10 HEARING OFFICER BUNDY: That was the reason
11 that I put down the adequacy of the training
12 materials, was to address just that issue. And I
13 could under -- it does seem important that the --
14 that when people are told or related what happened on
15 the KRITON, that not only did the company find itself
16 criminally liable and suffer large fines and the
17 ongoing monitoring of a Special Master, but, also,
18 that there were -- at least one individual who found
19 himself personally prosecuted and suffered at the
20 hands of the authorities.

21 So I understand where Ms. Pettus is coming
22 from, and I also understand that you may have other
23 places that you emphasize that, but so that these
24 people understand that not only if things go wrong
25 can the company suffer, but any individual who is

1 found to have participated or directed this kind of
2 thing could also personally find themselves in a very
3 difficult place, under U.S. criminal law or the
4 criminal law of most jurisdictions around the
5 world.

6 MS. TSOCHLAS: Well, as I mention, we're
7 happy to make those revisions; it's not a problem.

8 HEARING OFFICER BUNDY: Okay. And finally,
9 among those things that I put in the e-mail yesterday
10 was the status of the implementation of the EMS.

11 MS. TSOCHLAS: Yes. The EMS has now been
12 implemented onboard all of the vessels of the fleet.
13 We -- in the table that I have submitted, you will
14 notice that some of the training is still remaining
15 pending. Due to the trading patterns of our vessels,
16 we didn't have access in order to be able to carry
17 out that onboard training.

18 HEARING OFFICER BUNDY: Uh-huh.

19 MS. TSOCHLAS: We still intend to carry out
20 that training, at the first convenient opportunity,
21 but in order to get the Environmental Management Plan
22 running on all our vessels, we decided that, as an
23 alternative, we would train one of our senior
24 officers here at the company premises, in order for
25 him to be able to provide that training onboard,

1 until we can get onboard.

2 So training is pending on the ESTIA, the
3 KRITON and the THEO T, but the plan has been, as of
4 the 1st of January, the plan has been implemented
5 onboard all of the six vessels.

6 HEARING OFFICER BUNDY: So instead of
7 having the superintendent go aboard and conduct the
8 onboard training, because of the trading pattern,
9 you've decided instead to have a senior officer, a
10 master, for instance, conduct the training himself on
11 those three vessels?

12 MS. TSOCHLAS: Exactly, until we can be
13 able to board the vessel and carry out the training
14 ourselves.

15 HEARING OFFICER BUNDY: Oh, okay. So you
16 still plan on having a superintendent or higher-level
17 person conduct the training, it's just, in the
18 interim, to make sure everything gets off the ground,
19 you're going to use a senior officer?

20 MS. TSOCHLAS: Exactly.

21 Shall I go on?

22 HEARING OFFICER BUNDY: Yes, please.

23 MS. TSOCHLAS: The next part of that item
24 was reports of feedback from the fleet, including
25 suggestions for improvement.

1 Well, our feedback from the fleet, we have
2 three sources: The master's environmental management
3 review; internal orders that we've carried out
4 onboard, we did not have internal orders due to be
5 carried out onboard, as of yet, but because two of
6 our vessels were at convenient locations, and we were
7 boarding the vessels anyway, we decided to verify
8 that the plan is being implemented as we want it to
9 be; and we also distributed a questionnaire
10 throughout the fleet, in order to get their feedback
11 on how they think the Environmental Management Plan
12 is working.

13 The results of the orders that we carried
14 out indicated that shipboard personnel are familiar
15 with the requirements of the Environmental Management
16 Plan. The company's policies and procedures, as
17 required by the plan, have been posted appropriately,
18 and operational controls have been implemented as we
19 want them to be.

20 Weaknesses were identified as the
21 completion of documentation, the filling out of the
22 forms, in other words, related to training and
23 familiarization of shipboard personnel once they come
24 onboard, but those weaknesses were addressed and
25 we are monitoring them closely.

1 Some of the comments that we got back
2 through the Environmental Management Plan and the
3 questionnaires was that some corrections have to be
4 made in the plan with regard to the color of garbage
5 bins on the vessels. There are some errors there,
6 inaccuracies.

7 One of the vessels suggested that we supply
8 her with a garbage compactor, in order to achieve
9 better garbage management onboard the vessel.
10 Another vessel suggested that we ensure the equipment
11 is calibrated and monitor closely the company's
12 procedures are followed, that engine crew must be
13 trained and familiar with the onboard systems, and
14 garbage, such as papers, must be delivered separately
15 and we must make arrangements for recycling. In
16 addition to that, they also suggested that we
17 increase storage capacity for materials that can be
18 recycled onboard.

19 So we've taken all -- we've collected up
20 this information. We continue to collect information
21 from documentation that's submitted from the vessels,
22 in order to make plans of actions in response to
23 those suggestions.

24 HEARING OFFICER BUNDY: Okay, terrific.
25 Questions from Ms. Pettus or the Coast

1 Guard?

2 MS. PETTUS: Nothing here.

3 LT. COMMANDER CASHMAN: Nothing here, from
4 Lieutenant Commander Cashman.

5 HEARING OFFICER BUNDY: Okay, thanks.

6 Comments or questions, Mr. Sanborn?

7 Captain Wigger?

8 CAPTAIN WIGGER: No, no further comment or
9 questions from me.

10 MR. SANBORN: I think my questions have
11 been answered.

12 HEARING OFFICER BUNDY: Now, Ms. Pettus or
13 Lieutenant Commander Cashman or Burgess, if there's
14 anything beyond what was in this outline that I sent
15 out last night that you want to bring up that is
16 raised in any way under the situation as it's evolved
17 up till now all the way from the beginning, please,
18 please feel free to bring up those issues and we'll
19 address them.

20 LT. COMMANDER BURGESS: I have a question
21 for Ms. Tsochlas.

22 HEARING OFFICER BUNDY: Is this Lieutenant
23 Commander Burgess?

24 LT. COMMANDER BURGESS: Yes.

25 HEARING OFFICER BUNDY: Okay.

1 LT. COMMANDER BURGESS: Excuse me. I'm
2 sorry. Yes, Lieutenant Commander Burgess.

3 The question is for Ms. Tsochlas. I was
4 just wondering, does Ionia have a work plan set up,
5 that a future work plan that they can give us, to
6 say, you know, when they expect SWOMS to be fully
7 operational, when is full implementation of the
8 EMS -- to be, you know, fully set up, where it can be
9 evaluated and audited, so we can get a full
10 assessment, in terms relative to the end date of the
11 probation?

12 MS. TSOCHLAS: Okay. The SWOMS, we did
13 consider that it is fully operational, so we're just
14 monitoring its operation at the moment.

15 We have requested some additional
16 modifications. We're waiting for feedback from
17 Vigilant Marine, so that we can get a time frame. As
18 of yet, we don't have a time frame on that.

19 The Environmental Management Plan, as I
20 said, has been implemented fully onboard the vessels.
21 The issue that's pending is the training, the
22 additional training that we want to carry out
23 onboard. That will be carried out within the next
24 six months:

25 Our future plans: Generally, when it comes

1 to the probation, is to consider monitoring the
2 effects of implementation of the Environmental
3 Management Plan onboard the vessel and also to assess
4 whether the vessel's environmental performance has
5 been improved.

6 To continue monitoring the effects of
7 implementation of our training program, we want to
8 develop -- we intend to develop the questionnaires
9 for the competency and evaluation software focused on
10 the environment, and we also want to develop a
11 library of company-specific training materials for
12 our superintendent onboard training, and then we
13 would like, within the next six months, to arrange
14 the ongoing orders, as per the scope of -- Special
15 Master's scope of work onboard the M/T THEO T and the
16 M/T FIDIAS.

17 LT. COMMANDER BURGESS: Okay. Do you
18 consider the SWOMS fully operational, even though the
19 sensors have never been operational?

20 MS. TSOCHLAS: They are operational.
21 We have some malfunctions. That doesn't mean the
22 unit isn't operational, though.

23 LT. COMMANDER BURGESS: Okay.

24 MS. TSOCHLAS: When it comes to the sensor
25 in the Bilge Holding Tank on the FIDIAS, which at the

1 moment is not functioning properly, we are -- will
2 arrange for an Ashland technician, at the first
3 convenient port, which we think will probably be in
4 the next month, depending on the vessel's trading
5 pattern.

6 LT. COMMANDER: Okay. Ms. Tsochlas, so
7 you're saying the sensors have worked before, they
8 just started having problems?

9 MS. TSOCHLAS: Exactly, yes.

10 MR. CHALOS: Mr. Bundy.

11 HEARING OFFICER BUNDY: Yes.

12 MR. CHALOS: Just so Mr. Burgess is clear,
13 we're not talking about all the sensors, we're
14 talking about some specific tanks where there's some
15 inaccuracies, and with respect to one of the vessels,
16 the Bilge Holding Tank sensor not being operational.
17 But I think, on the overall, the SWOMS system is
18 working, with some minor adjustments that need to be
19 made which are being addressed. I'm not sure that
20 Mr. Burgess fully appreciates that, by the -- by his
21 question.

22 MS. PETTUS: I think -- I think he -- we
23 all kind of got it. He just says "the sensors,"
24 assuming that the sensors in question would be the
25 ones that we were talking about earlier. But I do

1 think it's good to have a timetable for when the
2 adjustments and fixes and things are expected to be
3 made, just so we're all aware of that.

4 HEARING OFFICER BUNDY: Yeah. I think that
5 would be helpful, insofar as it's possible. I
6 realize that the trading patterns of the vessels are
7 a limitation on that, but insofar as we could use our
8 best estimate, it would be helpful.

9 I wanted to bring up, going forward here,
10 as I understand the ongoing audit process, if I'm not
11 mistaken, there's a -- now tentatively planned anyway
12 is the audit of the THEO T, who is trading in the Far
13 East, and, as I further understand, that the FIDIAS
14 is more uncertain.

15 Can you fill me in on what you expect of
16 the FIDIAS and its ability to participate in an
17 ongoing audit before, say, June?

18 MS. TSOCHLAS: Our intentions are to carry
19 out the ongoing audit onboard the THEO T. This was
20 discussed with Captain Wigger during his visit here
21 at our offices in Piraeus. That's because the
22 ongoing -- the initial audit was carried out first on
23 the THEO T as well. So there's been enough time
24 that's passed, in order for it to be viable to carry
25 out the ongoing audit now.

1 We agreed with Captain Wigger that we would
2 keep him updated, from January on, on the vessel's
3 schedule. At the moment, she is in Northern China.
4 When she sails back to Singapore, we'll start giving
5 updates to Captain Wigger about the vessel's
6 movements.

7 HEARING OFFICER BUNDY: Okay.

8 MS. TSOCHLAS: After that we will move onto
9 carrying out the ongoing audit onboard the FIDIAS.

10 As I said, at the moment, she is in Europe,
11 and we don't know what her next -- she's discharging
12 in Cypress off port limits, meaning which we cannot
13 board the vessel there. We have to see what her next
14 job will be, to see where she will be going.

15 HEARING OFFICER BUNDY: Is there any chance
16 that she will be going back to West Africa, as well?

17 MS. TSOCHLAS: There is a possibility,
18 yes.

19 HEARING OFFICER BUNDY: Okay. And that
20 seems to be -- when that happens, they seem to be out
21 of commission for quite a while.

22 MS. TSOCHLAS: Yes. It's always a worry.

23 CAPTAIN WIGGER: This is Rich Wigger again.

24 Ms. Tsochlas, Mr. Bundy's comment is well
25 taken. Again, if there's an opportunity to conduct

1 the audit aboard the FIDIAS while she's trading up in
2 the, you know, Mediterranean there, that might be
3 better than waiting till after -- you know, it might
4 delay the audit, if we wait till the time off
5 Nigeria. I mean, we're open to conducting the audits
6 on either vessel, you know, at any time, so it's a
7 matter of just, you know, the most convenient
8 scheduling for them. But just keep me informed of
9 the FIDIAS, as well, and if there's an opportunity to
10 do that one, we'll go ahead and do that.

11 MS. TSOCHLAS: All right. So we'll update
12 you on the FIDIAS trading schedule, as well.

13 CAPTAIN WIGGER: That's right, yeah.

14 And, again, I don't think there should
15 be -- I know there's some implementation issues on
16 the FIDIAS, but, you know, we can work around those,
17 as well.

18 MS. TSOCHLAS: Okay.

19 HEARING OFFICER BUNDY: The reason -- I
20 think we need to get back on the judge's original
21 schedule, and so I propose that we have the next
22 hearing that first week in June, maybe June 3rd, and
23 if that's -- and it would be extremely helpful if
24 both of those onboard audits have been accomplished.
25 That would allow us, I think, to really report to the

1 court the status and success or -- or problems as the
2 case may be, from the probation. It would seem to me
3 that would go a long way, if -- if Ionia has
4 performed well during that time, it would go a long
5 way for the court to take a close look at how much
6 more active supervision needs to be done.

7 So I think it would be -- it would be
8 helpful. It would give the government the maximum
9 amount of information that they need for their
10 assessment and to make sure that they're doing their
11 job; it would allow me to report more comprehensively
12 to the court on how -- what Ionia's progress has
13 been, and it holds out the possibly, of course, that
14 maybe we won't have to be quite -- have quite so many
15 formal hearings in the future, if we can get this one
16 under our belt. I would expect that this one would
17 probably have to be an in-person one in Connecticut,
18 and so I think we should look forward to that, but I
19 also think we should look forward to trying to get as
20 much information as possible gathered by that time,
21 so that it can be a truly meaningful hearing and we
22 won't have any loose ends to wrap up and will be able
23 to give a comprehensive report to the court.

24 MS. TSOCHLAS: Yes. Well, we would agree
25 with that. It is our intention to get both of the

1 ongoing audits done by June. It would be better for
2 us, as well.

3 HEARING OFFICER BUNDY: Okay. Any other
4 issues that we need to address in this hearing? I'm
5 amazed that we're almost finished.

6 Ms. Pettus? Lieutenant Commander Burgess,
7 Cashman, anything?

8 LT. COMMANDER CASHMAN: Lieutenant
9 Commander Cashman.

10 I do not have anything else at the moment.
11 Again, I appreciate everyone's time. Unfortunately,
12 I do need to drop off for another reason. But,
13 again, thank you for the opportunity to be part of
14 it.

15 HEARING OFFICER BUNDY: Thank you for
16 participating.

17 Mr. Norton, do you have anything that you
18 think we need to address from your side?

19 I think we lost Mr. Norton. He told me
20 before that he might have to drop off early.

21 Okay. Mr. Chalos?

22 MR. CHALOS: No, nothing from us,
23 Mr. Bundy.

24 MS. PETTUS: Nothing from Lana Pettus or
25 Lieutenant Commander Burgess.

1 HEARING OFFICER BUNDY: Okay. Well, thank
2 you all very much for participating. Thank you very
3 much for participating. I know it's not always
4 convenient to squeeze your schedules into these
5 multi-time-zone hearings, but I really appreciate the
6 effort that was put into this. I think the people --
7 Ms. Tsochlas, you're to be congratulated on the
8 comprehensiveness of your submissions. Thank you,
9 again.

10 MS. TSOCHLAS: Thank you.

11 HEARING OFFICER BUNDY: And thank you all
12 for participating. And I will get my report out
13 within the 30 days, and we'll all keep working
14 together to get the maximum amount of information
15 that we can and get this procedure...

16 Oh, excuse me.

17 The court reporter?

18 (Off-the-record discussion.)

19 HEARING OFFICER BUNDY: The court reporter
20 wants to know who would like a transcript.

21 MS. TSOCHLAS: We would like a transcript.

22 HEARING OFFICER BUNDY: Okay. Was that
23 you, Ms. Tsochlas?

24 MS. TSOCHLAS: That was me, yes.

25 HEARING OFFICER BUNDY: And how about

1 Ms. Pettus?

2 MS. PETTUS: I think for now we'll do
3 without. If we need one, we'll make arrangements
4 later.

5 HEARING OFFICER BUNDY: Okay.

6 MR. CHALOS: Mr. Bundy, insofar as Ionia's
7 concerned, we can make arrangements for the
8 transcript through our office with the court
9 reporter. So, if you don't mind giving her our
10 details, we can communicate and get that resolved.

11 HEARING OFFICER BUNDY: Not a problem.

12 MR. CHALOS: Okay. That's great.

13 Thanks.

14 HEARING OFFICER BUNDY: Okay. Thank you,
15 again, everyone.

16 (Whereupon, the Special Master's Hearing
17 concluded at 6:40 a.m.)

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CERTIFICATE OF REPORTER

I, GAIL RUTH PECKHAM, RPR, Registered
Professional Reporter, hereby certify:

That I am a court reporter for Pacific Rim
Reporting and Notary Public for the State of Alaska;
that the foregoing proceedings were taken by me in
Stenotype Shorthand and thereafter transcribed by me;
that the transcript constitutes a full, true and
correct record of said proceedings taken on the date
and time indicated therein.

Further, that I am a disinterested person
to said action.

IN WITNESS WHEREOF, I have hereunto
subscribed my hand and affixed my official seal this
_____ day of _____, 2010.

GAIL RUTH PECKHAM, RPR,
and Notary Public for the
State of Alaska

My commission expires: 3-16-10.