Hon. Ronald B. Leighton

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UNITED STATES DISTRICT COURTS
WESTERN DISTRICT OF WASHINGTON
CENTRAL DISTRICT OF CALIFORNIA
NORTHERN DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA, Plaintiff, v. HÖEGH FLEET SERVICES A/S, Defendant.	NO. CR03-5765 RBL (W.D. Wash.) NO. CR04-195 (C.D. Cal.) NO. CR04-40030 DLJ (N.D. Cal.) **PLEA AGREEMENT**

The United States of America, by and through John McKay, United States Attorney for the Western District of Washington, Mark Chutkow, Assistant United States Attorney for this district, and James Oesterle and Larry Kennedy, Special Assistant United States Attorneys; Debra W. Yang, United States Attorney for the Central District of California, and William W. Carter and Dorothy C. Kim, Assistant United States Attorneys for this district; Kevin V. Ryan, United States Attorney for the Northern District of California, and Maureen Bessette, Assistant United States Attorney for this district (collectively, the "Districts"); and Defendant Höegh Fleet Services A/S ("HFS" or "Defendant"), by and through its attorney, Irwin H. Schwartz, hereby enter into the following Agreement, pursuant to Federal Rule of Criminal Procedure 11:

1. Waiver of Indictment in the Central and Northern Districts of California. Defendant, having been advised of the right to be charged by Indictment in the Central and Northern Districts of California, agrees to waive that right and enter a plea of

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guilty to the charges brought by the United States Attorneys by Informations filed in those districts.

2. The Charges. Defendant, by and through its authorized representatives, having been advised of the right to have this matter tried before a jury, agrees to waive that right and enter pleas of guilty to the following Counts contained in the Indictment filed in the Western District of Washington and the Informations filed in the Central and Northern Districts of California. By entering these pleas of guilty, HFS hereby waives all objections to the form of the charging documents.

a. Count 2 of the Indictment, charging HFS, by and through the actions of the motor vessel ("M/V") Höegh Minerva's crew members, with knowingly concealing, covering up, falsifying and making a false entry in a record, document and tangible object, with the intent to impede, obstruct and influence the investigation and proper administration of a matter within the jurisdiction of the United States Department of Homeland Security, and in relation and contemplation of such a matter, namely a United States Coast Guard MARPOL inspection of the M/V Höegh Minerva, in violation of Title 18, United States Code, Sections 2 and 1519;

b. Count 3 of the Indictment and Count 1 of the Informations, charging HFS, by and through the actions of the M/V Höegh Minerva's crew members, with knowingly and willfully using a false writing and document containing a materially false statement concerning a matter within the jurisdiction of the United States Coast Guard, in violation of Title 18, United States Code, Sections 2 and 1001; and

c. Count 4 of the Indictment and Count 2 of the Informations, charging HFS, by and through the actions of the M/V Höegh Minerva's crew members, with knowingly failing to maintain an Oil Record Book in which all disposals of oil residue and all overboard discharges and disposals of bilge water were fully recorded, in violation of Title 33, United States Code, Section 1908(a) and Title 33, Code of Federal Regulations, Sections 151.25(a), (d) and (h).

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3. Elements of the Offenses.

a. Count 2 of the Indictment. The elements of the offense of obstruction of an investigation or proper administration of any matter within the jurisdiction of any department or agency of the United States as charged in Count 2 of the Indictment, in violation of Title 18, United States Code, Sections 2 and 1519, are as follows:

(1) Defendant, by and through the actions of its agents and/or employees, concealed, covered up, falsified or made a false entry in any record, document or tangible object;

(2) Defendant, by and through the actions of its agents and/or employees, acted knowingly, that is, it was aware of the fact that the record or document was falsified, or that tangible object(s) were concealed or covered up;

(3) Defendant, by and through the actions of its agents and/or employees, acted with the intent to impede, obstruct or influence the investigation or proper administration of a matter within the jurisdiction of a department or agency of the United States, or in relation to or in contemplation of any such matter or case.

b. Count 3 of the Indictment and Count 1 of the Informations. The elements of the offense of using a false writing or document containing a materially false statement as charged in Count 3 of the Indictment and Count 1 of the Informations, in violation of Title 18, United States Code, Sections 2 and 1001, are as follows:

(1) Defendant, by and through the actions of its agents and/or employees, used a writing or document which contained a false statement in a matter within the jurisdiction of the United States Coast Guard;

(2) Defendant, by and through the actions of its agents and/or employees, acted willfully, that is deliberately and with knowledge that the writing or document was untrue; and

(3) The writing or document was material to the United States Coast Guard's activities or decisions.

c. Count 4 of the Indictment and Count 2 of the Informations. To establish liability for the charged offense of violating the Act to Prevent Pollution from Ships as charged in Count 4 of the Indictment and Count 2 of the Informations, in violation of Title 33, United States Code, Sections 1308(a) and Title 33, Code of

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Federal Regulations, Sections 151.25(a), (d) and (h), the Districts must prove that the Defendant, by and through the actions of its agents and/or employees, knowingly failed to maintain an Oil Record Book in which all disposals of oil residue and all overboard discharges and disposals of bilge water were fully recorded.

Under well-established principles of corporate liability and *respondeat superior*, as these principles apply in this case, the corporate defendant is liable for the actions of its agents and employees. *New York Central and Hudson River R.R. v. United States*, 212 U.S. 481, 495 (1909); *United States v. Beusch*, 596 F.2d 871, 877 (9th Cir. 1979); *United States v. Hilton Hotels Corporation*, 467 F.2d 1000, 1004-07 (9th Cir. 1972).

4. The Penalties. HFS understands that the statutory penalties applicable to a corporate defendant for the offenses of (a) obstructing an agency matter in violation of Title 18, United States Code, Sections 2 and 1519, as charged in Count 2 of the Indictment; (b) using a false statement in violation of Title 18, United States Code, Sections 2 and 1001, as charged in Count 3 of the Indictment and Count 1 of the Informations; and (c) failing to maintain an accurate Oil Record Book in violation of Title 33, United States Code, Section 1908(a) and Title 33, Code of Federal Regulations, Sections 151.25(a), (d) and (h), as charged in Count 4 of the Indictment and Count 2 of the Informations; are as follows: a maximum fine of up to Five Hundred Thousand Dollars ($500,000) per count, a term of probation of up to five (5) years, and a special assessment of Four Hundred Dollars ($400) per count.

HFS further understands that, as to each count, the statutory penalties include the Alternative Fines Provision set forth in Title 18, United States Code, Section 3571(d), which provides: "If any person derives pecuniary gain from the offense, or if the offense results in a pecuniary loss to a person other than the defendant, the defendant may be fined not more than the greater of twice the gross gain or twice the gross loss unless imposition of a fine under this subsection would unduly complicate or prolong the sentencing process."

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5. Rights Waived by Pleading Guilty. HFS understands that, by pleading guilty, it knowingly and voluntarily waives the following rights:

a. The right to plead not guilty, and to persist in a plea of not guilty;

b. The right to a speedy and public trial before an impartial jury;

c. The right to the effective assistance of counsel at trial;

d. The right to be presumed innocent until guilt has been established at trial, beyond a reasonable doubt;

e. The right to confront and cross-examine witnesses against them at trial;

f. The right to compel or subpoena witnesses to appear on their behalf at trial; and

g. The right to appeal a finding of guilt or any pretrial rulings.

6. Applicability of Sentencing Guidelines. HFS understands and acknowledges that the United States Sentencing Guidelines promulgated by the United States Sentencing Commission are applicable to the sentencing in this case, except that pursuant to USSG §§ 8C2.1, Chapter 8 of the United States Sentencing Guidelines is not applicable to the determination of the appropriate fine in this case.

7. Sentencing Agreement. Pursuant to Federal Rule of Criminal Procedure 11(c)(1)(C), the Districts and HFS agree that the sentence to be imposed by the Court shall be as follows:

a. Fine. HFS shall pay an amount of Five Hundred Thousand Dollars ($500,000) on each of the seven (7) counts. The parties stipulate and agree that this amount is the maximum fine and monetary penalty that may be imposed under this Agreement, regardless of whether or how the Court may allocate a portion of that sum to community service payments.

b. Mandatory Special Assessment. HFS shall pay a special assessment of Four Hundred Dollars ($400) on each of the seven (7) counts.

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c. Payment of Fine and Assessments. HFS agrees that should the Court accept the terms of this Plea Agreement, it will pay the special assessments and the fine on the date of sentencing.

d. Probation. HFS will be placed on organizational probation for a period of four (4) years pursuant to USSG §§ 8D1.1 and 8D1.2. The terms of probation shall be:

(1) No Further Violations. HFS agrees that it shall commit no further violations of federal, state or local law, and shall conduct all its operations in accordance with the MARPOL Protocol.

(2) Environmental Management System/Compliance Plan. Consistent with the sentencing policies set forth in USSG § 8D1.4, HFS agrees to develop, adopt, implement and fund the Environmental Management System/Compliance Plan ("EMS") attached hereto as Exhibit A.

HFS shall be responsible for all costs associated with the development, implementation, maintenance and monitoring of the EMS.

HFS agrees that during the period of probation, and at all reasonable times and with as reasonable prior notice by the Districts as practicable, they will provide the Districts with full access to its vessels listed in the EMS, as well as all facilities, employees, and records that are relevant to monitoring compliance with the terms and conditions of the EMS.

If HFS changes its name, the renamed company shall be obliged to meet all of the obligations of HFS under this agreement. If HFS merges with another company through a stock or asset purchase, the newly created or merged company shall be obliged to meet all of the obligations of HFS under this agreement with regard to those vessels managed by HFS at the date of the merger.

The parties recognize that during the term of probation, the number and identity of vessels managed by HFS that call in the Districts may increase or decrease. Any vessel the management of which is assumed by HFS and which calls in the United

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States shall be included within the scope of its EMS. Any vessel removed from management by HFS or which stops calling in the United States shall be excluded from the scope of its EMS.

e. Community Service. The parties understand and agree that the Districts will petition the Court at or before the time of sentencing to apply a portion of HFS's settlement amount identified in paragraph 7(a), above, to community service pursuant to USSG § 8B1.3 and in furtherance of the sentencing principles provided in 18 U.S.C. § 3553(a), for the purpose of funding one or more projects for the benefit, preservation, and restoration of the environment and ecosystems in the waters of the United States adjoining the coastlines of Washington State and California. HFS shall not oppose such a petition, including the amount allocated to the community service projects.

8. Application of the Agreement. This Agreement shall bind HFS and such other companies as may be included in paragraph 7(d)(2), above. HFS shall provide the Districts and the United States Probation Office with immediate notice of any name change, business reorganization, sale or divestiture impacting its ability to pay the fine or affecting this Agreement and the EMS. HFS shall not engage in any action to seek to avoid the obligations and conditions set forth in this Agreement.

9. Statement of Facts. The parties agree on the following facts in support of HFS's guilty pleas. HFS admits that it is guilty of: (a) Counts 2, 3 and 4, as charged in the Indictment filed in the Western District of Washington; (b) Counts 1 and 2 in the Informations filed in the Central and Northern Districts of California.

A. Background

a. Defendant HÖEGH FLEET SERVICES, A/S ("HFS") is a ship management company incorporated and headquartered in Norway. HFS manages thirty-eight (38) ocean going vessels, including bulk cargo ships that transport goods around the world. Corporate affiliates of the Defendant own these ships and act as manning agents, which supply and train crews for the vessels that HFS manages.

b. One of the marine vessels the Defendant operates and manages is the motor vessel ("M/V") Höegh Minerva, IMO No. 7715953, a Norwegian International Shipregister ("NIS") flagged freight ship weighing 30,995 gross tons owned by Leif Höegh and Co. Shipping AS. Over the last several years, the M/V Höegh

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Minerva has made a number of port calls in the United States, including ports in the Western District of Washington, the Northern District of California, and the Central District of California.

c. The M/V Höegh Minerva typically operates with a crew of approximately twenty-three (23) persons. Ten (10) crew members of different rank work in the vessel's engine room, including a chief engineer, a second engineer, a third engineer, a fourth engineer, an electrician, two fitters, an oiler, a wiper, and an engine cadet. During the period relevant to this Plea Agreement, the second engineer was primarily responsible for properly disposing of waste oil that accumulated onboard the vessel and was responsible for operating the vessel's Oil Water Separator ("OWS") and incinerator. The second engineer reported to the chief engineer who had overall responsibility for engine room operations. The chief engineer reported directly to the captain, who was responsible for all vessel operations.

d. Large ocean going vessels, like the M/V Höegh Minerva, produce waste oil as a result of the operation of machinery in the engine room. Some of the waste oil, together with water and other liquids, accumulates in the bottom or "bilges" of the vessel. This waste liquid typically drains into the "bilge wells," small compartments set into the bottom of the engine room compartment. The bilge waste is then collected and run through various processes designed to separate the oil and other wastes from the water. These processes include settling tanks and an OWS (also known as a Bilge Water Separator), a pollution control device designed to remove or separate out oil. After processing by the OWS, bilge water containing very small amounts of oil may be legally discharged overboard. Oil removed from the bilge waste, along with other waste oils from the ship, are stored in a sludge tank. Some ships burn the sludge in an incinerator or in the vessel's auxiliary boiler. Oil-contaminated bilge waste and other waste oils, including sludge, may also be off-loaded while the vessel is in port and properly disposed of onshore.

e. Under the MARPOL Protocol, an international treaty implemented in the United States by the "Act to Prevent Pollution from Ships" ("APPS"), 33 U.S.C. 1901, *et seq.,* a ship may not discharge overboard oily waste with more than fifteen (15) parts per million ("ppm") of oil. The MARPOL Protocol and the APPS require that each oil tanker of 150 gross tons or more, or non-tanker vessels of more than 400 gross tons, maintain an "Oil Record Book" (also known as the "ORB"). All transfers of oil, disposal of sludge and bilge water, and overboard discharges of bilge water that have accumulated in machinery spaces and are thus contaminated with oil, must be fully recorded in the ORB. 33 C.F.R. § 151.25(d). The captain of the ship must sign every completed page of the ORB. 33 C.F.R. § 151.25(h). The ORB must be maintained onboard for not less than three years and must be kept on board the vessel readily available at all reasonable times.

f. The regulations authorize the U.S. Coast Guard to board and inspect all vessels in United States ports to determine compliance with federal regulations and the MARPOL Protocol. 14 U.S.C. § 89, 33 C.F.R. § 151.25. The inspection typically includes an examination of the ORB. The U.S. Coast Guard relies upon the accuracy of information contained in the ORB to assist in assessing the vessel operator's compliance with all applicable rules and regulations.

B. Factual Basis For Plea

g. Second Engineer Vincent Genovana joined the crew of the M/V Höegh Minerva in June 2003. A few weeks later he directed one of the ship's fitters to make a pipe to divert the oil-contaminated wastewater around the oil content sensor and directly overboard. Several engine room crew members, including the engine cadet,

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the wiper, and an oiler assisted the second engineer by installing and removing what they referred to as the magic pipe.

h. The engine room crew members first installed the pipe in June or July 2003. When installed, the pipe remained in place for a number of days. The engine room crew members used the pipe several times, at night, while steaming on the high seas. When the bilge tank was full, the crew members would operate the OWS with the pipe in place. The pipe was last used during the vessel's transit between Tokyo, Japan, and the Port of Los Angeles, California in mid-August 2003. The last known use of the pipe was on August 31, 2003, while the vessel was on the high seas, bound for the Port of Los Angeles.

i. The participating engine room crew knew it was unlawful to discharge untreated oily waste overboard into the ocean. They also knew the United States Coast Guard enforced international and U.S. prohibitions against this type of pollution. The second engineer was concerned that U.S. Coast Guard officials would discover the vessel's discharging activity and ordered crew members to take steps to conceal evidence of their conduct. Several days before arriving in the Port of Los Angeles, the second engineer instructed the wiper and engine cadet to clean up the area around the OWS. The second engineer removed the pipe and the cadet hid it. The second engineer painted two pipe fittings installed on the OWS system to conceal the fact that a pipe had been installed on the OWS system. The wiper, at the second engineer's direction, then grabbed the fittings with his oil-stained hands so they would not look freshly painted.

j. To further conceal the illegal discharges from port state control authorities, the second engineer made false and fraudulent entries in the ship's Oil Record Book ("ORB"). The entries falsely stated that the crew had discharged bilge water overboard a number of times in July and August 2003, after being properly treated in the OWS. On other dates in July and August 2003, the second engineer intentionally failed to record in the ORB that oily waste had been discharged overboard without proper treatment. The false and fraudulent entries and omissions created the false impression that oily waste generated onboard the M/V Höegh Minerva was being managed correctly in accordance with applicable regulations.

k. United States Coast Guard boarded the M/V Höegh Minerva on September 5, 2003 in the Port of Los Angeles, California. While in the Port of Los Angeles, Coast Guard personnel conducted an inspection of the vessel's engine room in response to smoke from an overheated safety relief valve. During this inspection, the Coast Guard did not find or detect the use of the pipe. Thereafter, the vessel was permitted to depart the Port of Los Angeles.

l. On September 8, 2003, the captain presented the ship's ORB to Coast Guard inspectors in Richmond, California, who had boarded the ship to conduct a port state control examination. The second engineer discussed certain entries in the ORB with the inspectors, but did not apprize them that the ORB had been falsified.

m. On September 11, 2003, Coast Guard inspectors boarded the ship in Vancouver, Washington to conduct an expanded MARPOL inspection. On request, the captain presented the ship's ORB to the inspectors. While the inspectors were investigating the ship, the fitter approached one of the inspectors and handed him a note, which described the illegal pumping overboard and the location of the pipe used to accomplish that.

n. The inspectors went to the area in the engine room described in the note and discovered the pipe. They took the pipe to the OWS and determined that it fit between

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the recently painted fittings. The inspectors removed the pipe leading from the OWS to the overboard valve. Under normal operating conditions, any discharges through this pipe should contain less than 15 ppm of oil -- essentially "clean" water. Instead of clean water, the inspectors discovered oil inside the pipe. Similarly, the inspectors discovered oil in the overboard discharge valve. Discovery of oil in these locations indicated that the OWS was not being used to prevent the direct discharge of oil contaminated wastewater.

o. The second engineer did not respond truthfully to the inspectors' questions regarding the magic pipe. He falsely claimed that the painted fittings on the OWS were used to install drain lines for routine maintenance. Following the Coast Guard's departure, the second engineer met with engine room crew members and instructed them that if questioned by the Coast Guard, they should not talk about the magic pipe and should deny any knowledge about the operation of the OWS. The second engineer took these actions to conceal the illegal discharging activity, and to impede and obstruct the Coast Guard's inspection.

p. The Oil Record Book presented to the inspectors during their investigations in Richmond and Vancouver contained materially false and fraudulent statements and omissions, in that it omitted any reference to the fact that the engine crew members had discharged oily waste directly overboard into the ocean while transiting between commercial ports. At the time the entries in the ORB were entered, initialed and presented, participating engine room crew members knew, in truth and in fact, that oily wastes, including bilge water, had been discharged into the ocean, by bypassing the oil content meter. The participating crew members also knew that these false and fraudulent entries and omissions were material to the enforcement and regulatory duties of the U.S. Coast Guard. By presenting a false ORB to the U.S. Coast Guard and concealing evidence of the use of the pipe, the crew members' conduct influenced and impeded the U.S. Coast Guard officials' inspection activities on board the M/V Höegh Minerva.

q. HFS is vicariously liable for the conduct of engine room crew members of the M/V Höegh Minerva who altered, concealed, covered up, falsified, and made false entries in a record, document and tangible object with the intent to impede, obstruct and influence the investigation and proper administration of a U.S. Coast Guard Port State Control MARPOL inspection, in that crew members: (a) removed and hid a bypass pipe used to discharge inadequately treated oily wastes overboard; (b) painted valve fittings where the bypass pipe had been attached to the OWS system to make it appear that the pipe had not been installed on the system; (c) presented and maintained a falsified ORB for review by the Coast Guard, which failed to document the existence and use of the bypass pipe and fittings to discharge inadequately treated oily wastes overboard; and (d) made false statements, misrepresentations and omissions to the Coast Guard, and instructed engine room crew members to make false statements, misrepresentations and omissions, about the existence and use of the bypass pipe and fittings to discharge inadequately treated oily wastes overboard.

r. HFS is vicariously liable for the second engineer's materially false entries in the ORB that were presented to the U.S. Coast Guard inspectors.

s. HFS, is vicariously liable for the second engineer's failure to maintain an ORB for the M/V Höegh Minerva in which all disposals of oil residue and all overboard discharges and disposal of bilge water were fully recorded.

10. Non-Prosecution of Additional Offenses. As part of this Plea Agreement and solely because of the promises made by HFS in this Agreement, the Districts agree

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to dismiss the remaining counts of the Indictment at the time of sentencing. The Districts further agree not to prosecute HFS or its affiliated companies (Leif Höegh & Co., Ltd., Leif Höegh & Co. ASA, Leif Höegh & Co. Shipping AS, Hual AS, HFS Manila and their subsidiaries) for any additional offenses that arise out of the conduct giving rise to this investigation for which the Districts currently have information. For purposes of this Agreement, it is understood that the HFS-affiliated companies identified herein do not own or operate marine vessels in addition to the thirty-eight (38) vessels referenced in paragraph 9(a) of this Agreement or the EMS attached as Exhibit A.

The Districts, immediately following entry of the Plea Agreement, shall discontinue their investigations of HFS-operated vessels for conduct occurring before that date and shall withdraw all pending subpoenas. The Districts shall return to HFS, thirty (30) days following the imposition of the sentence, all materials produced or seized from HFS or its affiliated companies as part of the Districts' investigations of this matter.

Nothing contained in this Agreement is meant to limit the rights and authority of the United States to take further civil or administrative action against HFS, including but not limited to, any listing and debarment proceedings to restrict rights and opportunities of HFS to contract with or receive assistance, loans, and benefits from United States agencies. The parties agree, however, that the United States Coast Guard's Eleventh and Thirteenth Coast Guard Districts will not pursue any civil penalties based upon the subject matter of this Agreement. Upon payment of the fine and penalty assessments, the agreements on security posted by HFS shall be canceled and the original documents returned to counsel for HFS.

This Plea Agreement does not limit the right of HFS or the United States to speak at the time of sentencing or in connection with the presentence investigation, consistent with the provisions set forth in this Plea Agreement, to provide the Court or the United States Probation Office with evidence of all relevant conduct committed by

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HFS. The parties agree that at sentencing each will support the agreed disposition set forth in this Plea Agreement pursuant to Federal Rule of Criminal Procedure 11(c)(1)(C).

11. Corporate Authorization. HFS represents that it is authorized to enter into this Agreement. On or before the date of entry and filing of the Plea Agreement, HFS shall provide to the Districts and the Court a written statement under corporate seal, certifying that HFS is authorized to enter into and comply with all of the provisions of this Plea Agreement. The resolutions further shall authorize HFS' counsel to take these actions, and that all corporate formalities for such authorizations have been observed.

12. Waiver of Appeal. HFS is aware that 18 U.S.C. § 3742 gives the right to appeal the sentence to be imposed, and that other federal statutes give HFS the right to appeal other aspects of the conviction. In consideration of the agreement of the Districts as set forth herein, HFS knowingly and voluntarily agrees to waive the following rights:

a. The right, conferred by 18 U.S.C. § 3742, to appeal any sentence imposed by the Court for the conviction of these offenses, except if the sentence imposed varies from that agreed upon above under Rule 11(c)(1)(C);

b. The right to appeal any aspect of HFS' conviction, including any pre-charge or pre-trial dispositions of motions or other issues; and

c. The right to bring any collateral attack against HFS' conviction or sentence, except as it may relate to the effectiveness of its legal representation or as permitted under subparagraph (a) above.

13. Voluntariness of the Plea. HFS acknowledges that it has entered into this Plea Agreement freely and voluntarily and that it has been fully advised by counsel, and that no threats or promises were made to induce it to enter into the guilty pleas called for by this Agreement.

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14. Statute of Limitations. In the event that this Agreement is not accepted by the Court for any reason, or HFS has breached any of the terms of this Plea Agreement, the statute of limitations shall be deemed to have been tolled from the date of the Plea Agreement to: (1) 30 days following the date of non-acceptance of the Plea Agreement by the Court; or (2) 30 days following the date on which a breach of the Plea Agreement by HFS is discovered by the Districts.

15. Completeness of Agreement. The Districts and HFS acknowledge that these terms constitute the entire Plea Agreement between the parties. This Agreement only binds the United States Attorney's Offices for the Western District of Washington, the Central District of California and the Northern District of California, and the United States Coast Guard in these Coast Guard Districts. It does not bind any other United States Attorney's Office or any other office or agency of the United States, or any state or local prosecutor, except as provided herein.

Dated this 12th day of March, 2004.

FOR THE UNITED STATES:

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Assistant United States Attorney
Western District of Washington

/s/
MAUREEN BESSETTE
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Northern District of California

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/s/
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FOR THE DEFENDANT:

Höegh Fleet Services, A/S

IRWIN H. SCHWARTZ
Counsel for Höegh Fleet Services, A/S

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Dated this 12th day of March, 2004.

FOR THE UNITED STATES:

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Assistant United States Attorney
Western District of Washington

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Northern District of California

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/s/
WILLIAM W. CARTER
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FOR THE DEFENDANT:

/s/
Höegh Fleet Services, A/S

/s/
IRWIN H. SCHWARTZ
Counsel for Höegh Fleet Services, A/S

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14. Statute of Limitations. In the event that this Agreement is not accepted by the Court for any reason, or HFS has breached any of the terms of this Plea Agreement, the statute of limitations shall be deemed to have been tolled from the date of the Plea Agreement to: (1) 30 days following the date of non-acceptance of the Plea Agreement by the Court; or (2) 30 days following the date on which a breach of the Plea Agreement by HFS is discovered by the Districts.

15. Completeness of Agreement. The Districts and HFS acknowledge that these terms constitute the entire Plea Agreement between the parties. This Agreement only binds the United States Attorney's Offices for the Western District of Washington, the Central District of California and the Northern District of California, and the United States Coast Guard in these Coast Guard Districts. It does not bind any other United States Attorney's Office or any other office or agency of the United States, or any state or local prosecutor, except as provided herein.

Dated this 12th day of March, 2004.

FOR THE UNITED STATES:

FLOYD G. SHORT
Assistant United States Attorney
Western District of Washington

/s/
MAUREEN BESSETTE
Assistant United States Attorney
Northern District of California

MARK CHUTKOW
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FOR THE DEFENDANT:

/s/
Höegh Fleet Services, A/S

2/13/04
WILLIAM W. CARTER
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Counsel for Höegh Fleet Services, A/S

UNITED STATES ATTORNEY
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(206) 553-7970

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Plea Agreement was served upon defendant by depositing the same in the United States mail at 601 Union Street, Suite 5100, Seattle, Washington 98101-3903:

Irwin Schwartz
Attorney at Law
710 Cherry Street
Seattle, WA 98104-1925

This 11th day of March, 2004.

s/Anna Chang
ANNA CHANG
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