

CAPTAIN'S



QUARTERS



QUARTERLY NEWSLETTERS - Prepared for the interest of all members (Regular, Honorary and Associate) of the Marine Society of the City of New York in the State of New York, Suite 714, 17 Battery Place, New York, NY 10004.
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January 2008

ANNUAL MEETING ---28 JANUARY 2008

The Annual Meeting and Election of Officers of the Marine Society of the City of New York will take place at Giovanni's Atrium, 100 Washington Street, New York City at which time the following are standing for re-election:

President - Capt. Timothy J. Ferrie
1st Vice President - CDR. Robert H. Pouch
2nd Vice President - Capt. James J. McNamara
Treasurer - Capt. Thomas F. Fox
Secretary - Capt. Cynthia Robson
Attorney - Capt. James T. Shirley

Please complete and return the enclosed proxy card if cannot attend the meeting.

Crossed the Final Bar 2007

Capt. John A. Fisher Capt. Roald Sverdrup
Capt. George R. Miller Capt. Costas Triipolitis
Capt. Francis P. Powers Capt. George Tucker
Mr. Edward R. Simpson Capt. Milton Walker
Capt. William M. Smith

New Members 2007

Regular Membership

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Capt. Michael T. Brown Capt. John W. Sullivan
Capt. Thomas Dorr Capt. Thomas M. Sullivan
Mr. Paul M. Hormann, Jr. Capt. Eugene F. Sweeny
Capt. Hyo I Hwang Capt. Glenn A. Wiltshire
Capt. Peter A. Junge

Associate Membership

Mr. Michael Edgerton
Ms. Susan Pouch
Mr. Richard A. Zimmerman

Honorary Membership

Capt. Peter Boynton RADM William J. McCarthy
Mr. Sean Connaughton Capt. Robert O'Brien
RADM Samuel P. DeBow, Jr. Mr. Charles G. Raymond

Panama Canal Fixed On Lock Sizes

(from 8 November 2007 Lloyds List)

The Panama Canal Authority has ruled out the possibility of changes to its new lock design to accommodate a new generation of ultra-large container vessels. New locks at the Pacific and Atlantic entrances of the Canal are central to a \$5.2 b expansion being undertaken by the ACP to bring the 93-year old waterway into line with modern trends in vessel design.

Since the new lock dimensions -427 m long, 55 m wide and 18.3 m deep were first released in April 2006, they have been dwarfed by designs for even larger containerships, prompting many to question whether the lock designs should be modified. Maersk Line's new E-class vessels are wider than the design, as shown below:



The M/S EMMA MAERSK- 15,000 teu cap'y. measures 1,302' length, 207' breadth,

According to ACP Vice-President of Market Research and Analysis Rodolfo Sabonge, the number of vessels unable to fit through the new locks either already operating or under construction, does not justify changes to the plans approved by the Panamanian electorate in a referendum last October. "There has been some talk of changing these dimensions because some carriers are interested in going to larger vessels, but we are sticking to these dimensions," he said.

If the decision by Maersk Line and COSCO to build vessels larger than the 12,600 teu ships able to transit a widened canal becomes industry standard, the ACP would look at building a sixth and seventh set of locks adapted to new needs of the industry. The ACP analyzed the implications of widening its lock design but the engineering challenges of adding 2m to the width far outweighed the advantages of doing so. There are only 7 vessels in the world that are not able to fit through the "new panamax" locks, he said.

ACP's new locks were designed to serve the 8,500 teu-9,200 teu vessels that it considers to be the 'workhorse' on the all-water route between Asia and the U.S. East Coast. Restrictions on the size of vessels that can call in U.S. East Coast ports are likely to limit the number of ultra-large containerships transiting the canal from 2014 onwards. There are notable exceptions though. Mediterranean shipping is preparing to deploy vessels of up to 12,600 teu between Asia and its principal Caribbean transshipment port of Freeport as soon as the widened canal opens.

(from Captain Harry Marshall)

EDITORS NOTE:

This is your newsletter. If you have any news or item which you believe might be of interest to members of The Marine Society as a whole, please don't hesitate to hand it, mail it or "e-mail" it to Karen Laino, Office Administrator. Thank you.
J.R.S.

**MARINE SOCIETY
OF THE
CITY OF NEW YORK**

Officers

Captain Timothy J. Ferrie President
CDR Robert H. Pouch 1st Vice President
Captain James McNamara 2nd Vice President
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Captain's Quarters

Mr. John R. Strangfeld, Editor

Office Administrator

Ms. Karen Laino

The Marine Society of the City of New York is a charitable and educational organization, the regular membership being comprised entirely of seafarers, all of whom must have been Captains or Officers of merchant vessels under the United States of America flag or of U.S. Naval /U.S. Coast Guard Officers of the rank of Commander or above. It was formed in Colonial days, formerly chartered in 1770 by King George III to "improve maritime knowledge and relieve indigent and distressed shipmasters, their widows and orphans." Among early members of the society was President George Washington. By and large, the Marine Society of New York has performed its charitable service quietly through the years without fanfare, as becomes an organization of seafarers. It stands today as the watchdog of their interests and interests of American shipping as a whole.

Be sure and request your next of kin or a friend to notify the Society in case of illness or incapacity.

It is also important for regular members to let your next of kin know that they have the right of relief in case of future need.

THE STAR-LEDGER, December 19, 2007

IDs are new dock dispute

BY JOE MALINCONICO
STAR-LEDGER STAFF

To protect the nation's seaports against terrorists and other intruders, federal officials are requiring dock workers to get new, high-tech ID cards that come with biometric fingerprints.

Port workers in New York and New Jersey — including longshoremen, truck drivers and security guards — can begin signing up for the identification cards tomorrow.

But federal authorities are still trying to figure out exactly how they will go about checking the identification cards at terminal entrances. The deliberations focus on an attempt to strengthen homeland security without creating restrictions so onerous they would interfere with commerce, officials said.

One option under consideration would be using electronic readers to check the cards and workers' fingerprints on a random basis, officials said.

But officials at the Port Authority of New York and New Jersey, along with New Jersey's U.S. senators, say a system of random checks would undermine the security goals of the program. They want everyone checked.

"Whether it's a port facility, airport or military base, random checks do not provide the security our workers and our port communities deserve," said Sen. Frank Lautenberg (D-N.J.). "These random checks are no substitute for 100 percent security checks."

"In trying to take this worthwhile step to improve port security, TSA has stumbled a number of times," Sen. Robert Menendez (D-N.J.) said, referring to the federal Transportation Security Administration. "It would certainly seem to me that if we want to achieve total security, we shouldn't be relying on a system of partial identity checks."

The federal government launched the Transportation Worker Identification Credential program in the aftermath of the 9/11 terrorist attacks. But the project has stalled, mired in details and the complexities of port culture.

Under the first phase, authorities plan to issue the high-tech ID cards to hundreds of thousands of port employees across the county

by the end of next year. In order to get the cards, workers would have to submit to extensive background checks.

But the installation of electronic devices capable of reading the biometric information on the ID cards won't happen until 2009, at the earliest.

The United States Coast Guard is reviewing proposals from companies looking to supply the equipment. The Coast Guard also is working on putting together procedures on how the ID cards would be checked.

Coast Guard officials yesterday declined to comment on the possibility of random checks at the ports.

"I couldn't answer that until we see all the feedback that we get," said Frank Fiumano, the Coast Guard's security officer for the Port of New York and New Jersey.

Some business groups favor a system in which fingerprints would be checked on a limited basis, and only at high-risk port terminals. They say they are worried if the new biometric technology could withstand exposure to the extreme weather conditions at the ports, possibly delaying cargo because of breakdowns.

"Our concern with the biometrics is that they haven't been proven in an outdoor environment," said Susan Monteverde, vice president of government relations for the American Association of Port Authorities.

The port association supports using security guards instead of electronic readers to check the cards at what are considered low-risk terminals, such as places that handle bulk shipments of concrete or sand.

But the Port Authority, whose jurisdiction includes some bulk cargo terminals in Newark that fall under the low-risk classification, wants 100 percent checks at all port entrances. Agency officials say the Coast Guard is considering a system of random checks.

At a congressional hearing in October, the Port Authority's port security manager, Bethann Rooney, testified random checks "would defeat the purpose of a biometric-based credential and would do little to ensure that we can positively identify an individual seeking to gain access to a secure area."

Starting tomorrow, port workers in this region can register for their federal ID cards at the New York Container Terminal in Staten Island. Another registration facility

will open in Manhattan on Dec. 27 and in South Hackensack on Jan. 4. Officials are working on a location for a fourth registration center in Perth Amboy later in January.

To make the program more convenient, federal officials also plan to send mobile registration teams to companies that have more than 50 workers who need the ID cards.

Some members of the port's trucking industry are worried that as many as 40 percent of their drivers will not be able to get the ID cards because of their criminal records or immigration status.

"All of a sudden, you're going to see a shortage of drivers," said Sam Cunningham, government relations director for the Bi-State Motor Carriers Association, a port trucking group.

Joe Malinconico may be reached at jmalinconico@starledger.com or (973) 392-4230.

Shipping berth hits choppy waters

BY JOE MALINCONICO
STAR-LEDGER STAFF

To handle the growing volume of cargo coming into the region's ports, a Staten Island terminal is looking to open the harbor's first new shipping berth in more than three decades.

But the terminal operator, New York Container Terminal, said it has been unable to resolve lease negotiations with the Port Authority of New York and New Jersey on the \$350 million project.

Unless the port authority extends the lease, which expires in 2019, the company's president said, he cannot get financing for the massive job — one that maritime experts see as crucial to the harbor's ongoing vitality.

Jim Devine, the terminal operator's president, said the port authority is taking a hard line in the negotiations, asking for more money than the business can afford.

"The port authority is misguided," Devine said. "After all, the terminals sold for so much money, now they think they can bleed us. They want to make us anemic."

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Exxon Plans Offshore Natural Gas Terminal

THE NEW YORK TIMES, WEDNESDAY, DECEMBER 12, 2007

By JAD MOUAWAD

Exxon Mobil said Tuesday that it would like to build a \$1 billion floating terminal for liquefied natural gas about 20 miles off the coast of New Jersey, a move meant to deflect safety and environmental concerns about proximity to populated areas.

The company plans to anchor a boatlike structure in the Atlantic Ocean to process natural gas imported by cargo ships from faraway suppliers in the Middle East, Europe and Africa.

The terminal, if approved, would connect through an underwater pipeline to an existing network that feeds New York and New Jersey, two of the top consumer markets in North America.

Exxon's project is the latest of several dozen gas terminals that have been proposed in recent years in the United States. Energy specialists say more natural gas supplies will be needed to meet the growth in consumption and to make up for an expected drop in imports from Canada.

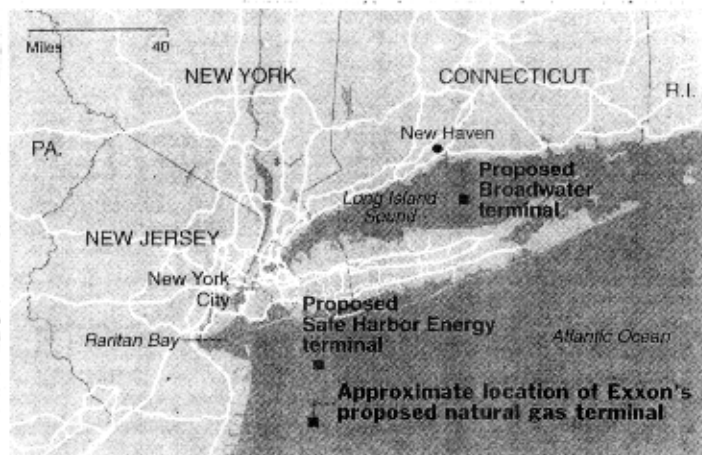
In many cases, energy companies have faced stiff opposition in finding sites for large new terminals. This has become one of the thorniest energy issues, especially since the attacks of Sept. 11, 2001, raised security concerns about cargo ships carrying liquefied gas near big cities.

Still, companies are slowly moving forward with their plans. Since 2002, federal and state authorities have approved 18 new liquefied gas terminals around the country, including 4 offshore, though most analysts do not expect all of them to be built.

While most of the projects are planned along the Gulf Coast, the northeastern corner of the country is attracting attention because of its reliance on natural gas and its large populations. Two terminals to be built off Massachusetts gained approval last year. For Exxon, going so far offshore is an effort to duck the vociferous opposition that has dogged projects on both coasts. Its project, called BlueOcean Energy, would be able to supply 1.2 billion cubic feet of natural gas a day, about 2 percent of the nation's gas consumption — and enough to meet the needs of five million residential customers.

Exxon's project is the third offshore terminal proposed for the greater New York region in recent years.

One proposal, to build a gas



THE NEW YORK TIMES

terminal in the middle of Long Island Sound, has aroused concern since its announcement in 2004 because of the impact it might have on fishing and boating; it is strongly opposed by shore communities and politicians.

That opposition could intensify in coming months as the project, which is known as Broadwater and is a joint venture by Royal Dutch Shell and TransCanada, is expected to receive notice about federal and state permits.

Another company, the Atlantic Sea Island Group, plans to build a terminal for liquefied natural gas on an artificial island about 14 miles south of Long Island, a project called Safe Harbor Energy.

A site off New Jersey could handle fuel for 5 million homes.

Opponents of natural gas terminals have cited the potential for leaks, fires, explosions or terrorist bombings. The industry has generally argued that the terminals are secure and accidents are rare, but it has also started looking for ways to build them as far as possible from population centers.

Exxon said its plant anchored off New Jersey, about 30 miles south of Long Island, would not be visible from shore and would stay clear of shipping lanes and recreational areas.

"We have tried to learn from our past experiences and that of the industry in general," said Ron P. Billings, Exxon's vice president for global liquefied natural

gas.

The company said it would soon start the lengthy process of seeking regulatory approval from state and federal agencies, as well as the Coast Guard. Because of the complex regulatory procedure, the plant is not expected to begin processing until the middle of the next decade.

Natural gas shipped by tanker from abroad in a supercold liquid form accounts for about 3 percent of domestic consumption, but the government estimates that share could rise to 17 percent by 2030. At terminals like those proposed near New York, liquefied natural gas is processed into the gas form, which is used to heat homes, power electric plants and fuel many industrial activities. Natural gas accounts for about a quarter of the nation's energy supplies.

Imports of liquefied natural gas are expected to jump 35 percent this year compared with last. But the growth is likely to slow next year because of delays with new terminals, according to the federal Energy Information Administration.

"So far no one has been able to crack the nut of getting infrastructure sited in the Northeast, and that's why you have all these proposals to go offshore and avoid heavily populated areas," said Mariano Gurfinkel, a project manager at the Center for Energy Economics at the University of Texas.

Exxon's new project would receive two cargo ships a week. The gas would be carried by underwater pipeline that would come ashore at Raritan Bay in New Jersey.

Ex-hospital ship has toxic PCBs, report shows

THURSDAY 11.15.2007

BY TRICIA BISHOP
(SUN REPORTER)

The *Sanctuary*, a retired World War II-era vessel languishing in Baltimore waters for years, contains high levels of toxic polychlorinated biphenyls, or PCBs, according to a report obtained yesterday by *The Sun*.

The survey, performed in July by a company that once considered buying the former Navy hospital ship, confirms the suspicions of environmentalists. It contradicts assertions by the new owner, Potomac Navigation Inc., that the vessel contains few PCBs.

The Delaware-registered company plans to take the vessel to Greece in the next few weeks, but concerns raised by a Seattle environmental group, the Basel Action Network, could delay the process.

This year, the ship broke free of its moorings, and the U.S. Coast Guard said it "presents an unacceptable risk to the port of Baltimore."

A spokeswoman for the Environmental Protection Agency said yesterday that the organization "is actively looking into the situation" and is working with Potomac Navigation to determine what, if any, action should be taken.

The EPA has ruled that concentrations of possibly cancer-causing PCBs above 50 parts per million cannot be exported for scrap. According to chemical analysis of paint chips, the *Sanctuary* has PCB concentrations 10 times that high.

The analysis was provided to *The Sun* by a company that wanted to scrap the vessel but chose not to bid on it after test results indicated that remediation would be costly. Company representatives requested anonymity out of concerns that their involvement could affect business.

The report's significance is unclear.

The PCB levels would make it illegal to take the ship abroad and scrap it for parts, according to the Toxic Substances Control Act. The chemicals were often used to make shipboard components fireproof until they were linked to various cancers.

The Seattle environmental group raised concerns this week that that might occur, noting that the *Sanctuary* would be worth millions of dollars if broken up.

C't'd on p.7

An odoriferous affair

AFTER REVIEWING MERCHANT seamen's complaints about the Coast Guard's system for disciplining mariners, a federal judge in New Orleans was blunt in her assessment of the process: It didn't "pass the smell test." The comment by U.S. District Judge Helen G. Berrigan should serve as a warning to Coast Guard officials who have defended the process against charges that it has been neither fair nor unbiased. It may be time to clean house.

Judge Berrigan made her remarks last week in connection with a lawsuit filed by three mariners who challenged the Coast Guard's administrative law process, a civil proceeding that hears evidence against mariners charged with drug use, misconduct, negligence or other violations on the water. The allegations of unfairness were reported this year by *The Sun's* Robert Little, whose review of the process revealed a former administrative law judge's claim that she had been told by the chief judge to rule in the Coast Guard's favor. The newspaper's review of thousands of charges against seamen found that the service prevailed 97 percent of the time.

The Coast Guard system has continued despite the complaints, and Chief Administrative Law Judge Joseph N. Ingolia, who is at the center of the controversy, was reappointed to his position last month. Meanwhile, Judge Berrigan issued her negative comments about the process even as she dismissed the mariners' lawsuit, saying they had to wage their fight first within the Coast Guard appeals system. But she found evidence in the case to be "disturbing," describing it as "a big pile of smelly stuff." That's a strong condemnation.

Maryland Rep. Elijah E. Cummings was so outraged by the complaints that he has proposed eliminating the Coast Guard administrative law system; the National Transportation Safety Board would instead oversee disciplinary cases against mariners. On top of that, the Government Accountability Office is planning to investigate the system. That's a positive development, because the GAO may well provide the first objective review of the allegations of pro-Coast Guard bias in the process.

At the very least, confidence in the system has eroded. The GAO should pursue its investigation expeditiously so that concerns about mariners' due-process rights can be resolved and the integrity of the process restored.

THURSDAY 11.15.2007 THE SUN

Flogging a Dead Horse...(an exercise in futility)

The band of variable calm in the Atlantic Ocean—roughly in the area of the Canary Islands—is known as the horse latitudes. They take their name from the Spanish *Golfo de las Yeguas* (Gulf of the Mares). It is thought that the Spanish name stems from a comparison between the unpredictable nature of the high-strung Arabian mare and the capricious nature of the wind in the area. In the days of sail, when a sailor signed up for the duration of a voyage, it was customary to pay him one month's wages in advance—but a sailor's money never lasted long in rollicking port towns. Once their advanced wages had been spent and the ship had put to sea, sailors felt as though they were working for nothing. Because it took approximately one month to reach the horse latitudes from most ports in England, sailors began the tradition of calling that first month at sea the "dead horse month." To mark its end, the crew celebrated by stuffing a canvas likeness of a horse with straw and marching it around the deck with great pomp and ceremony. The symbolic representation of the "dead horse" was then hauled aloft to the yardarm and cut adrift into the sea, as the sailors chanted, "Old Man [Captain], your horse must die!" Admiral William Smyth suggested that flogging a dead animal into activity was as much an exercise in futility as trying to get a wholehearted work commitment out of the ship's company while they were working off the dead horse month.

from the S.U.P. "West Coast Sailors 8/24/07

The San José

The San José is "the Holy Grail of shipwrecks," says Bob Cerreto, curator of maritime history at the U.S. Naval War College in Newport, R.I. After it was blown apart in an ambush by an English squadron off the coast of Colombia in 1708, the *San José* (pictured), a Spanish galleon of the period, sank with 600 men aboard.



Its treasure, which likely includes gold and silver coins, could be worth \$150 million to more than \$10 billion, depending on whom you ask. Without the *San José's* ship manifest, the size of its treasure is a matter of debate. English estimates at the time put the value at 50 million Spanish pesos, while Gabriel García Márquez greatly inflates that figure in his novel "Love in the Time of Cholera." Historians generally assume the ship had seven million to 10 million Spanish pesos, about the same as its surviving sister ship, the *San Joaquin*. The value of that treasure today depends on how much the coins could be sold for, likely between \$150 million and \$450 million, says historian David Hebb.

The *San José* legend has lured treasure hunters for years. In 1982, a group of investors now operating under the name Sea Search Armada announced they'd found the galleon off the coast of Colombia. And just this past July their nearly 20-year legal battle with Colombia came to an end. That country's highest court ruled that anything found that is deemed part of Colombia's cultural heritage will go to Colombia while the remaining "treasure" will be split with the explorers. Sea Search Armada hopes to begin excavation by 2009. The only problem: members of an expedition Colombia launched in 1994 to verify the find's coordinates say there was nothing there. "It was just flat mud and a few crustaceans," says Richard Cassin of the Ocean Sciences Research Institute in La Jolla, Calif. (A spokesman for Sea Search Armada says he does not believe this search actually took place.)



Others claim to know where the ship is, too. Canadian treasure hunter Tony Dyakowski says he found it in 2001 by using the log of an English junior ship officer. (He hopes to get a search and recovery permit.) University of Minnesota history professor Carla Rahn Phillips, author of "The Treasure of the *San José*," has attempted to pinpoint the ship's location with help from navigational experts at the Naval War College. She plans to publish coordinates next year.

THE WALL STREET JOURNAL, November 9, 2007

Korea's best-known beaches and an important rest stop for migrating birds. Tides of dark sea water crashed ashore, while the odor reached areas a half-mile away.

The Coast Guard dispatched 62 ships and five helicopters to battle the spill. It said the area of shoreline affected by the disaster had more than doubled by yesterday evening, from four miles earlier in the day.

A Hong Kong-registered supertanker was slammed early Friday by a Samsung Corp. barge in rough seas and a total of 66,000 barrels of crude gushed into the ocean.

STAR-LEDGER | DECEMBER 9, 2007

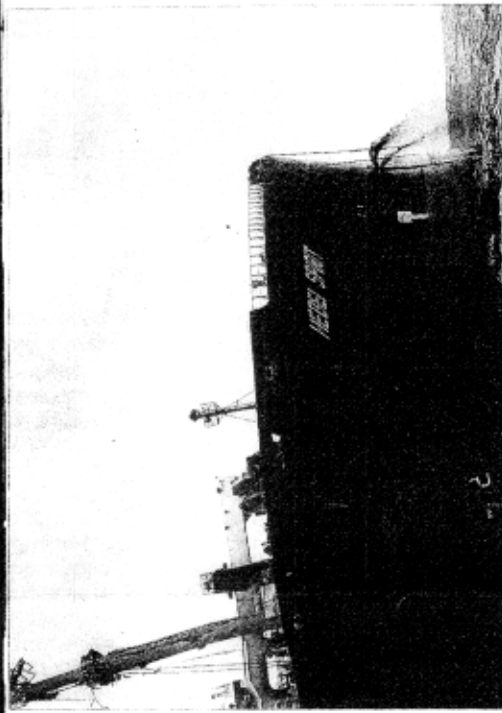
STAR-LEDGER, December 1, 2007

Diesel spill imperils penguins

ASSOCIATED PRESS

SANTIAGO, Chile — About 2,500 penguins en route to their Antarctic mating grounds could be sickened by a diesel fuel spill from a cruise boat that struck an iceberg

C't'd on p. 8



The Hong Kong-registered supertanker Hebel Spirit collided with a Samsung Corp. barge dumping 66,000 barrels of crude into the ocean off South Korea in the nation's biggest oil spill.

Guard struggled to contain the country's largest oil spill.

Residents and emergency workers used buckets to try to remove the dense oil carried by strong winds and currents to the country's western coast.

Nearly 2,200 troops, police and residents were engaged in cleanup efforts at Mallipo — one of South

Workers battle oil spill ravaging S. Korea coast

MALLIPO BEACH, South Korea

— Thick, smelly crude oil washed up on an 11-mile stretch of scenic coastline yesterday, blackening seagulls and threatening fish farms as South Korea's Coast



TOYS AT SEA, a 164-foot boat.

By KEITH SCHNEIDER
FOR the adventurous, healthy and super-wealthy, few measures for fortune and successful retirement could be more apt than their boats.

Boats, that is, that extend more than 100 feet long, can cross oceans and cost \$15 million to more than \$100 million.

From Seattle to Miami, from Germany to Brazil, the richest of the rich are swamping select boat builders with orders for record numbers of custom-designed, fantastical, appointed and enormous pleasure cruisers equipped with the newest communications gear.

They are also exorbitantly expensive to operate, with annual maintenance and operating costs generally 15 percent of the boat's price, brokers and builders say.

This is not your 60-year-old who retires and buys a 30-foot boat to spend the day on, said Glenn Kautz, president of the Monitor Group, a wealth management firm in McLean, Va., who owns a 65-foot yacht. These boats are for somebody who has a lifestyle, who multitasks, who says they're

will base in the Mediterranean in the summer and in the Caribbean during the winter.

"I was chartering for years and knew what I wanted when I bought my first yacht, the Lady Joy," Ms. Rich said. "I needed more space, though. The yacht has a music studio, a Portuguese deck, seven staterooms and so much more."

Ms. Rich, who plans voyages to Croatia, Russia and Alaska, said the Lady Joy also served the G & P Foundation for Cancer Research, which she founded after the death of her daughter, Gabrielle Rich Aouad, from leukemia.

"We use the space to host events and raise money," she said.

As the number of extremely wealthy retirees grows, so does the length, cost and sophistication of their yachts. The 150-foot Highlander, built for the Forbes family in 1986, was once regarded as the ultimate in floating luxury.

Today the Highlander is a midsize yacht compared with such vessels as the 452-foot, seven-deck, \$194 million Rising Sun, delivered last year by a German builder to Larry Ellison, 63, the co-founder and chief executive of the Oracle Corporation, and one of the world's richest men. Still, Rising Sun is four feet shorter than the eight-deck Al Salamah, the world's largest private yacht, according to Power & Motorsport magazine. That vessel is owned by Crown Prince Sultan, the Saudi Arabian defense and aviation minister.

One city that wealthy yachters are cruising to is Seattle, where Delta Marine Industries designs and builds custom yachts, producing roughly two boats a year measuring 120 feet or more. Last year, Delta delivered a 240-foot boat, called the Laurel, to an unidentified American owner, the largest yacht built on American soil since the 1930s, according to Power & Motorsport.

"It's amazing when you ask our cli-

Boats for people who say they are retired but really aren't.

ents what they've seen, what experiences they had exploring the world on the water," said Michelle Jones, 33, Delta's marketing manager and the daughter of a Delta founder. "They are great travelers, and they are great yachtsmen."

They are also patient. It takes a Delta

two years from start to finish to produce a yacht. At the moment, four boats ranging in length from 123 feet to 175 feet are in various stages at Delta's 25-acre shipyard along the Duwamish River, where 400 people are employed. Ms. Jones declined to specify the prices the company charges for its boats, though brokers and other sources say the cost ranges from \$20 million to \$50 million. Still, the owners of megayachts often

The Wall Street Journal carried a similar article in early 2007

The World's Biggest Yachts

These are the largest yachts in the world, in order of length, with vessel names and owners. Russian tycoon Roman Abramovich, owner of the current No. 12, is said to have ordered a craft that would measure more than 525 feet, to take over the top slot

YACHT NAME/OWNER	LENGTH (FEET)/YEAR BUILT	COMMENTS
1. Dubai Sheikh Mohamed Bin Rashid alMaktoum, ruler of Dubai	525/ 2003	This German-built yacht was ordered by the Sultan of Brunei's younger brother in 1996, who sold it before it was completed.
2. Abdul Aziz Royal Saudi family	482/ 1984	For more than two decades, until the appearance of the Dubai, this was the world's biggest yacht.
3. El Horriya Egypt (presidential yacht)	478/ 1865	Originally built for the vice king of Egypt and powered by steam engines, it is rarely seen in public.
4. Al Salamah Sultan Prince bin Abdul Aziz al Saud	459/ 1999	Launched under the name Mipos, it is owned by the Saudi deputy prime minister.
5. Rising Sun Larry Ellison	455/ 2004	Oracle founder Mr. Ellison recently sold half of this yacht to friend David Geffen, say yacht industry sources.

Vessel disappears off Africa

A St. Vincent & Grenadines-flagged ship is believed to have been lost off Somalia while en route from Dubai to the Seychelles. The 1,653-dwt, 22-year-old *Reef Azania*, operated by Dubai-based Zambesi Shipping, is said to have left Port Rashid on June 18, and was expected to arrive in the Seychelles on July 3, before proceeding to Zanzibar. There has been no contact with the ship for at least 16 days, according to news reports quoting maritime officials in Zanzibar. Other press reports say contact was lost even longer ago, on 24 June.

Zambesi is reported to have told authorities that there was no information from military or civilian ships in the region, or from SAR centers, to suggest whether its ship had been hijacked or had sunk. *Gulf News* quoted Noel Choong, head of the IMB's Piracy Reporting Center in Kuala Lumpur, as saying that the disappearance is not being treated as a piracy incident. It is unlikely that the vessel had been hijacked, Choong said, because it is believed to have disappeared 500 nautical miles offshore — too far from the coast even for Somali pirates. The *Reef Azania* was carrying a 12-man crew of Asian and Tanzanian nationals, Kenyan seafarers' welfare campaigner Andrew Mwangura said. It is the third ocean-going vessel to have disappeared in the Indian Ocean in a month, he said. —West Coast Sailors 8/24/07

Due Process for Exxon

By Theodore J. Boutrous, Jr.

It has been nearly two decades since the Exxon Valdez ran aground in Alaska, spilling 258,000 barrels of crude oil. The company long ago paid dearly for the catastrophic accident: some \$3.4 billion in clean-up costs, natural resource damages, claims payments, fines and penalties. Now the Ninth Circuit Court of Appeals has ordered Exxon Mobil Corp. to pay \$2.5 billion in punitive damages, the largest such award affirmed by a federal court in history.

How can you justify \$2.5 billion in punitive damages?

The company has asked the Supreme Court to review the case. The Court will likely decide by Oct. 26 whether to do so. Given the critical issues of law and justice at stake, it should.

Recent Supreme Court decisions have struck down some punitive damage verdicts because they are so "grossly excessive" that they violate constitutional due process. These decisions also make clear that a defendant has a due process right to "fair notice" of the conduct that will subject him to liability for punitive damages in the first place.

The \$2.5 billion award in Valdez raises obvious and important questions of excessiveness—it is larger than the total of all punitive damage awards affirmed by all the federal appellate courts in history. More important is the question whether federal maritime law and constitutional due process permit the infliction of any punitive damages.

Exxon argues that, at the time of the oil spill, federal maritime law had long barred punitive

damages against a shipowner if the owner did not ratify reckless conduct of the ship's master. The Supreme Court has held firm since the early 1800s that misdeeds by the ship's master cannot be blamed on the ship's title-holder unless it "directed" or "countenanced" the wrongful act.

The district court tossed all this overboard, instructing the jury to consider any reckless acts by Captain Joseph Hazelwood or his crew automatically to be reckless acts of Exxon, even though the company did not ratify the wrongful conduct that led to the spill. Indeed, the ship master had violated clear company policies. Given the long legal tradition, Exxon could not possibly have had "fair notice" of its liability for punitive damages under these circumstances.

The Ninth Circuit upheld the district court's ruling, putting it at odds with the majority of other federal appeals courts. Not to mention, as Ninth Circuit Judge Alex Kozinski observed in dissent, that companies have "for centuries" relied on this understanding of the law in running their shipping businesses.

Numerous federal courts have held that where Congress has established statutory penalties for maritime infractions, federal judges are prohibited from authorizing new remedies, such as punitive damages, not provided in those statutes. The Clean Water Act establishes a carefully calibrated statutory scheme of penalties for pollution, pursuant to which Exxon has already paid stiff, multibillion dollar penalties.

The fair notice principle is fundamental to the rule of law, criminal or civil, and for obvious reasons of fairness. Many years ago the Court said, in *Grayned v. City of Rockford* (1972), that "because we assume that man is free to steer between lawful and unlawful conduct,

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we insist that laws give the person of ordinary intelligence a reasonable opportunity to know what is prohibited, so that he may act accordingly."

In the criminal sphere the Court has declared that the "concept of fair notice [is] the bedrock of any constitutionally fair procedure." And because punitive damages "share key characteristics of criminal sanctions," the Court has expressly recognized that "retroactive imposition of punitive damages" based on a change in the law after the conduct in question occurred "would raise a serious constitutional question."

Unfortunately, federal and state courts frequently do allow juries to impose punitive damages against defendants based on newly adopted, constantly changing and retrospectively applied legal standards. For example, in product liability litigation—the source of some of the largest punitive damage verdicts in recent years—courts routinely allow the jury to set a new safety "standard" in deciding if a particular product was defectively designed, then permit the jury to impose punitive damages against the maker of the product for violating it.

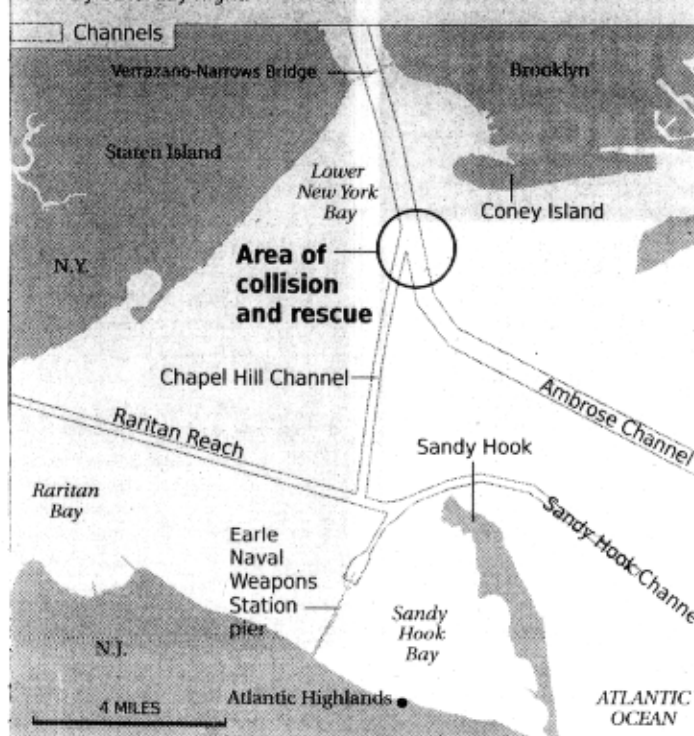
The district court in Valdez effectively changed the law in the midst of trial and then allowed the jury to impose a retroactive, record-setting punishment against Exxon for violating rules that did not exist when the Valdez ran aground. This is a serious constitutional wrong, which the Supreme Court should right.

Mr. Boutrous is a partner in the law firm of Gibson, Dunn & Crutcher LLP and frequently represents defendants challenging the constitutionality of punitive damages.

THE STAR-LEDGER, OCTOBER 22, 2007

2 from Jersey die, 2 rescued in boat crash Fatal boating accident

Two men drowned and two were rescued from the water following a motorboat collision with the towline of a passing tugboat in lower New York Bay Saturday night.



BY SULEMAN DIN AND CARLY ROTHMAN
STAR-LEDGER STAFF

The cable stretched between a tugboat and a barge, invisible to the crew of the small fishing boat headed straight for it.

The tugboat captain blew his horn, once, twice, 10 times. He flashed the beam of his searchlight, trying to illuminate the cable against the darkened sky. Still the fishermen did not stop.

Their 24-foot Baja vessel collided with the cable, authorities said, capsizing the boat and killing two of the New Jersey men onboard. Two more were saved—including the captain, who was standing atop his craft in shock when rescuers arrived at the crash site in Lower New York Bay.

"He said they never saw the cable," David Paris, the captain of a charter fishing boat that picked up the survivor, said yesterday. "He said, 'It just came out of the air and flipped us.'"

Killed in the Saturday night crash were John Isello, 43, of Hasbrouck Heights and Robert Chacon, 46, of Saddle Brook, authorities said. Divers pulled another passenger—Steven Jackson, 46, of the Landing section of Roxbury Township—from underneath the boat, and he was flown by helicopter to an area hospital, authorities said.

The captain, 61-year-old Ronald Angiani of Lodi, was transferred from Paris' boat to a U.S. Coast Guard rescue boat and taken ashore. Jackson was released from the hospital yesterday, while Angiani was in stable condition yesterday afternoon but no longer listed as a patient last night, hospital officials said.

None of the four men was wearing a life jacket, authorities said.

The crash occurred shortly before 11 p.m. in the choppy water of the Ambrose Channel off Brooklyn, about halfway between Sandy

Hook and Coney Island, according to the Coast Guard. The men were heading north from Atlantic Highlands at the time of the accident, and the barge, loaded with dredged material, was bound for a mud disposal site near Sandy Hook, authorities said.

The tugboat pulling the barge was properly lit, Coast Guard Chief Robert Laura said yesterday. The unidentified captain of the tug, the Melvin Lemmerhirt, also acted responsibly by blowing his horn, shining his light and sending out radio warnings, Laura said.

"But the boater continued," he said.

The four New Jersey men had left the Atlantic Highlands Municipal Marina around 7 p.m. Friday, saying they were taking part in a bass fishing tournament, said Alexander Provenza, a guard at the marina.

"They never came back," he said.

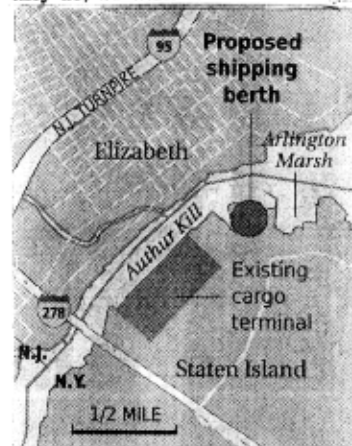
However, organizers said there was no record of the men participating in the Hi-Mar premier striped bass tournament, which began at 8 p.m. Friday and ended at noon yesterday.

Angiani's burgundy Ford Expedition was still parked at the marina yesterday. On the front seat lay a brochure advertising his business, saying he has worked for eight years as a Coast Guard-certified captain.

Devine was referring to the flurry of sales involving four of the harbor's five main container ports during the past year — transactions that had a cumulative price of more than \$2 billion.

Port authority officials attempted to downplay any discord between themselves and Devine's company.

"We've got the same goal as they do; we want to extend the



THE STAR-LEDGER

lease," said port authority spokesman Steve Coleman.

Coleman said the deal is complicated by the fact the port authority actually leases the Staten Island terminal from the New York City Economic Development Corp.

Shipyard owner accused of fraud

Contractor owed for Sparrows Point work files RICO claim

BY TRICIA BISHOP
(SUN REPORTER)

Vincent F. Barletta, the Massachusetts owner of Sparrows Point shipyard, and certain affiliates have two weeks to answer racketeering claims filed against them last week in Baltimore's U.S. District Court. If they don't, the defendants face a default judgment of up to \$2.25 million, according to court documents.

The civil lawsuit, filed by Clean Venture Inc. on Nov. 13, claims that at least some of the defendants took up to \$750,000 that was owed to the New Jersey ship-

"We have to renegotiate with the EDC before we renegotiate with NYCT," Coleman said.

"We have to renegotiate with the EDC before we renegotiate with NYCT," Coleman said.

Janel Patterson, spokeswoman for the New York Agency, said it was working with the port authority to "come up with the best agreement for all."

For more than three decades, the Port of New York and New Jersey had managed to grow in place — largely because the use of cargo contains and other technological improvements allowed terminals to handle more cargo without adding berths or using more space.

But the harbor is reaching a point where new berths are needed, or else the business will go to other ports on the East Coast, such as Norfolk or Savannah, experts said.

"There's virtually no room for expansion in this port, especially not on land that's contiguous to existing terminals," said Edward Kelly, executive director of the Maritime Association of New York and New Jersey. "That's why this would be a perfect location for expanding the port."

New York Container Terminal

breaking company.

Clean Venture was hired as a contractor by North American Ship Recycling to perform dismantling work on various old and no-longer-used U.S. Maritime Administration ships.

Clean Venture previously sued North American Ship Recycling, or NASR, for the money it was owed, winning a \$750,000 judgment from U.S. District Court in September.

North American Ship Recycling, where Barletta served as vice president, has since disappeared from its Sparrows Point site, before the judgment could be collected.

The company left behind two Maritime Administration ships — the *Sphinx* and the *Hoist* — it was supposed to dismantle.

This new lawsuit is filed under the Racketeer Influenced and Corrupt Organizations Act, or RICO, and alleges wire fraud, unjust enrichment, civil conspiracy, aiding and abetting and breach of fiduciary duty.

The suit names Vincent Barletta, his brother, Timothy Barletta, who was NASR's president, as well as their attorney, various colleagues and certain affiliated businesses.

sits at the northwest corner of Staten Island, just across from Elizabeth, at the point where the New York Bay flows into the Arthur Kill.

Under Devine, the terminal has aggressively attempted to expand, including buying new cargo cranes, starting a rail service to take cargo from the dock and adding new warehouse space.

Devine described his dealings with the port authority as a "love-hate relationship." He said he admired the agency's efforts to foster economic growth in the region, but he thinks its top officials misunderstood the port business.

New York Container Terminal had been considering opening a second new berth, but that site ended up being included in an area New York Mayor Michael Bloomberg designated for wetlands preservation recently.

"We support that decision," Devine said. "We don't want to alienate the city by trying expand our business in a marsh area."

Devine said it will take four to five years to open the new berth once negotiations with the port authority get resolved.

Joe Malinconico may be reached at jmalinconico@starledger.com or at (973) 392-4230.

It seeks the \$750,000 owed to Clean Venture. The amount could be tripled under the RICO act.

"Clean Venture is intent on recovering what the federal District Court has said that it is owed, \$750,000 at least," attorney J. Stephen Simms said yesterday.

Summonses sent to the defendants last week by the court said they had 20 days to respond to the complaint or "judgment will be taken against you for the relief demanded."

A telephone call to Barletta attorney John G. Bulman was not returned yesterday, nor were calls to Barletta's Massachusetts offices.

In a letter earlier this month to David S. Ianucci, Baltimore County's economic development director, Bulman acknowledged the "termination of operations by North American Ship Recycling," though he did not say what happened to the company.

The Maritime Administration is investigating the situation and arranging for the removal of the abandoned ships.

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TUESDAY 11.20.2007

But if the 60-something-year-old ship is turned into a floating hotel or storage facility — as an attorney for the owner has said is the plan — it might just mean that Potomac would have to pay to remediate any hazards.

Much like asbestos, PCBs are considered benign when they are contained intact.

"The fair thing would be for us to do our own testing and to see what needed to be remediated or didn't," said Lawrence Kahn, an attorney representing Potomac Navigation. This week, Kahn said his records indicated that there were few PCBs on board.

"I was aware that other companies had done inspections of the *Sanctuary*. I was not aware of the extent," Kahn said. "None of those results were ever made public, and certainly not brought to the attention of Potomac Navigation. ... I think the concern over this vessel is really seriously misplaced."

The ship was sold to Potomac Navigation in a court-ordered auction in August after it was abandoned by its previous owner and left for the Maryland Port Administration to deal with.

The port agency asked the U.S. Maritime Administration, which once owned the *Sanctuary*, to reclaim the ship, but it chose not to do so.

"MARAD officials made it clear to us that they did not want to add another ship to the 40 or more other old ships it already has to deal with in its James River ghost fleet," Richard Scher, a spokesman for the Maryland Port Administration, said yesterday.

"The Maritime Administration sold the *Sanctuary* nearly 20 years ago and has no legal title to the ship," spokeswoman Shannon M. Russell said in a statement. "The U.S. District Court has sold the vessel to Potomac Navigation. We will continue to monitor the situation very closely."

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"Diesel Spill" c't'd from p.4
and sank last week, Chilean scientists said yesterday.

Areas surrounding the mile-long spill site include breeding grounds for Antarctic and Adelia penguins, and the largest mating colony for Papua penguins, said Maria Jose Rosello, a Chilean marine biologist.

"The danger is that this fuel spill will impede the journey that species like Papua penguins make at this time of year," Rosello said.

Veronica Vallejos, director of the scientific department at the Chilean Antarctic Institute, said the spill could also affect other Antarctic fauna, including sea lions, seals and sea birds as well as fish, krill, algae and plankton colonies — key elements of the Antarctic food chain.

The MS Explorer, an adventure travel ship on a 19-day cruise off Antarctica, hit an iceberg on Nov. 23, forcing its 154 passengers and crew into lifeboats in the middle of the night. They waited more than three hours in icy waters until they were rescued by a Norwegian cruise ship.

About 50,000 gallons of diesel, 6,300 gallons of lubricant and 260 gallons of gasoline were on board when the Explorer then sank hours later.

Coast Guard Searches for Source of Long Island Oil Spill

By ROBERT D. McFADDEN

Environmental crews using shovels and mesh scoops yesterday cleaned up the last remnants of a mysterious crude oil spill that began washing ashore in gooey blobs three days ago in Nassau County, the Coast Guard reported.

The 500-gallon spill — small compared with 58,000 gallons from a Chinese ship that fouled parts of San Francisco Bay recently — did not harm birds or marine life, state officials said.

And the only people affected were surfers who called the Coast Guard on Thursday morning to report oil clinging to their wet suits and tarlike balls along a mile of Atlantic and Long Beaches on the barrier island west of Jones Beach.

The spill was identified as a residue of No. 6 oil, a heavy crude used to fuel ships and power plants that generate electricity. But the source remained unknown, said Lt. William Grossman, the Coast Guard official in charge of the spill.

Nine merchant ships that passed in the 48 hours before the appearance of the discharge have been identified, and samples of their fuel will be taken and compared with the oil found on the beaches.

About 24 cubic yards of sand and oil were removed from the beaches by the Miller Environmental Group of Calverton, N.Y., and hauled to a waste-to-energy conversion plant in Huntington. Some of the material will go to the Coast Guard Marine Safety Lab in Groton, Conn., to be compared with samples from the ships.

If a ship is linked with the discharge, the Coast Guard will conduct an inquiry to determine whether the spill was accidental or intentional — dumped, for example, because it is cheaper than transporting oil residue to a waste facility or power plant, said Petty Officer Annie Berlin, a Coast Guard spokeswoman.

The ship's owners could be fined for an accidental spill or face criminal charges for an intentional discharge.

THE NEW YORK TIMES SUNDAY, NOVEMBER 25, 2007

SAVE THE DATE



THE MARINE SOCIETY OF THE CITY OF NEW YORK

will be holding its

238th Annual Dinner Celebration
on MONDAY, APRIL 14, 2008

Honored Guest & Speaker:
Sean Connaughton
Maritime Administrator
U.S. Department of Transportation



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