

APPENDIX A

PART 1 OF 6

PAGES 1-20

UNITED STATES DISTRICT COURT
DISTRICT OF CONNECTICUT

HAND DELIVERED

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UNITED STATES, :
 Plaintiff :
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VS : :
 : :
IONIA MANAGEMENT S.A., : :
 Defendant :
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COPY

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States District Court, District of
Connecticut, 141 Church Street, New Haven,
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1 MR. BUNDY: We can go on the record.

2 The first thing I want to do is,
3 thank you for all coming and appearing
4 today. I apologize to everyone for my
5 inability to make it. I know it would be
6 better were I there and it would probably
7 make the hearing go more smoothly.

8 As it is, using this video link-up,
9 we've got to be careful to speak slowly
10 and to not -- make sure that we don't step
11 over each other.

12 So I'd ask everybody to kind of have
13 that in mind when you're making your
14 remarks. I suggest that what we do is go
15 around the room and for the record, just
16 state who is appearing first for the
17 government, then for Ionia.

18 And then, Captain Wigger and
19 Mr. Sanborn and I will state our presence.

20 So if we could start with the
21 government.

22 MR. BROWN: Yes. Good morning,
23 Mr. Bundy. Bill Brown from the U.S.
24 Attorney's Office.

25 MR. CASHMAN: And good morning, Mr.

1 Bundy, Lieutenant John Cashman, U.S. Coast
2 Guard.

3 MR. BURGESS: Good morning,
4 Mr. Bundy, Lieutenant Commander Channing
5 Burgess, U.S. Coast Guard.

6 MR. BUNDY: Okay. Terrific. That's
7 all from the government so far today.
8 Okay.

9 Ionia?

10 MR. CHALOS: Yes. Good morning, Mr.
11 Bundy, Michael Chalos on behalf of Ionia.

12 I'm here with George Kontakis from my
13 office.

14 MR. KONTAKIS: Good morning.

15 MR. CHALOS: And the witness is
16 Krystyna Tsochlas.

17 And we have also here Georgios
18 Karagiorgis, who you know is the corporate
19 compliance manager from Ionia.

20 MR. BUNDY: Great. Welcome. Thank
21 you very much. And also for the record,
22 Captain Richard Wigger, the independent
23 environmental consultant.

24 And James Sanborn, independent
25 corporate controller, who are also

1 present. Good morning and welcome.

2 MR. SANBORN: Good morning.

3 MR. WIGGER: Good morning.

4 MR. BUNDY: I think the best way to
5 proceed is that as we've done in the past,
6 Ms. Tsochlas, I see that you have created
7 an outline of your remarks in detail which
8 we very much appreciate. And we can start
9 with that.

10 I suggest that you be sworn and that
11 at that point you can begin going through
12 your PowerPoint presentation as you have
13 in the past.

14 I asked that -- that you speak slowly
15 and so that if I have a need to interrupt
16 I can do it, even with this delay that we
17 have here on the video.

18 And I think the best way to do it
19 would be for you to complete a topic on
20 the agenda. You've listed, I think, nine
21 topics on the agenda.

22 And people from the government or the
23 IEC or the ICC should be able to interpose
24 any questions that they might have at the
25 end of each topic instead of waiting for

1 the complete end of your presentation.

2 Does anybody have any objections or
3 problems with that procedure?

4 MR. BROWN: None from the government.

5 MR. BUNDY: Okay.

6 MR. CHALOS: None from Ionia.

7 MR. BUNDY: Okay. Thank you.

8 If you'll be sworn, Ms. Tsochlas, and
9 we'll begin.

10

11 KRYSTYNA TSOCHLAS,
12 of 12 Laskou Street, Piraeus, Greece, having first
13 been duly sworn, deposed and testified as follows:

14

15 MR. BROWN: Mr. Bundy, just for the
16 record before we begin, Patrick Norton
17 from Probation has joined us this morning.

18 MR. BUNDY: Terrific. Good morning,
19 Mr. Norton.

20 MR. NORTON: Good morning, sir.

21 MR. BUNDY: Okay.

22 MS. TSOCHLAS: Shall I start?

23 This is the fourth Special Masters
24 hearing. The agenda is based on the
25 outline provided by Mr. Bundy, Special

1 Master.

2 MR. CHALOS: You need to speak up.

3 MS. TSOCHLAS: Okay. And we'll start
4 with our progress in fully implementing
5 the SWOMS on board our vessels and then
6 we'll move onto our training program.

7 Then, the fleet engineering survey
8 and the amendments that we've made, our
9 process for internal auditing and our
10 environmental management plan, our plans
11 for our vessels to call at U.S. ports, the
12 implementation of environmental plan --

13 (THEREUPON, THE COURT REPORTER
14 REQUESTS CLARIFICATION.)

15 MS. TSOCHLAS: Then, we'll go on to
16 the remarks that were highlighted by
17 Mr. Bundy following the ongoing audit of
18 the M/T Theo T, the Kriton's incident, and
19 then finally, the observations and
20 recommendations reported during the
21 ongoing audit on the M/T Fidias.

22 So we'll move onto the progress in
23 fully implementing the SWOMS system. The
24 SWOMS system is fully commissioned on both
25 the M/T Theo T and Fidias.

1 In January, 2010, some discrepancies
2 between manual soundings and SWOMS
3 readings had been identified. Those were
4 reported.

5 And in May, 2010, the Ashland
6 technicians visited the vessel and sensors
7 were properly calibrated. On the previous
8 hearing we reported to you on the previous
9 hearing that we had some discrepancies.

10 In February, 2010, Ashland
11 technicians attended the vessels and
12 calibrated all sensors. Since then, we
13 have had no problems with the operation or
14 the SWOMS onboard our vessels.

15 We had discussed during the previous
16 hearing, software adjustments in order to
17 transmit hourly data to our premises.

18 Vigilant Marine has completed the
19 software modification, but the memory of
20 the core module is not sufficient to
21 maintain hourly data for multiple days, so
22 they're working on that problem at the
23 moment.

24 MR. CHALOS: You need to keep your
25 voice up and slow down.

1 MS. TSOCHLAS: So as of today, that
2 system is working properly onboard both
3 vessels.

4 Daily reports have been transmitted
5 to our head offices without human
6 intervention and without any problems.

7 So we'll move on to feedback from our
8 management and our seafarers regarding the
9 operation of the SWOMS onboard our
10 vessels.

11 In order to get an -- in order to get
12 feedback from our seafarers, we
13 distributed an opinion survey throughout
14 our fleet.

15 And I'm showing -- this is an example
16 of that opinion survey regarding the
17 installation of the SWOMS onboard our
18 vessels.

19 We made up a number of questions to
20 see what our seafarers think of the SWOMS.

21 MR. BUNDY: Which seafarers did this
22 go to?

23 MS. TSOCHLAS: It went out to all
24 vessels regardless of whether the SWOMS
25 was implemented on those vessels or not

1 because a seafarer may be on a vessel that
2 currently doesn't have a SWOMS, but may
3 have worked in the past on a vessel that
4 had a SWOMS.

5 So we distributed it to all our
6 vessels, and the seafarers who have had no
7 experience with the SWOMS didn't complete
8 the questionnaire.

9 MR. BUNDY: I take it this went to
10 the engine department seafarers?

11 MS. TSOCHLAS: To the engine, yes.
12 To the engine personnel.

13 So the results -- move on to the next
14 one.

15 The results of that opinion survey
16 indicated that our seafarers are divided
17 on whether an attitude -- the personnel
18 workload, they think that the readings
19 reported by the SWOMS are generally
20 accurate, that the operation of the SWOMS
21 is trouble-free.

22 And they consider that it's not
23 possible to tamper with the SWOMS. And
24 with the SWOMS onboard, it is not possible
25 to contravene MARPOL regulations.

1 And they consider that the SWOMS
2 prevents violations to MARPOL taking
3 place.

4 So we'll go on to the third point of
5 the SWOMS regarding whether the fuel oil
6 overflow drain tank and the scavenger air
7 box drain tank should be included in the
8 monitoring of the SWOMS.

9 These tanks have not been included in
10 the original configuration of the SWOMS as
11 they weren't included in the IOPP.

12 In February, 2010, we requested the
13 classification society to amend the Form B
14 of the IOPP to include those tanks. And
15 that's why they weren't originally
16 included in the SWOMS.

17 The purpose of the fuel oil overflow
18 drain tank is to facilitate fuel that is
19 drained or may overflow from the vessel's
20 machinery, and it is then recirculated
21 because this fuel is not contaminated.
22 It's clean fuel.

23 So we recirculated and it's consumed.
24 So in practice, it's not handled as waste.
25 The scavenger air box drain tank is a very

1 small size, it's a half a cubic meter, and
2 it works at a high pressure.

3 So we think that if we include this
4 tank in the SWOMS we'll have the same
5 problems as we would have in the
6 incinerator waste oil tank.

7 MR. BUNDY: The scavenger air box
8 drain tank, that's inside the scavenger
9 space of the engine?

10 MS. TSOCHLAS: Yes.

11 It's in a very difficult position
12 to -- it's not very accessible and it's
13 only about half a cubic meter. So it's a
14 very small tank.

15 MR. BUNDY: Okay. And it's a -- all
16 right.

17 And it gets -- it -- it would
18 accumulate oil from, what as -- as
19 condensed out of the scavenger air --

20 MS. TSOCHLAS: Yes.

21 MR. BUNDY: -- from the intake of the
22 vessel?

23 MS. TSOCHLAS: Yes.

24 It's at the point where the air is --
25 the air that's used from the combustion of

1 the engine is circulated into the engine.

2 MR. BUNDY: Okay. And does the --
3 and how often is it emptied or drained or
4 how is it attended to?

5 MS. TSOCHLAS: It's transferred to
6 one of the bilge oil tanks onto the
7 vessel.

8 I have to -- we have to ask the
9 technical manager about how often that
10 transfer takes place.

11 MR. BUNDY: Okay.

12 MR. CHALOS: This is Mr. Karagiorgis.

13 MR. KARAGIORGIS: Good morning, Mr.
14 Bundy.

15 MR. BUNDY: Good morning.

16 MR. KARAGIORGIS: So to explain at
17 this time, this collects the drains from
18 the scavengers spaces, collects the oil,
19 the oil which is not burned during the
20 engine's operation.

21 At this time, it's a small capacity
22 and also natural of the tank. I mean,
23 because it is under high pressure.

24 This tank has frames and we cannot --
25 we cannot open, install a sensor to this

1 tank. Because on the top of the tank
2 there are frames and very narrow spaces.

3 MR. BUNDY: Okay. Maybe the -- this
4 is a small tank that's inside the
5 scavenger space of the engine.

6 So in order to access it, you'd have
7 to open the scavenger space doors to get
8 into the actual engine itself?

9 MR. KARAGIORGIS: No.

10 This tank is located outside the
11 scavenger's spaces. And collects --

12 MR. BUNDY: It's outside?

13 MR. KARAGIORGIS: Yes. Outside.

14 It's a small tank collected in the
15 engine room under the floor. And the
16 collect --

17 MR. BUNDY: Does it --

18 MR. KARAGIORGIS: Sorry?

19 MR. BUNDY: Does it drain?

20 Does it have a drain on it somewhere?

21 And where does the piping go from
22 that drain?

23 MR. KARAGIORGIS: Yes.

24 There is a section pipe and the --
25 for transferring of collected oils to

1 waste oil tank or the bilge oil tank using
2 the sludge pump.

3 MR. BUNDY: Does it have -- does it
4 have any piping that would allow it to
5 drain or be -- to be -- its contents to be
6 diverted to any place other than the waste
7 oil tank?

8 MR. KARAGIORGIS: No. No.

9 The only pipe that exists on this
10 tank is the section of pipe of sludge
11 pump.

12 That means, we can't deliver and
13 transfer this oil, either, to waste oil
14 tank or to bilge oil tank.

15 MR. BROWN: Mr. Bundy?

16 MR. BUNDY: Mr. Brown, do you have
17 something, a question?

18 MR. BROWN: Yes, sir.

19 Well, just a suggestion that we swear
20 the witness in as well.

21 MR. BUNDY: Oh, okay. Yeah. I'm
22 sorry. I overlooked that.

23 Sir, could you just be sworn in
24 briefly just as a matter of formality?

25 We want to make sure that all of our

1 proceedings are under oath here and that
2 everybody operates under the same rules.

3
4 GEORGE KARAGIORGIS,
5 of 12 Laskou Street, Piraeus, Greece, having first
6 been duly sworn, deposed and testified as follows:
7

8 MR. CHALOS: Mr. Bundy?

9 MR. BUNDY: Yes.

10 MR. CHALOS: This is Michael Chalos.
11 I think the point that's being made here
12 with respect to the scavenger air box, as
13 I understand it, is that it's a small
14 tank.

15 It's a fairly small tank, a half
16 cubic meter. It's under high pressure and
17 high temperatures.

18 And so the chances of getting an
19 accurate reading, even if you put a SWOMS
20 sensor in there, are pretty small. And,
21 you know, since this tank is draining into
22 the bilge oil tank, you are going to get
23 the information anyway, because it is
24 going to change the level of the bilge oil
25 tank or the -- what was the other tank you

1 said?

2 MR. KARAGIORGIS: Waste oil.

3 MR. CHALOS: -- of the waste oil
4 tank. So, in other words, you're going to
5 get an accounting of what's in this tank's
6 pass-through tank in any event. In other
7 words --

8 MR. BUNDY: I understand that.

9 My question only is whether this
10 small tank, when it is piped such that
11 when it drains, it drains only to the
12 waste oil tank or the bilge oil tank and
13 that it -- that there's not a possibility
14 for diversion of the oil in it to
15 somewhere else.

16 I mean, obviously, we're concerned
17 here in the SWOMS for accounting for all
18 of the oil bi-products that are produced
19 on the vessel in the machine space.

20 So I'm just trying to get a better
21 sense about, you know, how -- how sure we
22 can be that if this scavenger air box
23 drain tank is not monitored by the SWOMS,
24 that there's no chance that somebody could
25 divert it somewhere else.

1 MS. TSOCHLAS: No. It goes directly
2 to the sludge pump.

3 MR. BUNDY: I'm sorry. I can't hear.

4 MS. TSOCHLAS: It goes directly to
5 the sludge pump, so there is no way for it
6 to be diverted somewhere else.

7 MR. BUNDY: Okay.

8 MR. CHALOS: Mr. Bundy, the point on
9 the first fuel oil overflowed tank, that
10 doesn't go into a waste system.

11 The oil from that tank, as I
12 understand it, goes right back into the
13 main engine to be cleaned and purified and
14 then used again as fuel.

15 So it's not part of the waste system.

16 MR. BUNDY: Right.

17 MR. CHALOS: In other words, right
18 now you don't have sensors in any of your
19 fuel tanks, and this is part of that
20 system.

21 MR. BUNDY: I understand that.

22 I was just -- I just wanted to make
23 sure I understood the scavenger's space
24 tank and in addition to the small size,
25 which is, of course, makes it very

1 difficult to monitor the heat, the
2 pressure, et cetera.

3 I just wanted to make sure that there
4 wasn't any -- any reasonable possibility
5 that somebody could bypass it and that way
6 avoid introducing the waste that is
7 accumulated there into the overall waste
8 system of the vessel.

9 MR. WIGGER: Mr. Bundy, may I ask a
10 question?

11 MR. BUNDY: Sure.

12 MR. WIGGER: Richard Wigger.

13 MR. BUNDY: This is Captain Wigger.

14 MR. WIGGER: This came up during the
15 audit that I did during the DOT. Two
16 tanks, again, the scavenger air box tank
17 is a very, very small tank.

18 The concern I had when I reviewed the
19 vessel was the larger tank, which was the
20 fuel oil drain tank, which was 59.5 cubic
21 meters.

22 I guess the question is: I'm curious
23 why the class decided to include the tank
24 under the IOPP as an oil and residue
25 sludge tank if, in fact, the purpose of