

UNITED STATES DISTRICT COURT

Southern

District of

Florida

UNITED STATES OF AMERICA
V.

JUDGMENT IN A CRIMINAL CASE
(For Organizational Defendants)

PRINCESS CRUISE LINES, LTD

CASE NUMBER: 16-20897-CR-SEITZ

Bradley Bondi, Esq.

Defendant Organization's Attorney

THE DEFENDANT ORGANIZATION:

pleaded guilty to count(s) 1-7 of the Information

pleaded nolo contendere to count(s) _____
which was accepted by the court.

was found guilty on count(s) _____
after a plea of not guilty.

The organizational defendant is adjudicated guilty of these offenses:

| Title & Section | Nature of Offense | Offense Ended | Count |
|---------------------|-------------------------------------|---------------|-------|
| 18 U.S.C. § 371 | Conspiracy | 9/14/2013 | 1 |
| 33 U.S.C. § 1908(a) | Act to prevent pollution from ships | 4/30/2013 | 2-5 |
| 18 U.S.C. § 1505 | Obstruction of proceedings | 2/16/2013 | 6-7 |

The defendant organization is sentenced as provided in pages 2 through 7 of this judgment.

The defendant organization has been found not guilty on count(s) _____

Count(s) _____ is are dismissed on the motion of the United States.

It is ordered that the defendant organization must notify the United States attorney for this district within 30 days of any change of name, principal business address, or mailing address until all fines, restitution, costs, and special assessments imposed by this judgment are fully paid. If ordered to pay restitution, the defendant organization must notify the court and United States attorney of material changes in economic circumstances.

Defendant Organization's
Federal Employer I.D. No.: 98-0215899

Defendant Organization's Principal Business Address:

24305 Town Center Drive
Santa Clarita, CA 91355

4/19/2017

Date of Imposition of Judgment

Signature of Judge

Patricia A. Seitz

Name of Judge

U. S. District Judge

Title of Judge

Date

April 20, 2017

Defendant Organization's Mailing Address:

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PROBATION

The defendant organization is hereby sentenced to probation for a term of :
5 years as to each of counts 1 through 7 to run concurrently

The defendant organization shall not commit another federal, state or local crime.

If this judgment imposes a fine or a restitution obligation, it is a condition of probation that the defendant organization pay in accordance with the Schedule of Payments sheet of this judgment.

The defendant organization must comply with the standard conditions that have been adopted by this court as well as with any additional conditions on the attached page (if indicated below).

STANDARD CONDITIONS OF SUPERVISION

- 1) within thirty days from the date of this judgment, the defendant organization shall designate an official of the organization to act as the organizations's representative and to be the primary contact with the probation officer;
- 2) the defendant organization shall answer truthfully all inquiries by the probation officer and follow the instructions of the probation officer;
- 3) the defendant organization shall notify the probation officer ten days prior to any change in principal business or mailing address;
- 4) the defendant organization shall permit a probation officer to visit the organization at any of its operating business sites;
- 5) the defendant organization shall notify the probation officer within seventy-two hours of any criminal prosecution, major civil litigation, or administrative proceeding against the organization;
- 6) the defendant organization shall not dissolve, change its name, or change the name under which it does business unless this judgment and all criminal monetary penalties imposed by this court are either fully satisfied or are equally enforceable against the defendant's successors or assignees; and
- 7) the defendant organization shall not waste, nor without permission of the probation officer, sell, assign, or transfer its assets.

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SPECIAL CONDITIONS OF SUPERVISION

- (1) The defendant corporation has agreed to pay and did pay on April 19, 2017, organizational community service, of \$10,000,000, paid by electronic fund transfer as follows:
- (i) \$7,000,000 to the National Fish and Wildlife Foundation (NFWF), attention Chief Financial Officer, 1133 15th Street, NW, Suite 1100, Washington, DC 20005, and
 - (ii) \$3,000,000, of the total \$10,000,000 community service funds, to the South Florida National Park Trust, attention, Executive Director, 1390 South Dixie Highway #2203, Coral Gables, Florida 33134.
- (2) The defendant corporation shall not commit any further violations of the International Convention for the Prevention of Pollution from Ships, 1973 as modified by the Protocol of 1978 (MARPOL 73/78), federal, state, or local law, and shall conduct all of its operations in accordance with environmental laws of the United States.
- (3) Required Compliance Program: The defendant corporation agreed to develop, adopt, establish, implement, and fund the environmental remedial measures set forth in the Environmental Compliance Plan (ECP), during the term of probation, consistent with sentencing policies set forth in § 8D1.4. The defendant corporation has appointed Christopher Donald as the senior level qualified compliance officer with the responsibility for implementing and overseeing the ECP. As set forth in greater detail in the ECP, the entire ECP, which is part of the plea agreement, is part of the Special Conditions of Probation and shall remain under the supervision of the Court during the term of probation.
- (4) The defendant corporation and its parent corporations also agree that any violation of the ECP and its terms by the defendant corporation, its parent corporations, or any of its related entities and vessels covered by the ECP, may be grounds for the revocation of probation.
- (5) The defendant corporation, Carnival Corporation and Carnival plc (defendant corporation's parent) have agreed to fully fund and implement the ECP across all related entities with vessels that carry a Certificate of Financial Responsibility, issued pursuant to the Oil Pollution Act of 1990, as well as those vessels themselves.
- (6) The defendant corporation and its parent corporations agree to retain the services of an outside independent Third Party Auditor (TPA) and fund a Court Appointed Monitor (CAM) acceptable to the government to perform the duties set forth in the ECP and to report to the Court and Office of Probation.
- (i) As of the date of sentencing, April 19, 2017, the TPA and CAM, acceptable to the government, are respectively: ABGS Consulting, Inc., 16855 North Chase Drive, Houston, Texas 77060, whose point of contact is vice-president, Thomas M. Nolan; and Steven P. Solow, Esq., Katten Muchin Rosenman LLP., 2900 K Street NW, North Tower, Suite 200, Washington, DC 20007-5118.
 - (ii) All reports prepared by the TPA and the CAM shall be submitted to the U.S. Probation Officer. The corporate representative shall submit its report, if any, to the U.S. Probation Officer, TPA and CAM, describing all steps taken to address any issues in the TPA and/or CAM's report, along with the original TPA or CAM report within 30 days after it is provided.
- (7) The plea agreement together with all of the obligations and terms thereof, is binding as to the defendant corporation and its parent, the respective subsidiaries, assignors and successors, or their successors-in-interest, if applicable.
- (8) The defendant corporation shall provide the United States Probation Office and the government with immediate notice of any name change, corporate reorganization, sale or purchase of vessels subject to the ECP, signing or termination of ship management contracts, or similar action affecting the plea agreement or the ECP.

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(9) No change in name, change in corporate or individual control, corporate reorganization, change in ownership, merger, change of legal status, sale or purchase of vessels, signing or termination of ship management contracts, or similar action shall alter the responsibilities of the defendant corporation under the plea agreement, provided, however, that the defendant corporation and its parent corporations will have no continuing obligations under the plea agreement or the ECP for any ship sold or bareboat chartered to a person or entity not affiliated with defendant corporation, its parent or subsidiaries.

(10) The defendant corporation shall not engage in any action to seek to avoid the obligations and conditions set forth in the plea agreement.

(11) Disclosure of Business/Financial Records: The defendant corporation shall make full and complete disclosure of its business finances/financial records to the U.S. Probation Officer, CAM and/or TPA as requested. The defendant corporation shall submit to an audit of its business financial records as requested by the U.S. Probation Officer, CAM and/or TPA.

(12) Permissible Search: The defendant corporation shall submit to a search and/or inspection of any of its properties and places of business conducted at a reasonable time and in a reasonable manner by the U.S. Probation Officer, CAM and/or TPA, and shall permit the U.S. Probation Officer, CAM and/or TPA to accompany any law enforcement or regulatory official during any enforcement or inspection of its properties or places of business.

(13) Required Notification - Breach of Compliance: The defendant corporation is to inform the U.S. Probation Officer, CAM and TPA of any breach of the ECP involving the defendant company. A description of the nature, date and time of the breach of compliance shall be provided to the U.S. Probation Officer, CAM and TPA within three days of the breach.

(14) Required Records Retention: In addition to the record retention requirements set forth in the applicable portions of the Code of Federal Regulations, the defendant corporation shall keep the records required to be retained pursuant to regulatory provisions for the period specified in the applicable regulation or for a period of five years whichever is longer.

(15) The Probation Office shall assist the CAM and/or TPA by requesting courtesy supervision in the districts that are listed in paragraph three of Attachment C to the plea agreement, Docket Entry 2-3.

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CRIMINAL MONETARY PENALTIES

The defendant organization must pay the following total criminal monetary penalties under the schedule of payments on Sheet 4.

| | | | |
|---------------|-------------------|------------------|--------------------|
| | <u>Assessment</u> | <u>Fine</u> | <u>Restitution</u> |
| TOTALS | \$ 2,800.00 | \$ 30,000,000.00 | \$ |

The determination of restitution is deferred until _____. An Amended Judgment in a Criminal Case (AO 245C) will be entered after such determination.

The defendant organization shall make restitution (including community restitution) to the following payees in the amount listed below.

If the defendant organization makes a partial payment, each payee shall receive an approximately proportioned payment, unless specified otherwise in the priority order or percentage payment column below. However, pursuant to 18 U.S.C. § 3664(i), all nonfederal victims must be paid before the United States is paid.

| | | | |
|----------------------|--------------------|----------------------------|-------------------------------|
| <u>Name of Payee</u> | <u>Total Loss*</u> | <u>Restitution Ordered</u> | <u>Priority or Percentage</u> |
|----------------------|--------------------|----------------------------|-------------------------------|

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|---------------|----------------|----------------|--|
| TOTALS | \$ <u>0.00</u> | \$ <u>0.00</u> | |
|---------------|----------------|----------------|--|

Restitution amount ordered pursuant to plea agreement \$ _____

The defendant organization shall pay interest on restitution or a fine of more than \$2,500, unless the restitution or fine is paid in full before the fifteenth day after the date of the judgment, pursuant to 18 U.S.C. § 3612(f). All of the payment options on Sheet 4 may be subject to penalties for delinquency and default, pursuant to 18 U.S.C. § 3612(g).

The court determined that the defendant organization does not have the ability to pay interest, and it is ordered that:

- the interest requirement is waived for the fine restitution.
- the interest requirement for the fine restitution is modified as follows:

* Findings for the total amount of losses are required under Chapters 109A, 110, 110A, and 113A of Title 18 for offenses committed on or after September 13, 1994, but before April 23, 1996.

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ADDITIONAL TERMS FOR CRIMINAL MONETARY PENALTIES

It is further ordered that the defendant corporation shall pay to the United States the following fines: \$27,000,000 as to Count One and \$500,000 as to each of Counts Two through Seven, for a total fine of \$30,000,000. The fine is payable to the CLERK, UNITED STATES COURTS, and is to be forwarded to:

U.S. CLERK'S OFFICE
ATTN: FINANCIAL SECTION
400 N MIAMI AVENUE, RM 8N09
MIAMI, FL 33128

The fine is payable in full immediately after the sentencing, and entry and filing of the judgment of conviction. The U.S. Probation Office and the U.S. Attorney's Office are responsible for enforcement of this order.

In addition to the fine, the defendant corporation shall pay a total of \$10,000,000, as a form of community service, as noted below:

(1) \$7,000,000 to the National Fish and Wildlife Foundation (NFWF), payable by certified check and mailed to the attention of its Chief Financial Officer, 1133 15th Street, NW, Suite 1100, Washington, DC 20005, or by electronic funds; and

(2) \$3,000,000 to the South Florida National Park Trust, payable by certified check and mailed to the attention of the Executive Director, 1390 South Dixie Highway #2203, Coral Gables, Florida 33134, or by electronic funds transfer.

The community service payments are payable to the above listed agencies directly; however, the defendant corporation shall provide proof of such payments within 72 hours to the U.S. Probation Office and the U.S. Attorney's Office.

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SCHEDULE OF PAYMENTS

Having assessed the organization's ability to pay, payment of the total criminal monetary penalties are due as follows:

- A Lump sum payment of \$ 30,002,800.00 due immediately, balance due
 - not later than _____, or
 - in accordance with C or D below; or
- B Payment to begin immediately (may be combined with C or D below); or
- C Payment in _____ (e.g., equal, weekly, monthly, quarterly) installments of \$ _____ over a period of _____ (e.g., months or years), to commence _____ (e.g., 30 or 60 days) after the date of this judgment; or
- D Special instructions regarding the payment of criminal monetary penalties:

The community service payments are payable to the above listed agencies directly; however, the defendant corporation provided proof of such payments on April 20, 2017 to the U.S. Probation Office and the U.S. Attorney's Office.

All criminal monetary penalties are made to the clerk of the court.

The defendant organization shall receive credit for all payments previously made toward any criminal monetary penalties imposed.

Joint and Several

Defendant and Co-Defendant Names and Case Numbers (including defendant number), Total Amount, Joint and Several Amount, and corresponding payee, if appropriate.

- The defendant organization shall pay the cost of prosecution.
- The defendant organization shall pay the following court cost(s):
- The defendant organization shall forfeit the defendant organization's interest in the following property to the United States:

Payments shall be applied in the following order: (1) assessment, (2) restitution principal, (3) restitution interest, (4) fine principal, (5) fine interest, (6) community restitution, (7) penalties, and (8) costs, including cost of prosecution and court costs.