

**UNITED STATES DISTRICT COURTS  
DISTRICT OF PUERTO RICO  
SOUTHERN DISTRICT OF FLORIDA**

<b>UNITED STATES OF AMERICA</b>	)	
	)	
<b>v.</b>	)	<b>CRIMINAL NO. 96-333 (PG)</b>
	)	<b>(D.P.R.)</b>
	)	
<b>ROYAL CARIBBEAN CRUISES LTD.</b>	)	<b>CASE NO. 98-103-CR-MIDDLEBROOKS</b>
	)	<b>(S.D.Fla.)</b>
<u>Defendant.</u>	)	

**PLEA AGREEMENT**

The United States Attorney's Office for the District of Puerto Rico, the United States Attorney's Office for the Southern District of Florida and the Environmental Crimes Section of the United States Department of Justice (collectively the "United States" or the "Government") enter into the following plea agreement with ROYAL CARIBBEAN CRUISES LTD. ("Defendant" or "RCCL"), also known as Royal Caribbean International, pursuant to Rule 11(e)(1)(B) of the Federal Rules of Criminal Procedure.

1. Guilty Pleas

A. On June 3, 1998, or on such date as the Court may determine, RCCL shall plead guilty in the United States District Court for the District of Puerto Rico to the following Counts of the Grand Jury Indictment in United States v. Royal Caribbean Cruises Ltd., et al., Criminal Case Number 96-333 (PG), and make a factual admission of guilt to the Court as set forth in the accompanying

Factual Basis:

Count 1: Conspiracy to discharge harmful quantities of oil in the navigable waters and contiguous zone of the United States in violation of the Oil Pollution Act of 1990, 33 U.S.C. Sections 1319(c)(2)(A) and 1321(b)(3), and using materially false writings (presenting false Oil Record Books for RCCL cruise ships in U.S. ports) in a matter within the jurisdiction of the U.S. Coast Guard, in violation of 18 U.S.C Section

1001, all in violation of 18 U.S.C. Section 371;

Count 2: Knowingly discharging a harmful quantity of oil into United States waters off the coast of San Juan, Puerto Rico from the Sovereign of the Seas cruise ship on October 25, 1994, in violation of the Oil Pollution Act of 1990, 33 U.S.C. Sections 1319(c)(2)(A) and 1321(b)(3);

Count 3: Knowingly failing to immediately report to the government the discharge of oil into United States waters from the Sovereign of the Seas on October 25, 1994, in violation of the Oil Pollution Act of 1990, 33 U.S.C. Section 1321(b)(5);

Count 4: Knowingly and willfully using a materially false writing (a false Oil Record Book for the Sovereign of the Seas) on October 25, 1994, during an investigation by the U.S. Coast Guard of oil pollution in the navigable waters and contiguous zone of the United States, in violation of 18 U.S.C. Section 1001;

Count 6: Knowingly and willfully making a material false statement to a U.S. Coast Guard official on October 25, 1994 in San Juan, Puerto Rico, within a matter within the jurisdiction of the U.S. Coast Guard, by stating and causing to be stated to a U.S. Coast Guard official conducting a pollution investigation that the Oil Water Separator of the Sovereign of the Seas was working properly and had been used last on October 23, 1994, when the Defendant knew this statement to be false, in violation of 18 U.S.C. Section 1001;

Count 8: Obstructing justice by corruptly persuading and attempting to corruptly persuade another person with intent to influence the testimony of that person before a federal Grand Jury in the District of Puerto Rico, in that a Second Engineer aboard the Sovereign of the Seas was directed to give a false explanation regarding the waste oil found in the overboard discharge pipe of that ship by a U.S. Coast Guard official conducting a pollution investigation on October 25, 1994, and to withhold information regarding equipment and procedures used to bypass the Oil Water Separator, in violation of 18 U.S.C. Section 1512(b)(1).

Count 10. Obstructing justice by corruptly persuading other persons to alter, destroy, mutilate, and conceal a pipe, which had been used to bypass the Oil Water Separator aboard the Sovereign of the Seas, after U.S. Coast Guard pollution investigators had left the Sovereign of the Seas on October 25, 1994, in San Juan, Puerto Rico, and before the U.S. Coast Guard was scheduled to re-inspect the Sovereign of the Seas on October 29, 1994, in Miami, Florida, in that RCCL employees were directed to remove, destroy and dispose of the bypass pipe with the intent to impair the object's integrity and availability for use in an official proceeding, in violation of Title 18, United States Code, Section 1512(b)(2)(B).

B. On June 3, 1998, or on such date as the Court may determine, RCCL shall plead guilty in the United States District Court for the Southern District of Florida to the Grand Jury Indictment in United States v. Royal Caribbean Cruises Ltd., et al., Case Number: 98-0103-CR-MIDDLEBROOKS, and make a factual admission of guilt to the Court as set forth in the accompanying Factual Basis.

Count 1: Knowingly and willfully using a materially false writing, i.e., a false Oil Record Book for the Nordic Empress cruise ship, during a February 1, 1993, investigation by the U.S. Coast Guard, of a discharge of oil observed by a Coast Guard aircraft on the ship's voyage from the Bahamas to Miami, Florida, in violation of 18 U.S.C. Section 1001.

2. Sentencing Guidelines and Penalties

The Parties agree and understand that, because the crimes charged occurred after November 1, 1991, the United States Sentencing Guidelines relating to the sentencing of organizations (Chapter Eight) apply here, except to the extent that the provisions relating to the calculation and imposition for environmental crimes fines do not apply to the offenses charged in the Indictments. The Parties agree that the maximum amount of the fines to be imposed under the statutes charged could be \$500,000.00 per count, 18 U.S.C. § 3571(c)(3), or twice the gross pecuniary gain derived from the crimes or twice the gross pecuniary loss caused to the victims of the crime, 18 U.S.C. § 3571(d), and that the sentence may include a term of probation of at least one year but not more than five years. In addition, RCCL understands that each Court may order restitution to the victims of the crimes and must order the Defendant to pay a \$200.00 mandatory special assessment for each count of conviction.

3. Corporate Authorization

RCCL will provide to the United States written evidence in the form of a notarized resolution of the Board of Directors with both notary and corporate seals, certifying that Defendant is authorized to plead guilty to the felony charges as set forth in the Indictments, and to enter into and comply with all provisions of this agreement. The resolution shall further certify that the President and his designees are authorized to take these actions and that all corporate formalities, including but not limited to, approval by Defendant's directors, required for such authorization, have been observed. Defendant agrees that the President of RCCL shall appear on behalf of Defendant to enter the guilty pleas and also shall appear for imposition of the sentences in the United States District Courts for the District of Puerto Rico and the Southern District of Florida.

4. Sentence Recommendation

In accordance with Federal Rule of Criminal Procedure 11(e)(1)(B), the United States and RCCL agree that the following specific sentences are the appropriate disposition of the cases currently pending in the District of Puerto Rico (Criminal Case No. 96-333 (PG)) and the Southern District of Florida (Case No. 97-0103-CR-MIDDLEBROOKS). For the purposes of the specific counts and Indictments at issue in this plea agreement and for the purposes of this agreement only, the United States and the Defendant agree that a criminal fine of \$9,000,000.00 million is appropriate and may be imposed pursuant to 18 U.S.C. Section 3571(d).

A. The United States and Defendant agree to jointly recommend that the Court in the District of Puerto Rico impose the following sentence pursuant to 18 U.S.C. Section 3571(d):

1. A criminal fine in the total amount of \$8,000,000.00, to be paid in full on the day of sentencing. The Parties jointly recommend that a criminal fine of \$1,000,000.00 be imposed pursuant

to each count to which the Defendant is pleading guilty (Counts 1-4, 6, 8, and 10). Under the Oil Pollution Act of 1990, the fines imposed pursuant to Counts 2 and 3 will be directed to the Oil Spill Liability Trust Fund, pursuant to 33 U.S.C. Section 1321(s). For the purposes of the specific counts and Indictment at issue and for the purposes of this plea agreement only, the United States and the Defendant agree that the proposed criminal fine of \$8,000,000.00 is appropriate and may be imposed pursuant to 18 U.S.C. Section 3571(d).

2. The parties agree to recommend that \$1,000,000.00 of the total criminal fine amount of \$8,000,000.00 be suspended for the explicit purpose of RCCL applying the suspended amount to performing Community Service pursuant to §8B1.3 of the Federal Sentencing Guidelines and in furtherance of satisfying the sentencing principles provided for under 18 U.S.C. Section 3553(a). Accordingly, the Parties agree that within ten (10) days after final acceptance of this agreement RCCL shall pay a total of \$1,000,000.00 to the National Fish and Wildlife Foundation (hereinafter the "Foundation"). The Foundation is a charitable and nonprofit corporation established by Congress pursuant to 16 U.S.C.A. Section 3701 et seq. for the purpose of undertaking activities consistent with the mission of the United States Fish and Wildlife Service to further the conservation and management of the fish, wildlife, and plant resources of the United States, and its territories and possessions, for present and future generations. The explicit goal of RCCL's community service is to fund environmental projects and initiatives authorized by the Foundation designed for the benefit, preservation and restoration of the environment and ecosystems in the United States territorial sea of Puerto Rico and South Florida, including coral reef initiatives. The United States and the Defendant jointly recommend that the Defendant's \$1,000,000.00 Community Service be split equally

between projects in the territorial sea of Puerto Rico and South Florida. Because the payment to the Foundation is community service by an organization, RCCL further agrees that it will not seek any reduction in its tax obligations as a result of this community service payment. Because the payment to the Foundation is community service as part of the total fine amount agreed upon in this plea agreement, RCCL will not characterize, publicize or refer to the community service as a voluntary donation or contribution.

3. A period of probation of five years, which shall include as a condition of probation the implementation of an environmental compliance program as described in paragraph 5 below. Upon motion of the Defendant to which the United States may respond and at the Court's discretion, probation may be terminated after three years if the Defendant has fully complied with the remedial measures in paragraph 5 below.

B. The United States and Defendant agree to jointly recommend that the Court in the Southern District of Florida impose the following sentence pursuant to 18 U.S.C. Section 3571(d):

1. A criminal fine in the total amount of \$1,000,000.00, to be paid in full on the day of sentencing. For the purposes of the specific count and Indictment at issue and for the purposes of this plea agreement only, the United States and the Defendant agree that the proposed criminal fine of \$1,000,000.00 is appropriate and may be imposed pursuant to 18 U.S.C. Section 3571(d).

2. A period of probation of five years, which shall include as a condition of probation the implementation of an environmental compliance program as described in paragraph 5 below. Upon motion of the Defendant to which the United States may respond and at the Court's discretion, probation may be terminated after three years if the Defendant has fully complied with the remedial

measures in paragraph 5 below.

C. Pursuant to Title 18, United States Code, Section 3605, the Parties agree to recommend that after the imposition of sentencing in both cases, the U.S. District Court in the District of Puerto Rico transfer jurisdiction over probation, including the remedial conditions of probation, i.e., the Environmental Compliance Program set forth in paragraph 5 of this plea agreement, to the U.S. District Court in the Southern District of Florida.

D. The participation of the United States in the joint recommendations set forth above are conditional upon the terms of this agreement, including: (1) the Defendant taking the remedial measures set forth in paragraph 5; and (2) the Defendant paying the criminal fines and mandatory special assessments at the time of sentencing.

5. Environmental Compliance

As a condition of its probation, Defendant agrees to do the following to improve environmental compliance:

1. Submit a comprehensive written Environmental Compliance Program ("ECP") to the government for review 60 days after the signing of this agreement or 21 days prior to sentencing, whichever comes first, and that includes provisions addressing compliance with applicable laws regulating the generation, handling, storage, treatment and disposal of all waste streams, including waste oil, bilge waste, hazardous materials and addressing the training of employees regarding environmental matters. The ECP shall be subject to approval by the Courts. In particular, the ECP shall provide for the development of appropriate management practices to address the accumulation, handling, treatment and disposal of wastes, pollutants and hazardous materials on all cruise ships that it owns or operates. At a minimum, these management practices shall include a written environmental plan for the identification of all waste streams, the proper method for storage, treatment and disposal of those waste streams, and the cognizant person(s) responsible for the management of that waste. Each such employee shall receive training on environmental compliance and RCCL will maintain a

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record of the type of training provided to each employee and the frequency of such training. Defendant shall also establish that employee compliance with RCCL environmental policies and U.S. law is a positive factor in all appropriate personnel evaluations and that failure to comply with such policies and laws are a negative factor;

2. Employ a Senior Vice-President responsible for implementing the program and overseeing the ECP and employ an Environmental Officer on each cruise ship who shall report directly to the Chief Engineer or equivalent level and may report directly to the Master (Captain) of the ship and the Senior Vice-President regarding environmental matters;
3. File quarterly reports with the Court, the undersigned prosecuting offices, the U.S. Coast Guard 7<sup>th</sup> District Marine Safety Office, and the Environmental Protection Agency regarding the status of the ECP and the results of all environmental audits conducted pursuant to the ECP. The Senior Vice-President responsible for the ECP shall review, sign and submit the quarterly reports to the Court;
4. Defendant shall engage the services of an outside independent environmental consultant subject to the approval of the Court, that will audit each waste stream of each cruise ship owned or operated by the Defendant at least once annually to determine compliance with U.S. laws and regulations. All environmental audit reports shall be submitted to Defendant's Senior Vice-President responsible for environmental matters;
5. A committee of RCCL's Board of Directors consisting of at least three Directors shall meet at least twice each year to effectuate, maintain and monitor RCCL's environmental policies, including the ECP, and to report to the full Board semi-annually concerning the ECP. As part of this process, the Senior Vice-President responsible for the ECP will report to the committee regarding the program and environmental compliance aboard each vessel and in each port;
6. The environmental compliance program shall remain under the supervision of the Court for the duration of the term of probation; and
7. Defendant agrees to assume all costs associated with the implementation, maintenance and court oversight of the ECP and this condition of probation.

6. Additional Liability

A. In exchange for the Defendant's guilty pleas and admission of guilt the United States will dismiss Counts 5, 7 and 9 of the pending Indictment in United States v. Royal Caribbean Cruises Ltd., Criminal No. 96-333, in the District of Puerto Rico at the time of sentencing.

B. The parties understand and agree that this plea agreement is strictly limited to the resolution of the specific counts contained in the pending Indictments in the District of Puerto Rico and the Southern District of Florida. No promises or agreements have been made regarding any other actual or potential criminal matters or liability that the Defendant, or its present and former employees, officers, executives, board members, agents, or contractors, may have in the District of Puerto Rico, Southern District of Florida or elsewhere. The Defendant understands that the United States is or may be engaged in ongoing investigations, including those which may be related to the charges contained in the pending Indictments and their investigations, and that such investigations are unaffected by this agreement. The Defendant understands and agrees that neither this paragraph nor this agreement limits the prosecuting authority of any sections or divisions of the Department of Justice, including the U.S. Attorney of any other judicial district, or any other federal, state or local regulatory or prosecuting authorities. Furthermore, this agreement does not provide or promise any waiver of any civil or administrative actions, sanctions, or penalties that may apply, including but not limited to: fines, penalties, claims for damages to natural resources, suspension, debarment, listing, licensing, injunctive relief, or remedial action to comply with any applicable regulatory requirement.

7. Express Waiver of Right to Appeal Guilty Plea and Sentence

Pursuant to this plea agreement, the defendant agrees to enter an unconditional plea of guilty to the aforementioned counts of the Indictments. As a result of entering the guilty plea, and with

regard only to the specific counts and Indictments at issue in this plea agreement, the defendant expressly waives all defenses or objections to the Indictments and reserves no future defenses or rights to appeal any decisions of the Courts. Defendant further expressly agrees to waive all constitutional, statutory, common law, jurisdictional and non-jurisdictional defects in the proceedings and/or defenses to the Indictments, including, but not limited to, any and all pretrial motions, post-trial motions, post-sentencing motions, defenses, objections or collateral attacks on the Indictments based on international law or customary international law, including the MARPOL Protocol and United Nations Convention on the Law of the Sea. In sum, the defendant expressly waives any and all appellate review with regard to the specific counts and Indictments at issue in this plea agreement.

The defendant is additionally aware that Title 18, United States Code, Section 3742 would normally afford the defendant the right to appeal the sentence imposed in these cases. In exchange for the United States' considerations afforded in this plea agreement, the Defendant hereby waives all rights conferred by Title 18, United States Code, Section 3742 to appeal any sentence imposed including any decisions rendered by the Courts in response to motions filed, any restitution order, or to appeal the manner in which the sentence was imposed, except a criminal fine in excess of that recommended by the Parties in this plea agreement. The Defendant further understands that nothing in this agreement shall affect the government's right and/or duty to appeal as set forth in 18 U.S.C. Section 3742(b). However, in the event that the United States appeals the Defendant's sentence pursuant to Section 3742(b), the Defendant shall be released from the above waiver of appellate rights solely with respect to sentencing.

The United States and Defendant also agree not to make any public statements regarding

these matters or this plea agreement prior to the United States filing this agreement in the U.S. District Courts for the Districts of Puerto Rico and the Southern District of Florida.

8. Rejection of Plea by Court

Should either of Defendant's guilty pleas not be accepted by either Court for any reason, this agreement shall be null and void at the option of the United States. In such an event, Defendant hereby waives any defense to any charges in these Indictments which might otherwise have been available under any statute of limitations or the Speedy Trial Act.

9. Binding Final Agreement

None of the terms of this agreement shall be binding on the United States until this agreement is signed by the Defendant and defense counsel and until signed by the United States Attorneys for the District of Puerto Rico and the Southern District of Florida and by the Assistant Attorney General of the Environment and Natural Resources Division, or their designees.

It is further understood and agreed that this plea agreement is the only agreement between the United States and Defendant concerning this plea agreement and the two Indictments and is binding only on the United States Attorneys Offices of the District of Puerto Rico and the Southern District of Florida and the Department of Justice Environmental Crimes Section, supersedes all prior understandings, if any, whether written or oral and cannot be modified other than in a writing that is signed by all parties. No other promises or inducements have been or will be made to the Defendant in connection with this case, nor have any predictions or threats been made in connection with this plea. There are no other deals, bargains, agreements, letters or understandings which modify or alter

this agreement.

AGREED TO AND  
RESPECTFULLY SUBMITTED,

GUILLERMO GIL  
UNITED STATES ATTORNEY  
DISTRICT OF PUERTO RICO

Date: 6/2/98

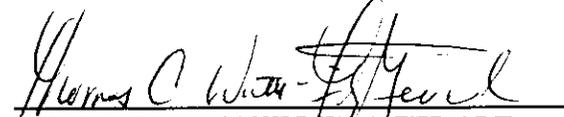
BY:

  
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JORGE E. VEGA  
DEPUTY CHIEF, CRIMINAL DIVISION

THOMAS E. SCOTT  
UNITED STATES ATTORNEY  
SOUTHERN DISTRICT OF FLORIDA

Date: 6/1/98

BY:

  
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THOMAS A. WATTS-FITZGERALD  
CHIEF, ENVIRONMENTAL CRIMES

LOIS J. SCHIFFER  
ASSISTANT ATTORNEY GENERAL  
ENVIRONMENT & NATURAL  
RESOURCES DIVISION  
U.S. DEPARTMENT OF JUSTICE

Date: 6/2/98

BY:

  
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RICHARD A. UDELL  
TRIAL ATTORNEY  
ENVIRONMENTAL CRIMES SECTION

Date: 6/2/98

  
MARK J. KAPPELHOFF  
TRIAL ATTORNEY  
ENVIRONMENTAL CRIMES SECTION

Date: 5/29/98

BY:

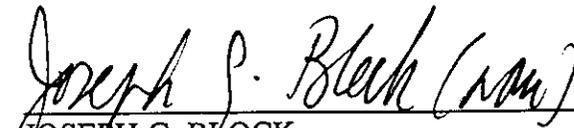
ROYAL CARIBBEAN CRUISES LTD.

  
JACK WILLIAMS  
PRESIDENT OF RCCL

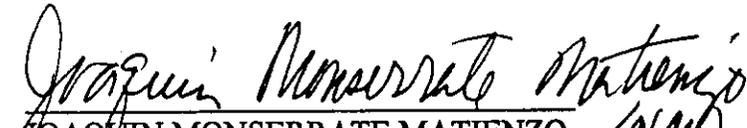
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