

JULY 23, 2001

CIRCULAR NO. 9/01

TO MEMBERS OF THE ASSOCIATION

Dear Member:

**INCREASED U.S. COAST GUARD SCRUTINY OF VESSELS
UNDER MARPOL REGULATIONS IN CALIFORNIA**

The Club's correspondents in California have recently advised the Managers of communications they have received from the United States Coast Guard's Marine Safety Office for the ports of Los Angeles and Long Beach indicating that it has stepped up port state inspections under MARPOL within its jurisdiction. This area embraces coastal waters from south of Monterrey to the San Diego county line, as well as the ports of Hueneme, Los Angeles and Long Beach.

Specifically, the Coast Guard has increased its scrutiny of oil record books, oily water separators and bilge piping. Its recent activity has included demands for the dismantling of pipes on the discharge side of oily water separators and the taking of water samples for laboratory analysis.

If the Coast Guard believes that there is evidence of oil inside oily water separator discharge pipes, or evidence of an oily water separator by-pass hose or pipe, demands are increasingly being made that vessel owners provide divers to plug the discharge outlet so that the overboard discharge valve itself can be removed, inspected and samples taken.

In certain cases, these more intensive MARPOL inspections have been part of, or have preceded, criminal investigations. In the most serious cases, where the Coast Guard believes it has discovered evidence of MARPOL violations, including the discharge of oily water or false entries in oil record books, vessels have been subject to criminal search warrants and their crews subpoenaed to appear and testify before criminal grand juries in the federal court.

Our correspondents are unclear whether this increased level of scrutiny is limited to the ports of Los Angeles and Long Beach or, indeed, is aimed specifically at certain vessel owners. However, there have been cases of similar inspections in other ports around the United States and it would appear that at least three different vessel owners have had their fleets targeted.

In these circumstances, Members with vessels calling to the United States should be aware of this increased scrutiny and take all necessary steps to ensure full compliance with MAROL prior to arrival in Los Angeles, Long Beach or, indeed, any other U.S. port.

The Managers are grateful to Messrs. Keesal, Young & Logan and Messrs. Cogswell Nakazawa & Chang for keeping them informed of these developments. If any further assistance is required, the Managers will, as usual, be pleased to respond.

Yours faithfully,

Joseph E.M. Hughes, Chairman & CEO
Shipowners Claims Bureau, Inc., Managers for
THE AMERICAN CLUB