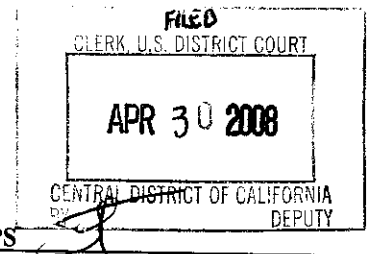


P-Send



United States District Court Central District of California

UNITED STATES OF AMERICA vs.

Docket No. CR 08-265-GPS

Defendant DIAMLEMOS SHIPPING CORPORATION

Social Security No. (Last 4 digits)

akas:

JUDGMENT AND PROBATION/COMMITMENT ORDER

In the presence of the attorney for the government, the defendant appeared in person on this date.

Table with columns: MONTH (4), DAY (29), YEAR (2008)

COUNSEL [X] WITH COUNSEL Marc Greenberg, RTND (Name of Counsel)

PLEA [X] GUILTY, and the court being satisfied that there is a factual basis for the plea. [] NOLO CONTENDERE [] NOT GUILTY

FINDING There being a finding/verdict of [] GUILTY, defendant has been convicted as charged of the offense(s) of: 33 USC 1908(a): Failure to Maintain an Accurate Oil Record Book; 18 USC 2(b): Causing An Act To Be Done. The Court asked whether defendant had anything to say why judgment should not be pronounced. Because no sufficient cause to the contrary was shown, or appeared to the Court, the Court adjudged the defendant guilty as charged and convicted and ordered that:

JUDGMENT AND PROB/ COMM ORDER

It is ordered that the defendant shall pay to the United States a special assessment of \$800 as to counts one and two pursuant to 18 U.S.C. § 3013(a)(2)(B).

Pursuant to United States Sentencing Guidelines §§ 8C2.1 and 8C2.10, the sentencing guidelines are not applicable in determining the fine for an organization.

Pursuant to the Sentencing Reform Act of 1984 and United States Sentencing Guidelines §§ 8D1.1 and 8D1.2, defendant is hereby sentenced to a term of organizational probation for three years. The terms and conditions of probation include the following:

1. Defendant shall pay a total criminal fine of \$750,000 as to counts one and two of the information. Defendant also shall make organizational community service payments in the total amount of \$250,000 pursuant to U.S.S.G. § 8B1.3 and in furtherance of the sentencing principles provided for under 18 U.S.C. § 3553(a). The explicit goal of defendant's required community service is to fund environmental projects and initiatives designed for the benefit, preservation, and restoration of the environment and ecosystems in the Central District of California. Defendant shall pay \$125,000 in community service to the National Marine Sanctuary Foundation ("NMSF"), for use in the Channel Islands National Marine Sanctuary ("CINMS"), headquartered in Santa Barbara, California, to support the protection and preservation of natural and cultural resources located in and adjacent to the CINMS, including, but not limited to, the following: the study, research, and survey of resources; the abatement, cleanup, and remediation of pollution in the CINMS; the training of personnel; and the enforcement of environmental and resource laws. Defendant shall pay \$125,000 in community service to the National Fish and Wildlife Foundation (the "NFWF") to be used by the NFWF for the preservation, restoration, and general protection of marine wildlife, resources, and ecosystems located in the Central District of California, including projects designed to protect and restore populations of sea birds, fisheries, wildlife, and marine mammals, in or near the coastal waters and intercoastal waterways of the Central District of California. Monies may also be used for the purchase of communication and defensive equipment and patrol vessels and vehicles; training; response to and clean up of pollution spills or threats of pollution; vessel pollution prevention; preservation and or construction of facilities; collection, research, analysis, study, preservation, storage, display, and protection of historical, cultural, natural, and marine and island resources and wildlife; and law enforcement and patrol operations. The timing of the criminal fine and community service payments shall be:

a. Within seven days after the date of sentencing, namely, today, defendant shall make a payment of \$500,000 in the following manner: (1) \$250,000 of the total fine shall be paid in the form of a cashier's check payable to the Clerk of the United States District Court of the Central District of California; and (2) \$250,000 of community service shall be paid in the form of a cashier's check to the community service projects described above.

b. Within one year of the date of sentencing, defendant shall pay the remaining criminal fine (\$500,000), in the form of a cashier's check payable to the Clerk of the United States District Court of the Central District of California.

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2. Defendant shall commit no further violations of federal, state, or local law and shall conduct all its operations in accordance with the MARPOL Protocol.

3. Defendant shall develop, adopt, implement and fund the Environmental Management System/Compliance Plan ("EMS") which was attached to the plea agreement as Attachment B and is attached to the judgment and commitment order as Exhibit A. Defendant shall be responsible for all costs associated with the development, implementation, maintenance and monitoring of the EMS.

4. During the period of probation, and at all reasonable times and with as reasonable prior notice to the United States Coast Guard and United States Environmental Protection Agency ("US EPA") as practicable, defendant shall provide the Coast Guard and US EPA 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.

5. If defendant changes its name, the renamed company shall be obliged to meet all of the obligations of this judgment and commitment order. If defendant is purchased by another company through a stock or asset purchase, the newly-created or merged company shall be obliged to meet all of the obligations of defendant under this judgment and commitment order.

6. Defendant shall pay full restitution, in the amount of \$1,920 to the victims of the offense, namely, the Coast Guard, for costs incurred in responding to, sampling for, analyzing, and investigating the violations at issue in this matter. Restitution shall be made to:

U.S. Coast Guard
Marine Safety Office
1001 Seaside Avenue, Building 20
San Pedro, California 90731

Re: sampling and analysis for the M/T Georgis Nikolos

The Court considers the sentence as stated to be reasonable given consideration of the factors set forth in 18 U.S.C. § 3553, including: The nature and circumstances of the offense and the history and characteristics of the defendant; and the need for the sentence imposed to reflect the seriousness of the offense, to promote respect for the law, to provide just punishment for the offense, and to afford adequate deterrence to criminal conduct. The Court will therefore sentence defendant as previously stated, which is accordance with the binding plea agreement entered into by the parties under Fed. R. Crim. P. 11(c)(1)(C).

Defendant advised of right to appeal.

In addition to the special conditions of supervision imposed above, it is hereby ordered that the Standard Conditions of Probation and Supervised Release within this judgment be imposed. The Court may change the conditions of supervision, reduce or extend the period of supervision, and at any time during the supervision period or within the maximum period permitted by law, may issue a warrant and revoke supervision for a violation occurring during the supervision period.

4/30/08

Date

George P. Schiraldi

U. S. District Judge/Magistrate Judge

It is ordered that the Clerk deliver a copy of this Judgment and Probation/Commitment Order to the U.S. Marshal or other qualified officer.

Sherri R. Carter, Clerk

4/30/08

Filed Date

By Jake Yerke

Deputy Clerk

JF

The defendant shall comply with the standard conditions that have been adopted by this court (set forth below).

STANDARD CONDITIONS OF PROBATION AND SUPERVISED RELEASE

While the defendant is on probation or supervised release pursuant to this judgment:

1. The defendant shall not commit another Federal, state or local crime;
2. the defendant shall not leave the judicial district without the written permission of the court or probation officer;
3. the defendant shall report to the probation officer as directed by the court or probation officer and shall submit a truthful and complete written report within the first five days of each month;
4. the defendant shall answer truthfully all inquiries by the probation officer and follow the instructions of the probation officer;
5. the defendant shall support his or her dependents and meet other family responsibilities;
6. the defendant shall work regularly at a lawful occupation unless excused by the probation officer for schooling, training, or other acceptable reasons;
7. the defendant shall notify the probation officer at least 10 days prior to any change in residence or employment;
8. the defendant shall refrain from excessive use of alcohol and shall not purchase, possess, use, distribute, or administer any narcotic or other controlled substance, or any paraphernalia related to such substances, except as prescribed by a physician;
9. the defendant shall not frequent places where controlled substances are illegally sold, used, distributed or administered;
10. the defendant shall not associate with any persons engaged in criminal activity, and shall not associate with any person convicted of a felony unless granted permission to do so by the probation officer;
11. the defendant shall permit a probation officer to visit him or her at any time at home or elsewhere and shall permit confiscation of any contraband observed in plain view by the probation officer;
12. the defendant shall notify the probation officer within 72 hours of being arrested or questioned by a law enforcement officer;
13. the defendant shall not enter into any agreement to act as an informer or a special agent of a law enforcement agency without the permission of the court;
14. as directed by the probation officer, the defendant shall notify third parties of risks that may be occasioned by the defendant's criminal record or personal history or characteristics, and shall permit the probation officer to make such notifications and to conform the defendant's compliance with such notification requirement;
15. the defendant shall, upon release from any period of custody, report to the probation officer within 72 hours;
16. and, for felony cases only: not possess a firearm, destructive device, or any other dangerous weapon.

The defendant will also comply with the following special conditions pursuant to General Order 01-05 (set forth below).

STATUTORY PROVISIONS PERTAINING TO PAYMENT AND COLLECTION OF FINANCIAL SANCTIONS

The defendant shall pay interest on a fine or restitution of more than \$2,500, unless the court waives interest or unless the fine or restitution is paid in full before the fifteenth (15th) day after the date of the judgment pursuant to 18 U.S.C. §3612(f)(1). Payments may be subject to penalties for default and delinquency pursuant to 18 U.S.C. §3612(g). Interest and penalties pertaining to restitution, however, are not applicable for offenses completed prior to April 24, 1996.

If all or any portion of a fine or restitution ordered remains unpaid after the termination of supervision, the defendant shall pay the balance as directed by the United States Attorney's Office. 18 U.S.C. §3613.

The defendant shall notify the United States Attorney within thirty (30) days of any change in the defendant's mailing address or residence until all fines, restitution, costs, and special assessments are paid in full. 18 U.S.C. §3612(b)(1)(F).

The defendant shall notify the Court through the Probation Office, and notify the United States Attorney of any material change in the defendant's economic circumstances that might affect the defendant's ability to pay a fine or restitution, as required by 18 U.S.C. §3664(k). The Court may also accept such notification from the government or the victim, and may, on its own motion or that of a party or the victim, adjust the manner of payment of a fine or restitution-pursuant to 18 U.S.C. §3664(k). See also 18 U.S.C. §3572(d)(3) and for probation 18 U.S.C. §3563(a)(7).

Payments shall be applied in the following order:

1. Special assessments pursuant to 18 U.S.C. §3013;
2. Restitution, in this sequence:
 - Private victims (individual and corporate),
 - Providers of compensation to private victims,
 - The United States as victim;
3. Fine;
4. Community restitution, pursuant to 18 U.S.C. §3663(c); and
5. Other penalties and costs.

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SPECIAL CONDITIONS FOR PROBATION AND SUPERVISED RELEASE

As directed by the Probation Officer, the defendant shall provide to the Probation Officer: (1) a signed release authorizing credit report inquiries; (2) federal and state income tax returns or a signed release authorizing their disclosure and (3) an accurate financial statement, with supporting documentation as to all assets, income and expenses of the defendant. In addition, the defendant shall not apply for any loan or open any line of credit without prior approval of the Probation Officer.

The defendant shall maintain one personal checking account. All of defendant's income, "monetary gains," or other pecuniary proceeds shall be deposited into this account, which shall be used for payment of all personal expenses. Records of all other bank accounts, including any business accounts, shall be disclosed to the Probation Officer upon request.

The defendant shall not transfer, sell, give away, or otherwise convey any asset with a fair market value in excess of \$500 without approval of the Probation Officer until all financial obligations imposed by the Court have been satisfied in full.

These conditions are in addition to any other conditions imposed by this judgment.

RETURN

I have executed the within Judgment and Commitment as follows:

Defendant delivered on _____ to _____

Defendant noted on appeal on _____

Defendant released on _____

Mandate issued on _____

Defendant's appeal determined on _____

Defendant delivered on _____ to _____

at _____

the institution designated by the Bureau of Prisons, with a certified copy of the within Judgment and Commitment.

United States Marshal

By _____
Deputy Marshal

Date

CERTIFICATE

I hereby attest and certify this date that the foregoing document is a full, true and correct copy of the original on file in my office, and in my legal custody.

Clerk, U.S. District Court
By

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Docket No.: CR 08-265-GPS

Filed Date

Deputy Clerk

FOR U.S. PROBATION OFFICE USE ONLY

Upon a finding of violation of probation or supervised release, I understand that the court may (1) revoke supervision, (2) extend the term of supervision, and/or (3) modify the conditions of supervision.

These conditions have been read to me. I fully understand the conditions and have been provided a copy of them.

(Signed) _____
Defendant

Date

U. S. Probation Officer/Designated Witness

Date

ATTACHMENT B

PLEA AGREEMENT

United States v. Diamlemos Shipping Corp.,

DIAMLEMOS SHIPPING CORP. ENVIRONMENTAL MANAGEMENT
SYSTEM/COMPLIANCE PROGRAM

The following standards and requirements for an ENVIRONMENTAL MANAGEMENT SYSTEM/COMPLIANCE PROGRAM ("EMS/CP") have been prepared pursuant to the Plea Agreement between Diamlemos Shipping Corp. (hereinafter "Diamlemos") and the United States Attorney's Office for the Central District of California (hereinafter "USAO") filed in the United States District Court for the Central District of California in United States v. Diamlemos Shipping Corp. Compliance with all of the standards and requirements of the EMS/CP is an essential term of the Plea Agreement.

The EMS/CP includes various provisions to ensure that all vessels listed in Attachment 1 hereto,¹ which are owned, operated, or managed by Diamlemos comply with all maritime environmental requirements established under applicable international, flag state, and port state law, including, but not limited to, the International Convention for Prevention of Pollution from Ships ("MARPOL"), and all applicable federal and state statutes and regulations including, but not limited to, the Ports and Waterways Safety Act ("PWSA"), the Act to Prevent Pollution from Ships ("APPS"), the Clean Water Act ("CWA") and the Oil Pollution Act ("OPA").

A. APPLICABILITY/PURPOSE

(1) This EMS/CP shall cover and apply to all seagoing vessels owned, operated, or managed by Diamlemos that call in the United States as listed in Attachment 1 hereto. Any vessel, the ownership, operation, and management of which is assumed by Diamlemos and which calls in the United States shall be included within the scope of this plan. Any vessel removed from the ownership, operation, and management by Diamlemos or which stops calling in the United States shall be excluded from the scope of this plan. It shall also include all employees of Diamlemos and crew members who serve on vessels it manages.

¹ Subject to modification under Section L, below.

Diamlemos Shipping Corp.
Environmental Management System/Compliance Plan

(2) The EMS/CP is not intended to replace the ISM Code, or any other applicable international legal requirement or United States statute and regulation. The purpose of this EMS/CP is to augment the requirements of existing law by increasing inspections and audits of Diamlemos's vessels listed in Attachment 1 hereto, shore side facilities and operations involving said vessels; increase training of all of Diamlemos's personnel involved with said vessels; develop and implement management and engineering controls to better manage, detect and prevent safety and environmental violations; and require periodic reports to the United States Probation Office for the Central District of California, the United States Attorney's Office for the Central District of California, the United States Environmental Protection Agency, Region 9 and the Coast Guard (hereinafter "the United States") to ensure that Diamlemos is following this EMS/CP and that the vessels listed in Attachment 1, hereto, comply with all maritime safety and environmental requirements established under applicable international, flag state, and port state law and all applicable federal and state statutes and regulations and that effective management systems are in place to prevent recurrence of violations.

B. CORPORATE COMPLIANCE MANAGER

(1) Within sixty (60) days of entry of the Plea Agreement, Diamlemos shall designate a senior corporate officer as Corporate Compliance Manager (hereinafter "Compliance Manager") who shall report directly to the President and/or Managing Director of Diamlemos. Diamlemos shall provide the name of the Compliance Manager to the United States. The Compliance Manager shall be responsible for coordinating with the Independent EMS Consultant, as more fully described below, developing and implementing all of the systems required herein, establishing and implementing training programs for the officers and crew of Diamlemos's vessels listed in Attachment 1, ensuring that audits and surveys are carried out as required and ensuring that all documents are properly maintained and that reports are made on a timely basis to the Independent EMS Consultant and the United States. All reports required under this EMS/CP shall be reviewed by the Compliance Manager and signed under the penalty of perjury.

(2) Diamlemos shall establish a procedure that requires all officers, crew members and employees, and shore side personnel involved in the management or operation of seagoing vessels of Diamlemos listed in Attachment 1 hereto, to notify the Compliance Manager of any violations of any applicable environmental

requirements and to cooperate fully with the Independent EMS Consultant and the United States in carrying out their auditing and oversight functions required by applicable law and this EMS/CP. Diamlemos agrees to establish a procedure that makes failure to notify the Compliance Manager of any violations of any applicable environmental requirements and failure to cooperate fully with the Classification Societies, the Independent EMS Consultant and the United States in carrying out their auditing and oversight functions required by applicable law and this EMS/CP, grounds for dismissal. Diamlemos agrees not to retaliate against any officer, crew member or employee involved in the management or operation of seagoing vessels listed in Attachment 1 solely for making any such report. Employees or crew members may, however, be dismissed for violation of company environmental policies or applicable environmental rules and laws.

C. INDEPENDENT EMS CONSULTANT AND INITIAL EMS/CP REVIEW

(1) Within thirty (30) days following the District Court's imposition of sentence in United States v. Diamlemos Shipping Corp., Diamlemos shall nominate an Independent EMS Consultant who meets the qualifications below to conduct an Initial EMS/CP Review and Evaluation, and a Report of Findings for all Diamlemos's operations as defined below. The nomination shall be made in writing to the parties identified in Section P below. The United States will notify Diamlemos in writing of its approval or disapproval within thirty (30) days unless additional time for evaluation is requested in writing. The nominee shall be approved if the United States fails to provide notice within that period. The United States approval shall not be unreasonably withheld.

(2) Qualified candidates for the Independent EMS Consultant position must have expertise and competence in the regulatory programs under U.S. and international marine safety and environmental laws, and have expertise and competence in waste stream monitoring and control technologies, with a primary emphasis on engine room operations, used by Diamlemos to achieve and maintain compliance with respect to the seagoing vessels listed in Attachment 1. The Independent EMS Consultant shall also have sufficient expertise and competence to assess whether Diamlemos has an adequate management system in place to assess regulatory compliance, correct non-compliance, and prevent future non-compliance. Diamlemos and the United States acknowledge that the functions of the Independent EMS Consultant may, by mutual agreement, be fulfilled by one or more individuals.

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(3) The Independent EMS Consultant must not directly own any stock in Diamlemos, their subsidiaries, affiliated business entities (owned wholly or partially by Diamlemos) or any agents of Diamlemos, and must have no other direct financial stake in the outcome of duties conducted pursuant to this Plea Agreement. The Independent EMS Consultant must exercise independent judgment. Diamlemos and the Independent EMS Consultant shall disclose to the United States any past or existing contractual relationships between them.

(4) If the United States determines that the proposed Independent EMS Consultant does not meet the qualifications set forth in the previous paragraphs, or that past or existing relationships with the Independent EMS Consultant would affect the Independent EMS Consultant's ability to exercise the independent judgment and discipline required to conduct the EMS/CP review and evaluation, such Independent EMS Consultant shall be disapproved and another Independent EMS Consultant shall be proposed by Diamlemos within thirty (30) days of Diamlemos's receipt of the disapproval.

(5) The Independent EMS Consultant shall conduct a review and evaluation of Diamlemos's operations (vessel and shore side) involved in the management and/or operation of seagoing vessels listed in Attachment 1, as such operations relate to waste stream issues, with a primary emphasis on engine room operations. The review and evaluation shall include, but not be limited to pollution control systems (including use, capabilities and condition of the Oil Water Separators on board Diamlemos's vessels listed in Attachment 1 hereto, and accuracy and completeness of Oil Record Books on board those vessels) and management systems and compliance programs as they relate to such issues. At the conclusion of the Initial EMS/CP Review and Evaluation, but in no event later than one hundred eighty (180) days following selection of the Independent EMS Consultant, the Independent EMS Consultant shall prepare a Report of Findings. If the Independent EMS Consultant believes that additional time is needed to analyze available information, or to gather additional information, or to complete the Report of Findings, Diamlemos may request that the United States grant the Independent EMS Consultant such additional time, as required, which request shall not be unreasonably denied. If necessary, the United States may grant additional time in 30 day increments for completion of the Report of Findings. The Report of Findings shall be provided to Diamlemos and the United States. Based on the Report of Findings, Diamlemos shall develop an EMS/CP Manual.

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(See below).

D. EMS/CP MANUAL

(1) Within three months of receiving the Initial EMS/CP Review and Report of Findings from the Independent EMS Consultant, Diamlemos shall prepare an EMS/CP Manual, which shall describe and document the EMS/CP and contain an EMS/CP implementation schedule for each of the described systems. For each of the elements described below, the Manual shall describe the EMS/CP in detail, by explaining how the activity or program is or will be (a) established as a formal system or task, and (b) continuously evaluated and improved. If Diamlemos believes that additional time is needed to analyze available information or to gather additional information to prepare the EMS/CP Manual, Diamlemos may request that the United States grant them such additional time as needed to prepare and submit the EMS/CP Manual, which request shall not be unreasonably denied. If necessary, the United States may grant additional time in thirty (30) day increments for completion of the EMS/CP Manual.

I. Environmental Policy

- This policy, upon which the EMS/CP is based, must clearly communicate Diamlemos's commitment to achieving compliance with all applicable U.S. and International environmental statutes, regulations, enforceable agreements, and permits (hereafter, "environmental requirements"), minimizing risks to the environment from unplanned waste oil stream releases, and continual improvement in environmental performance. The policy also should state management's intent to provide adequate personnel and other resources for the EMS/CP.

II. Organization, Personnel, and Oversight of EMS/CP

- Describes, organizationally, how the EMS/CP is implemented and maintained.

- Includes organization charts, as appropriate, that identify units, line management, and other individuals having environmental performance, risk reduction, and regulatory compliance responsibilities.

- Identifies and defines specific duties, roles, responsibilities, and authorities of key environmental program personnel in implementing and sustaining the EMS/CP (e.g., could

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include position descriptions and performance standards for all relevant staff, and excerpts from others having specific environmental program and regulatory compliance responsibilities).

- Includes ongoing means of communicating environmental issues as they relate to waste stream releases, with a primary emphasis on vessel engine room operations, and information to all organization personnel, contractors, and consultants, and for receiving and addressing their concerns.

III. Accountability and Responsibility

- Specifies accountability and environmental responsibilities of Diamlemos's managers, for environmental protection and risk reduction measures, assuring compliance, required reporting to regulatory agencies, and corrective actions implemented in their area(s) of responsibility.

- Specifies accountabilities and responsibilities of Diamlemos's management to adequately supervise the compliance with environmental and safety requirements by Diamlemos's employees and contractors, as set forth herein.

- Describes incentive programs for Diamlemos's managers and employees to perform in accordance with compliance policies, standards and procedures.

- Describes potential legal ramifications for departure from specified operating procedures.

- Makes employee compliance with environmental policies and applicable international and United States laws a positive factor and failure to comply a negative factor in all evaluations undertaken for the performance of all its employees, contractors and consultants. Ensures that employees, contractors and consultants are not punished or otherwise suffer negative consequences for reporting violations of environmental laws, regulations, or policies.

- Establishes a process to ensure that Diamlemos's employees, contractors and consultants accurately report discharges, spills, environmental incidents and other environmental performance data.

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IV. Environmental Requirements

- Describes process for identifying, interpreting, and effectively communicating environmental requirements, as set forth herein, to affected company personnel, and then ensuring that Diamlemos's activities conform to those requirements (i.e., ongoing compliance monitoring).

- Specifies procedures for prospectively identifying and obtaining information about changes and proposed changes in environmental requirements, as set forth herein, and incorporating those changes into the EMS/CP (i.e., regulatory "change management").

- Establishes and describes process to ensure communication with regulatory agencies enforcing environmental requirements and regulatory compliance.

V. Assessment, Prevention, and Control

- Identifies an ongoing process for assessing operations for purposes of preventing and controlling or minimizing reasonably foreseeable waste stream releases, ensuring environmental protection, and maintaining compliance with statutory and regulatory requirements, with a primary emphasis on vessel engine room operations. This section shall describe monitoring and measurements, as appropriate, to ensure sustained compliance. It shall also include identifying operations and waste streams where equipment malfunctions and deterioration, operator errors or deliberate malfeasance, and discharges or emissions may be causing, or may lead to: (1) releases of hazardous waste or other pollutants to the environment, (2) a threat to human health or the environment, or (3) violations of environmental requirements.

- Describes process for identifying operations and activities where documented standard operating practices ("SOPs") are needed to prevent potential violations or unplanned waste stream releases, with a primary emphasis on vessel engine room operations, and defines a uniform process for developing, approving and implementing the SOPs.

- Describes a system for conducting and documenting routine, objective, self-inspections by supervisors and trained staff, especially at locations identified by the process described in (A) above, to check for malfunctions, deterioration, worker adherence to SOPs, unusual situations, and unauthorized releases.

- Describes process for ensuring input of environmental requirements, as set forth herein, or concerns regarding potential operator errors or deliberate malfeasance in planning, design, and operation of ongoing, new, and/or changing buildings, processes, equipment, maintenance activities, and products (i.e., operational "change management").

VI. Environmental Incident and Noncompliance Investigations

- Describes standard procedures and requirements for internal and external reporting of potential violations relating to waste stream release incidents, with a primary emphasis on vessel engine room operations.

- Establishes procedures for investigation, and prompt and appropriate correction of potential violations by Diamlemos's employees, contractors, and consultants. The investigation process includes root-cause analysis, as appropriate, of identified problems to aid in developing the corrective actions.

- Describes a system for development, tracking, and verification of corrective and preventative actions taken by Diamlemos's employees, contractors, and consultants.

- Implements process for employees, contractors and consultants to notify Diamlemos's management without fear of reprisal regarding environmental compliance issues and concerns, for example, a phone hot-line.

- Each of these procedures shall specify self-testing of such procedures, where practicable.

VII. Environmental Training, Awareness, and Competence

- Identifies specific education and training required for Diamlemos's employees, contractors and crew members, as well as process for documenting, evaluating, and improving training provided. Such education and training are to cover both shore-side and shipboard personnel involved in handling and/or management of waste streams with respect to the oceangoing vessels listed in Attachment 1.

- Describes program to ensure that Diamlemos's employees, contractors, and consultants are aware of the company's environmental policies and procedures, environmental requirements, and each party's responsibilities within the

EMS/CP.

- Describes program for ensuring that personnel responsible for meeting and maintaining compliance with environmental requirements are competent on the basis of appropriate education, training, and/or experience.

- Describes process for tracking company employee questions about interpretation of environmental regulations. Such system feedback will provide valuable insight regarding the effectiveness of training and clarity of environmental procedures.

- Identifies training on how to recognize operations and waste streams where equipment malfunctions and deterioration, operator errors or deliberate malfeasance, and discharges or emissions may be causing, or may lead to: (1) releases of hazardous waste or other pollutants to the environment, (2) a threat to human health or the environment, or (3) violations of environmental requirements.

VIII. Environmental Planning and Organizational Decision-Making

- Describes how environmental planning, as it relates to activities set forth herein, will be integrated into organizational decision-making, including plans and decisions on capital improvements, product and process design, training programs, and maintenance activities.

- Requires establishing written targets, objectives, and action plans by at least each operating organizational subunit with environmental responsibilities, as appropriate, including those for contractor operations conducted at the facility, and how specified actions will be tracked and progress reported. Targets and objectives must include actions that reduce the risk of noncompliance with environmental requirements, as such requirements relate to activities set forth herein, and minimizing the potential for unplanned waste stream releases, with a primary emphasis on vessel engine room operations.

IX. Maintenance of Records and Documentation

- Identifies the types of records developed in support of the EMS/CP (including self-audits, third-party audits and reports, audit working papers, and correspondence, including e-

mails about audits), who maintains them and protocols for responding to inquiries and requests for release of information.

- Specifies the data management systems for any internal waste tracking, environmental data, and hazardous waste determinations.

- Specifies document control procedures.

X. Pollution Prevention Program

- Describes an internal program for preventing, reducing, recycling, reusing, and minimizing waste releases, with a primary emphasis on vessel engine room operations, including procedures to encourage material substitutions. Also includes mechanisms for identifying candidate materials to be addressed by program and tracking progress.

XI. Continuing Program Evaluation and Improvement

- Describes program for periodic (at least annually) systematic evaluation of the EMS/CP, including incorporating the results of the assessment into program improvements, revisions to the manual, and communicating findings and action plans to affected employees, contractors and consultants. These evaluations shall include a review of vessel and facility operations and practices related to meeting environmental requirements, as set forth herein. The manual shall describe how the objectivity of Diamlemos's personnel performing audits or other environmental performance self-assessments will be assured.

- Describes and demonstrates top management commitment to compliance auditing program.

- Ensures adequate resources are provided for compliance auditing program and assigns responsibilities for the compliance auditing program; ensures pre-planning of systematic audits and coordination of audits.

- Describes process that ensures the results of audits are reported to Diamlemos's compliance managers.

(2) Diamlemos shall submit a proposed final EMS/CP Manual to the Compliance Manager, the Independent EMS Consultant and the United States immediately upon its completion. The Independent EMS Consultant and the United States shall provide comments on

the proposed EMS/CP Manual within thirty (30) days of receipt unless additional time for review is requested in writing. Diamlemos shall submit a supplement to the EMS/CP or a written response, as appropriate, within thirty (30) days of receipt of the comments. The EMS/CP is subject to final approval from the United States, which approval shall not be unreasonably withheld.

(3) All elements of the EMS/CP Manual shall be fully implemented no later than twelve months (12) months following final approval by the United States. Upon receipt of final approval, Diamlemos shall immediately commence implementation of the EMS/CP in accordance with the schedule contained in the EMS/CP Manual. Diamlemos shall submit reports to the designated representative of the United States beginning no later than one hundred eighty (180) days following selection of the Independent EMS Consultant, regarding the status of the development and implementation of the EMS/CP and the results of the review and evaluation of Diamlemos's operations or audits conducted pursuant to the EMS/CP. These reports shall be made on an annual basis.

E. EMS AUDIT

(1) Within eighteen (18) months from the date on which the EMS/CP Manual is fully implemented, but, in no event later than the end of Diamlemos's probationary term, Diamlemos shall arrange for, fund, and complete an independent, third-party focused EMS Audit. The purpose of the focused EMS Audit shall be to evaluate the EMS/CP to insure its continuing suitability, adequacy and effectiveness and to recommend any changes necessary to achieve the objectives of the program. The scope of the focused EMS Audit shall consist solely of a review of shipboard practices, procedures and policies on three (3) of the vessels listed in Attachment 1. The Third-Party Auditor shall choose the three vessels to be audited in consultation with Diamlemos, taking into account, among other things, the vessel's itineraries and availability at a convenient United States port/location. In the event the parties cannot in good faith agree to the vessels to be audited, the Auditor shall make the final selection. If, at the time of the focused EMS Audit, Diamlemos is otherwise in compliance with the existing provisions of the EMS/CP, nothing contained in the report of the Third-Party Auditor shall be deemed to constitute a violation of this EMS/CP, or shall be used by the United States as a basis for alleging a violation of probation hereunder. The parties agree that nothing in this section shall be construed to grant immunity for the violation of any applicable statute or regulation.

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(2) The Third-Party Auditor will be certified by the American National Standards Institute-Registration Accreditation Board or will have comparable credentials and experience in performing EMS audits. Selection of the EMS Auditor is subject to the same conditions identified in Section C above regarding selection of the Independent EMS Consultant. Selection of the Third-Party Auditor will be approved by the United States. The United States will notify HFS in writing of its approval or disapproval as expeditiously as possible. The United States approval shall not be unreasonably withheld.

(3) The initial report of the Third-Party Auditor shall be submitted simultaneously to the United States and Diamlemos, along with the audit working papers and any correspondence related to the audit, including e-mails.

(4) The final Audit Report shall present the Audit Findings and shall, at a minimum, contain the following information:

- a) Audit scope, including the time period covered by the audit;
- b) The date(s) the on-site portion of the audit was conducted;
- c) Identification of the audit team members;
- d) Identification of the company representatives and regulatory personnel observing the audit;
- e) The distribution list for the EMS/CP Audit Report;
- f) A summary of the audit process, including any obstacles encountered;
- g) Detailed Audit Findings, including the basis for each finding and the Area of Concern identified;
- h) Identification of any Audit Findings corrected or Areas of Concern addressed during the audit, and a description of the corrective measures and when they were implemented;
- i) Certification by the Independent Third-Party Auditor that the EMS/CP Audit was conducted in accordance with this document and general audit principles.

(5) Within thirty (30) days from completion of the focused EMS Audit, Diamlemos shall develop and submit to the United States, for review and comment, an Action Plan for expeditiously bringing Diamlemos into full conformance with the EMS/CP Manual. The Action Plan shall include the result of any root cause analysis, specific deliverables, responsibility assignments, and an implementation schedule. Diamlemos may request that the United States permit a brief extension of the time limit stated above on a case-by-case basis. Such permission shall not be unreasonably withheld.

(6) The Action Plan shall be reviewed by the designated representative of the United States who shall provide written comments within thirty (30) days of receipt. After making any necessary modifications to the Action Plan based on the comments, Diamlemos shall implement the Action Plan in accordance with the schedules set forth therein. Within thirty (30) days after all items in the Action Plan have been completed, Diamlemos shall submit a written Action Plan Completion Certification to the United States.

F. COMPLIANCE AUDITS

(1) Beginning no later than twelve (12) months following implementation of the EMS/CP Manual, Diamlemos shall arrange for, fund and complete audits of the Diamlemos fleet management offices and of waste streams of the vessels listed in Attachment 1 hereof, with primary emphasis on vessel engine room operations, to verify compliance with applicable laws and regulations. The Independent EMS Consultant will determine the location and scheduling of each audit. The Independent EMS Consultant will have full access to Diamlemos's facilities, records, employees and officers at all times. Diamlemos shall immediately advise the Independent EMS Consultant of any issues that come to their attention that adversely impacts Diamlemos's compliance with all applicable laws and regulations and the EMS/CP.

(2) All audits shall be conducted, as practicable under the circumstances, in accordance with the principles set forth in ISO 9000 and ISO 14011, using ISO 14012 as supplemental guidance. The Independent EMS Consultant shall assess conformance with the elements specified above and with the EMS/CP Manual. Designated United States representatives may participate in the compliance audits as observers at the expense of the United States. Diamlemos shall make timely notification to the United States regarding audit scheduling in order that the United States, at

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its own expense may make arrangements for observers to be present.

(3) The Independent EMS Consultant shall deliver each vessel's and facility's audit report to the Compliance Manager upon completion. In addition, the Independent EMS Consultant will deliver an Audit Report to the designated representative of the United States within thirty (30) days after the completion of each audit. If the Independent EMS Consultant believes that additional time is needed to analyze available information or to gather additional information, Diamlemos may request that the United States grant the Independent EMS Consultant such additional time as needed to prepare and submit the Audit Report. If necessary, the United States may grant additional time in thirty (30) day increments for completion of the Audit Report.

(4) The Audit Report shall present the Audit Findings and shall, at a minimum, contain the following information:

- a) Audit scope, including the time period covered by the audit;
- b) The date(s) the on-site portion of the audit was conducted;
- c) Identification of the audit team members;
- d) Identification of the company representatives and regulatory personnel observing the audit;
- e) The distribution list for the Compliance Audit Report;
- f) A summary of the audit process, including any obstacles encountered;
- g) Detailed Audit Findings, including the basis for each finding and the Area of Concern identified;
- h) Identification of any Audit Findings corrected or Areas of Concern addressed during the audit, and a description of the corrective measures and when they were implemented;
- i) Certification by the Independent EMS Consultant that the Compliance Audit was conducted in accordance with this document and general audit principles.

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(5) Within sixty (60) days from completion of the Compliance Audit of a particular facility or vessel, Diamlemos shall develop and submit to the United States, for review and comment, an Action Plan for expeditiously bringing Diamlemos into full conformance with all applicable laws and regulations and the EMS/CP manual. The Action Plan shall include the result of any root cause analysis, specific deliverables, responsibility assignments, and an implementation schedule. Diamlemos may request that the United States permit a brief extension of the time limit stated above on a case-by-case basis. Such permission shall not be unreasonably withheld.

(6) The Action Plan shall be reviewed by the designated representative of the United States who shall provide written comments within thirty (30) days of receipt. After making any necessary modifications to the Action Plan based on the comments, Diamlemos shall implement the Action Plan in accordance with the schedules set forth therein. Within thirty (30) days after all items in the Action Plan have been completed, Diamlemos shall submit a written Action Plan Completion Certification to the United States. If, at the time of the compliance audits, Diamlemos is otherwise in compliance with the existing provisions of the EMS/CP, nothing contained in a Compliance Audit Report, or the Action Plan, or the Action Plan Completion Certification shall be deemed to constitute a violation of this EMS/CP, or shall be used by the United States as a basis for alleging a violation of probation hereunder. The parties agree that nothing in this section shall be construed to grant immunity for the violation of any applicable statute or regulation.

G. NON-COMPLIANCE

This EMS/CP does not in any way release Diamlemos from complying with any applicable international conventions and treaties, state or federal statutes and/or regulations, the ISM Code, or other international maritime safety conventions or treaties and does not limit imposition of any sanctions, penalties, or any other actions, available under those international conventions and treaties, state or federal statutes and regulations, the ISM Code, or other international maritime safety conventions or treaties. The EMS/CP shall be part of the Plea Agreement and adherence to it will be a condition of probation. Failure to comply with any part of this EMS/CP, (including but not limited to refusal to pay valid charges for the Independent EMS Consultant and failure to provide the Independent EMS Consultant access to vessels, facilities,

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personnel or documents) shall be a violation of the Plea Agreement and shall be grounds for the revocation or modification of Diamlemos's probation. Should the United States or the United States Probation Office seek to revoke or modify Diamlemos's probation based on Diamlemos's refusal to pay valid charges for the Independent EMS Consultant and/or their failure to provide the Independent EMS Consultant access to vessels, facilities, personnel, or documents, and/or as a result of any disagreement regarding any of the provisions of this EMS/CP, Diamlemos shall have the right to contest the reasonableness of such revocation.

H. COMPLIANCE MANAGER/MASTER RESPONSIBILITIES

The Master of any of Diamlemos's vessels listed in Attachment 1 hereto, with the assistance of the Compliance Manager, shall ensure that timely reports are made to the United States Coast Guard of any non-compliant condition of any of Diamlemos's vessels that calls upon any Port in the United States or sails into any waters under the jurisdiction of the United States. Diamlemos shall establish that enforcement of, and employee compliance with, the EMS/CP, ISM Code, MARPOL, and all applicable state and federal safety and environmental statutes and regulations is an important positive factor and that failure to comply with such policies, regulations and laws will be a negative factor in all appropriate personnel evaluations.

I. BOARD OF DIRECTORS

Diamlemos shall ensure that at least twice yearly, its Boards of Directors receive and review reports from the Compliance Manager and any applicable report from the Independent EMS Consultant concerning the implementation of this EMS/CP including environmental compliance, Safety Management System implementation, and manager, officer, and crew training. Copies of those portions of the meeting agendas and internal company reports concerning these items/CP shall be included in the reports to the designated representative of the United States and the United States Probation Office for the Central District of California.

J. TRAINING REQUIREMENTS

(1) Any training requirements implemented in accordance with the EMS/CP Manual discussed above with respect to the vessels listed in Attachment 1, hereto, shall apply to all managers, officers, crew members and shore side personnel, as

applicable, whether employees or independent contractors, and include applicable Safety Management System implementation and processes, Quality Management Systems, and environmental compliance and reporting requirements required by international, flag state, and port state law, including, but not limited to, and without limitation, the ISM Code, MARPOL (including Oil Water Separators and Oil Record Book requirements and procedures), and all applicable federal statutes and regulations including, but not limited to, and without limitation, PWSA, APPS, and OPA. Diamlemos shall provide and require refresher training on an annual basis commencing immediately. All managers, officers, employees and crew members hired after this training is offered shall be trained in these areas prior to reporting to or upon reporting for duty on any of Diamlemos's vessels or otherwise managing or supporting such vessel from shore.

(2) The Compliance Manager and the Master of each of Diamlemos's vessels listed in Attachment 1 shall be responsible for ensuring that all officers and crew members working on any vessel under their command are trained on the safety, environmental and reporting requirements of applicable international, flag state, and port state law, including, but not limited to, and without limitation, the ISM Code, MARPOL, and all applicable United States statutes and regulations including, but not limited to, and without limitation, PWSA, APPS, and OPA, on at least an annual basis. Each Master taking over any of Diamlemos's vessels shall, within seven days of assuming command of the vessel, ensure that all of the officers and crew under his command have been trained and are in compliance with the above requirement. If any additional training is required, the Master shall ensure that such training is conducted as soon as practicable but in no event more than three days after the Master assumes control of such vessel or whenever there is a change of crew involving six or more crew members. In addition, all new crew members (those who have never worked for Diamlemos) hired to work on Diamlemos's vessels shall receive training within seven days of beginning to work on board the vessel. Diamlemos shall maintain documentation onboard each of their vessels verifying that all officers and crew members working on the vessel have received the required training. Such documentation shall be made available to the Independent EMS Consultant and the United States Coast Guard upon request.

(3) The Chief Engineer onboard each of Diamlemos's vessels listed in Attachment 1 shall prepare independent written verification that all engine room crew members have received the

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training required by this EMS/CP. All engine room crew members shall sign and date a statement acknowledging receipt of the training. This written verification, together with the signed acknowledgment, shall be completed semi-annually and maintained in the engine control room of each vessel.

K. DOCUMENTATION AVAILABLE FOR INSPECTION

The compliance manager shall ensure that all documentation required by this EMS/CP is maintained and available for inspection by the Independent EMS Consultant and the United States Coast Guard. The Master of each of Diamlemos's vessels listed in Attachment 1 hereto, shall maintain on board the vessel, all records required by international conventions and treaties including SOLAS, the ISM Code, and MARPOL and applicable State and Federal statutes and regulations and any additional documents required under this EMS/CP, such as crew training records, and will make these records available to the Independent EMS Consultant and the United States Coast Guard upon request.

L. CHANGES IN OWNERSHIP

Diamlemos agrees that it will immediately (but in no event later than 21 days following a change) notify the United States of any change in name, flag of registry, recognized organization, ownership or class society of such Diamlemos's vessels listed in Attachment 1 hereto. Diamlemos shall also forthwith provide to the United States the names of any additional vessels that, during the period of probation, come under the ownership, control, or management of Diamlemos that are scheduled to call on ports in the United States. Such vessels shall be added to Attachment 1. Diamlemos agrees that this EMS/CP shall remain in effect for all of the aforesaid vessels regardless of changes in the vessels' flag of registry, recognized organizations, name, or class society, so long as the vessels are owned, managed, operated, or manned by Diamlemos. Diamlemos shall notify the United States before any vessel is released from the requirements of the EMS/CP due to a change in ownership, management or manning control, or if such vessels cease calling United States ports.

M. SELF-ENFORCEMENT

Diamlemos further agrees that it will undertake and implement the necessary procedures to ensure that this EMS/CP is diligently complied with by the officers and crew of each of Diamlemos's vessels listed in Attachment 1, as well as by all

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shore side employees, managers, and other employees during the period of probation.

N. REVISIONS/MODIFICATIONS

The requirements of this EMS/CP, including the dates and time periods mentioned herein, shall be strictly complied with. Should Diamlemos be unable to comply with any of the deadlines, Diamlemos shall immediately notify the designated representative of the United States in writing of the reason(s) for non-compliance.

O. ADDITIONAL RECORD KEEPING REQUIREMENTS

Beginning immediately following sentencing in this case, Diamlemos shall require that engine room crew members on board all vessels listed on Attachment 1 prepare and maintain a Soundings Log. If practicable under existing circumstances, engine room crew members shall be required to sound all waste and bilge tanks and record the soundings in a log book on a daily basis. Each entry in the Soundings Log shall be initialed by the Chief Engineer verifying that the soundings are accurate. The Soundings Log shall be maintained in the engine control room and made available to the United States Coast Guard upon boarding the vessel. All Soundings Logs shall be maintained onboard the vessel for a period of three years from the date of the final entry.

P. REPORTS

All reports, documents and correspondence required under this EMS/CP to be sent to the United States shall be sent to the following offices:

1. U.S. Attorney's Office
Central District of California
ATTN: Dorothy C. Kim/Sarah J. Heidel
United States Courthouse 1300
312 N. Spring Street
Los Angeles, CA 90012
2. Environmental Protection Agency
ATTN: Special Agent Mark Buenaluz
Criminal Investigation Division
600 Wilshire Blvd.
Suite 900
Los Angeles, CA 90017

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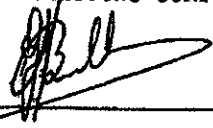
- 3. U.S. Coast Guard
ATTN: Captain Paul Wiedenhoeft
Commanding Officer
US Coast Guard
Marine Safety Office
1001 Seaside Avenue, Building 20
San Pedro, CA 90731
- 4. U.S. Probation Department
United States Courthouse 600
312 N. Spring Street
Los Angeles, CA 90012
(Name to be added)

All reports, documents, notices and correspondence from the United States to Diamlemos concerning this EMS/CP shall be sent to the following offices:

Marc R. Greenberg
Keesal, Young & Logan
400 Oceangate
Long Beach, California 90801-1730

Diamlemos has read this EMS/CP carefully and understands it thoroughly. Diamlemos enters into this EMS/CP knowingly and voluntarily, and therefore agree to abide by its terms. By his/her signature below, the corporate representative agrees that he/she is duly authorized by the corporation's Board of Directors to enter into and comply with all of the provisions of this Plea Agreement.

DATE: 02/21/2008 DIAMLEMOS SHIPPING CORP.

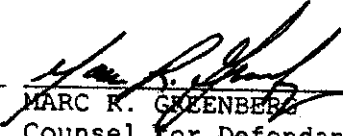
By: 

As counsel for DIAMLEMOS SHIPPING CORP., I have discussed with my corporate client and its duly authorized representative the terms of this EMS/CP and have fully

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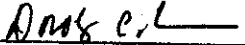
explained its requirements. I have no reason to doubt that my client is knowingly and voluntarily entering into this EMS/CP.

DATED: 2/11/08


MARC K. GREENBERG
Counsel for Defendant
Diamlemos Shipping Corp.

On behalf of the United States, the following agree to the terms of the EMS/CP:

DATED: 3/12/08


DOROTHY C. KIM
SARAH J. HEIDEL
Assistant U.S. Attorneys