

UNITED STATES OF AMERICA
NATIONAL TRANSPORTATION SAFETY BOARD

In the Matter of:)
)
)
SS NORWAY) DCA 03 MM 032
)

Miami, Florida

Thursday,
June 12, 2003

The above-entitled matter came on for the
Interview of Peter Randall, pursuant to Notice,
at 10:25 a.m.

APPEARANCES:

For the National Transportation Safety Board:

BRIAN CURTIS
JIM WALSH
ROB JONES

For the United States Coast Guard:

CARLOS PAILLACAR
KEN OLSEN

For the Bureau of Veritas:

MICHEL LAMBERT

For Bahamas Authority:

KEVIN HISLOP

Also Present:

RICHARD LEHRER
CURTIS MASE
JON SALE

I N D E X

<u>WITNESS:</u>	<u>PAGE:</u>
Peter Randall - by Mr. Curtis	6
- by Mr. Walsh	22
- by Mr. Jones	44
- by Mr. Lambert	53
- by Mr. Hislop	53
- by Mr. Olsen	58
- by Mr. Curtis	61
- by Mr. Walsh	66
- by Mr. Olsen	76
- by Mr. Hislop	77
- by Mr. Paillacar	77

P R O C E E D I N G S

10:25 a.m.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48

Whereupon,

PETER RANDALL

having been first duly sworn, was called as a witness herein and was examined and testified as follows:

MR. CURTIS: Good morning. It's June 12, 2003 and the time is approximately 10:25. We're here this morning to interview Mr. Peter Randall, vice president of Environmental and Regulatory Affairs. Is that correct, Peter?

THE WITNESS: Correct.

MR. ROTH-ROFFY: We're here to interview Mr. Randall for any information he may have that may help us in the investigation of the SS Norway -- the accident that occurred on May 25, 2003.

Mr. Randall, the intent of the NTSB, National Transportation Safety Board investigation is not legal, it is only safety oriented, to find out what happened.

Our intent is not to assess blame to party or person, just to find out what happened and hopefully prevent this from happening again.

At this time I'd like to go around the table and also, for those that are with us telephonically, to identify themselves and the organization to which they're attached. I'm Brian Curtis with the National Transportation Safety Board and I'd like to go around the table now.

MR. LAMBERT: Michel Lambert from Bureau Veritas, head office in Paris.

MR. SALE: I'm Jon Sale, I'm Mr. Randall's personal counsel, attorney.

MR. PAILLACAR: Carlos Paillacar, U.S. Coast Guard, Miami.

MR. MASE: I'm Curtis Mase, I'm a lawyer with the law firm of Mase & Gassenheimer. I represent Mr. Randall in his capacity as an employee of NCL.

MR. HISLOP: Kevin Hislop, consultant with London Offshore Consultants, representing the Bahamas Maritime Authority.

MR. LEHRER: Richard Lehrer, along with Mr. Mase, on behalf of Mr. Randall.

MR. OLSEN: Ken Olsen, Coast Guard Washington, D.C.

MR. CURTIS: And for those in Washington, if you could go ahead and identify yourselves?

MR. WALSH: Jim Walsh, National Transportation Safety Board.

1 MR. MASE: As we begin, I'm going to state
2 something for the record and if I could just interrupt
3 briefly--

4 MR. CURTIS: Any time you have any input into
5 the interview, could you just identify yourself?

6 MR. MASE: Sure.

7 MR. CURTIS: So as we go around the table
8 here we'll know who said what, as well as if you have
9 any questions as we go around, if you could just hold
10 your questions until it's your turn again, that was it
11 just makes for a cleaner interview and transcription
12 process. Mr. Mase?

13 MR. MASE: Absolutely. I'm Curtis Mase, once
14 again. This morning I have articulated concerns prior
15 to this interview to both Bob Ford and to Commander
16 Goodrich with respect to the interview process up to
17 this point, in particular, Mr. Olsen's participation in
18 that process.

19 I explained to them in great detail and I
20 don't want to belabor it on this record what my
21 concerns and the concerns really of NCL are. On my
22 instruction, Mr. Randall will not answer any questions
23 from Mr. Olsen on the basis of those concerns, nor will
24 any other NCL employee going forward for the remainder
25 of the investigation.

26 MR. CURTIS: Okay. I'd just like to go off
27 the record for a moment and consult with the
28 investigator in charge.

29 MR. MASE: You're welcome to take a moment to
30 reconnoiter. I think it fairness you need to hear
31 this. These concerns have been raised formally to the
32 -- I don't know the precise the title of Captain Karr,
33 a couple of times in letters, they've been raised to
34 Mr. Ford and I've talked to Commander Goodrich.

35 MR. CURTIS: We'll just go off the record
36 not.

37 (A brief recess was taken.)

38 MR. CURTIS: We're back on the record again.
39 We took roughly a ten-minute pause there, it's 10:35.
40 Are you ready to get started?

41 THE WITNESS: Sure.

42 EXAMINATION

43 BY MR. CURTIS:

44 Q Could we just get from you a background,
45 background information, education?

46 A I went to the Coast Guard Academy, majored in
47 mathematics, BS with a major in mathematics. Went
48 engineering afloat and qualified as a deck officer,
49 when through all the student engineering early. When I

1 left the ship I was the acting EO.

2 I went to Merchant Marine Technical in New
3 Orleans. I worked in machinery and electrical, did all
4 the automation plan review there. Got involved with
5 boiler failures there on the tankers being built at
6 Avendale.

7 Q If you could fill in some rough dates as we
8 go along here, too, just to get a time frame.

9 A Merchant marine technical was '78 to '81,
10 then from '81 to '83 I went to Tulane, got my Master's
11 Degree in electrical engineering for the Coast Guard.

12 From there I went to Washington, was in
13 Marine Technical and Hazardous Material Division in the
14 engineering branch, electrical section, then special
15 projects, all automation, I wrote the automation
16 regulations in the CFR and I was involved with a lot of
17 the other stuff.

18 From there I went to MSO Group Philadelphia
19 when it was created.

20 Q That was in?

21 A In '88. Worked in inspections, became a
22 marine inspector, investigator. Let me back up some.
23 With regard to these investigations, when I was in New
24 Orleans Technical I did a lot of field work out of
25 Technical at the time, I was the lead investigator for
26 a Coast Guard NTSB Board on the (inaudible) where there
27 were 12 deaths in an explosion. I got called in on
28 casualties back then, the same thing at headquarters.

29 Philadelphia, same thing. I basically worked
30 in the field as an inspector and investigator. Left
31 there, supervisor in Baton Rouge, safety detachment
32 there, did inspections every day, pollution response,
33 emergency response and ran the unit there for two
34 years.

35 Went back to Philadelphia, port operations,
36 port state control, set up the port state control
37 program in Philadelphia. Then went from chief of port
38 operations, I was the senior inspector for the break
39 outs for Desert Shield and Desert Storm, did five
40 shifts, Wright, Scan Lake, Pride and worked with John
41 Schrinner (phonetic) on the -- I was lead on the
42 Callahan when I was relieved from there to go back to
43 Philadelphia.

44 Q And that was roughly?

45 A '90. I was -- anyway, back in Philadelphia,
46 chief of port ops, set up the port state control
47 program. From there, went to XO and the MSO Group.
48 Retired from there in '96, November '96. Became the
49 private superintendent for the conversion of the Cape

1 May for conversion of ferries.

2 Spent the better part of the next two and a
3 half years in the shipyards down in Norfolk, Virginia
4 as the owner's rep and project superintendent and
5 superintendent, set up the maintenance program in Cape
6 May for conversion of ferries.

7 Left there in the summer of -- I think it was
8 the summer of '99 I left there and sent to Seattle,
9 went to work for Elliott Bay Design Group, senior
10 engineer, electrical design, project management, some
11 mechanical design. Shipyard representative as an
12 auditor.

13 I was retained or the company was retained,
14 me specifically, by NCL/Star Cruise's attorneys when
15 Star bought NCL to investigate concerns about oil
16 pollution in the fleet. I did audits on the pollution
17 side on the fleet. My audits were the basis for NCL's
18 self-reporting to the U.S. government with regard to
19 the oily water separators.

20 Continued to do design work while I was doing
21 these audits as a member as of audit team that was set
22 up and then in January of 2001 I think it was I was
23 hired as -- by NCL as Director of Safety and
24 Environmental Management System, Technical Development.

25 Did audits, wrote technical procedures. I
26 was in that position until October 2001 when I was made
27 the designated person for the company. As designated
28 person, I was still at a director level until September
29 2002, when I became Vice President of Technical. I'm
30 sorry, Vice President of Environmental Regulatory
31 Affairs and that's my present position.

32 Q Thank you. At your present position, if you
33 could outline your duties and responsibilities?

34 A It's pretty much as it's written in the SEMS.
35 A thumbnail is that the environmental program, the
36 development and operation of the environmental program
37 for the fleet and public health comes under my
38 department, public health training and compliance and
39 the administration of the safety and environmental
40 management system.

41 There was a question earlier, I think it was
42 last week, with regard to the designated person, where
43 he had said I was responsible of implementation.
44 Individual VPs are responsible in their areas of
45 responsibility for implementation, but I have specific
46 areas of the SEMS that I'm responsible for the
47 standards that are in there and then I have compliance,
48 so I run the audit program and administer the
49 (inaudible). That's it in a thumbnail, I also end up

1 with special projects.

2 Q If you could outline the corporate structure
3 and where you fit into that matrix?

4 A Yeah. And you've got that in the SEMS too,
5 but thumbnail is that there is a president/CEO, the
6 next level down there's the senior vice presidents and
7 two vice presidents on the next tier. Senior vice
8 presidents, hotel, marine operations, sales and
9 marketing, reservations and sales, I don't know the
10 exact title.

11 The executive vice president is chief
12 financial officer and he runs finance. General
13 counsel, senior vice president. There's a VP of key
14 way and customer satisfaction and I'm the other VP and
15 if I missed somebody, I missed somebody, but you guys
16 have the wire project. I report directly to the
17 president of the company.

18 Q What is your affiliation in regards to the
19 DP, how do you interact with him?

20 A On a regular basis. Basically his job is as
21 a relief valve for the fleet and he oversees, he
22 monitors issues out there. If he sees something that
23 is either in my realm, such as public health or
24 environmental, his job is to go and tell me and then to
25 make sure that I act on it.

26 And then -- but he and I interact, because
27 I'm responsible for compliance. We interact on a
28 regular basis back and forth on what we're seeing and
29 what the concerns are from a compliance standpoint, as
30 well as does the safety management system need a tweak
31 here or there.

32 It's a dialogue, but he has no reporting,
33 formal reporting line. It's not a solid line in the
34 organization chart. He also reports directly to the
35 president for those duties.

36 Q And you're one of several vice presidents who
37 are relegated the responsibility of compliance then?

38 A All VPs are responsible for compliance of
39 their own people. I'm responsible for the oversight,
40 compliance oversight program and individual VPs
41 designated in the SEMS are responsible for
42 implementation of safety in their area. So no one on
43 board ship works directly for me.

44 Q And all the vice presidents have that same
45 type of link to the DP?

46 A None of them have a link to the DP. He's a
47 stand alone person out there who is overseeing what's
48 going on and his -- he's there to make sure that the
49 normal reporting lines are addressing issues. If the

1 normal reporting lines don't address issues, then he
2 can take that to the president of the company and say
3 the normal reporting lines aren't working and something
4 needs to be done about it and then he monitors that.

5 Q Okay.

6 A I also from a compliance standpoint in the
7 compliance program, if I see something that's not
8 working, I fulfill a similar function, but it's more
9 structured, so to speak, because there's the audit
10 program itself.

11 Q I'd like to get to a little bit the area of
12 the company's risk assessment policies and
13 philosophies. One area in the risk assessment would be
14 what is the company philosophy of material failure risk
15 versus age on a vessel for the machinery?

16 MR. MASE: If Mr. Randall knows that, he's
17 certainly welcome to talk about that, but Mr. Randall
18 has not been designated by NCL to speak for the
19 company. I'm not telling him not to answer, but I do
20 think that it's important to draw that distinction.

21 MR. CURTIS: Excuse me. That was Curtis
22 Mase.

23 MR. MASE: I apologize and I will try to say
24 who I am when I speak.

25 MR. CURTIS: Thank you.

26 THE WITNESS: Could you repeat that?

27 BY MR. CURTIS:

28 Q Regarding vessels and the machinery, in risk
29 assessment what is the correlation between material
30 failure risk versus age? Does it change with age?

31 A I don't know. I don't think that we have a
32 specific policy that applies to material failure risk
33 versus age. I'm not aware of a specific policy on
34 that. We do risk assessment based on the risk and what
35 we see.

36 Q You don't know where that's addressed in this
37 risk assessment plan?

38 A I'm sorry, what risk assessment plan?

39 Q Does the company have a risk assessment plan
40 in this area?

41 A The company has -- not in that area, no. Not
42 specifically in that area. There is a general risk
43 assessment process.

44 Q Once again regarding risk assessment, is
45 there a -- are you aware of a policy in the plan that
46 addresses predictable versus unpredictable events with
47 age, if you were to create a matrix?

48 A Nothing fixed. No set policy along those
49 lines. It falls in with general risk assessment.

1 Q Could you describe the company's plan for
2 risk assessment? Is there a prescribed plan, a
3 philosophy or --

4 A It's laid out in the SEMS and I don't want to
5 say something that -- if I miss something in there,
6 it's pretty well laid out in the SEMS. But the
7 corporate policy for safety is there and the corporate
8 policy for safety supersedes everything else when that
9 comes up.

10 Q Could you tell me how vessel budgets are
11 established regarding say for the engineering plant and
12 propulsion or safety, how the vessel budgets are --

13 A No, I can't. That's not within my realm.

14 Q Who has knowledge of that realm of
15 information, budget establishment?

16 A Budget establishment for technical plants?

17 Q Yes.

18 A I can only make assumptions on it, I'm not
19 involved with it at all.

20 MR. MASE: Don't make assumptions.

21 THE WITNESS: I'm not making assumptions.
22 The only part of the budget process I'm involved with
23 is environmental systems. Other than that, I have no
24 involvement with any other part of the budget.

25 BY MR. CURTIS:

26 Q Could you outline the environmental budget
27 process of the company?

28 A The environmental budget process is that I
29 look at what I think needs to be done from a material,
30 operations and training standpoint and other costs
31 associated with the environmental program, which is
32 pretty well laid out, the environmental plan in the
33 SEMS. I prepare a budget and I submit the budget for
34 approval.

35 Then there's a budget review and since none
36 of the people or the equipment is mine, under my
37 responsibility, it becomes a review with the people in
38 technical for example or the people responsible for
39 training or the people responsible for human resources
40 and there's a joint review and a separate review and
41 finance reviews things also.

42 Q Once you submit your budget, who would review
43 that process?

44 A In that process? I'm not going to assume,
45 other than the people I have direct contact with. The
46 people I would have direct contact with would be other
47 VPs.

48 Now, can I ask how this is related to this
49 casualty? If there's no determination of blame to be

1 involved, is there something that specifically says
2 this is related to the casualty that's been found in
3 the facts?

4 Q As part of this investigation we just want to
5 get a well-rounded concept of company policy and
6 philosophy.

7 MR. SALE: This is Jon Sale. From my point
8 of view, I'll let him answer up to a point, but I'm
9 taking your lead that this is basically safety oriented
10 and I think that's where we should be focusing. But I
11 understand you need some background.

12 MR. OLSEN: Ken Olsen. As the NTSB and the
13 Coast Guard and the idea behind these casualty
14 investigations is to gain the greatest perspective and
15 to look at all the factors that might contribute to the
16 cause.

17 On another ship that was perhaps was not
18 financed properly and the engineers were strapped with
19 budget restrictions, budget issues certainly applies
20 and it might have contributed to some of their actions
21 or decision making along the way. That's why such
22 questions could be important at times.

23 MR. MASE: Curtis Mase. To that extent, we
24 allowed Mr. Randall to answer these, but of course when
25 you start talking about questions concerning
26 environmental budgets in relation to a boiler
27 explosion, it can seem to us somewhat far afield. He
28 answered the question, let's move along.

29 MR. CURTIS: I agree that this is not an
30 environmental issue.

31 MR. MASE: Everybody is entitled to their
32 questions. Let's go on.

33 MR. CURTIS: Brian Curtis again.

34 THE WITNESS: Can I add something along those
35 lines, though? Under the ISM code, budget shouldn't be
36 an issue, should it? Under the ISM code if the regular
37 processes aren't working, then anyone in the company
38 came come to the designated person, who can then bring
39 the safety issue all the way to the president of the
40 company, independent of any budget processes.

41 MR. CURTIS: We're just looking for
42 background information with regard to whether budgets
43 may have influenced decisions.

44 THE WITNESS: But what I'm saying is that
45 there is a regulatory mechanism that was specifically
46 developed and implemented throughout the world's fleet
47 to make sure that budget was not an issue.

48 MR. OLSEN: Ken Olsen. I want to confirm
49 what Pete Randall just said, it's extremely important

1 that if the ISM processes are functioning as they are
2 designed, such issues would be captured.

3 MR. CURTIS: Okay. We'll continue on.

4 BY MR. CURTIS:

5 Q Mr. Randall, on the vessel, for instance in a
6 machinery related item of importance, when someone has
7 knowledge of a problem, what would be their expected
8 responsibilities to track and manage that problem
9 through to the end point?

10 MR. MASE: Curtis Mase. Can you, rather than
11 being so oblique in terms of "someone" and "a problem,"
12 can you be any more concrete, because that's somewhat

13 --

14 MR. CURTIS: Okay. I apologize.

15 MR. MASE: That's okay.

16 BY MR. CURTIS:

17 Q Some one in more of a managerial position,
18 possibly a chief engineer.

19 A The chief engineer would bring it to the
20 attention of the superintendent, the technical
21 superintendent. And if he was solicited by someone
22 else in management, he would probably bring that up,
23 too. There would be an expectation of that.

24 But there's also a reporting system within
25 the SEMS that daily reports, weekly reports, semi
26 annual inspections, audits, audit follow up, there's an
27 entire documented system in the safety and
28 environmental management system where through multiple
29 channels a problem is brought up and documented through
30 a variety of different channels and that's how it
31 works.

32 And then if it doesn't go away, my group for
33 example tracks it. We have a corporate action line, we
34 have ship's action lines. We have a reporting system
35 where the safety reports go in. There is also a safety
36 and environmental committee, both crew and management,
37 on board the ship and serious safety concerns come up
38 there. They're discussed by shipboard management and
39 then that's forwarded on.

40 So there is a wide variety of documented
41 means for a safety concern of any kind to be put
42 forward by any crew member. If it was an engineering
43 matter in particular, the first reporting line is to
44 the technical superintendent on the ship from the chief
45 engineer, assuming there's a chief engineer. But it's
46 all open in the air under the system that we've
47 implemented.

48 Q Say there's a problem with a boiler. Who
49 would be required in that chain to report it to class?

1 A I'd have to look at the class rules in the
2 SEMS. I don't want to speculate on that.

3 Q Is there any program in place, awards program
4 for people who would report unsafe conditions on the
5 vessel?

6 A Awards program?

7 Q Yes.

8 A Okay. No. Nothing specific. Everyone is
9 expected to report unsafe conditions. There is a
10 corporate expectation that they report it.

11 Q I just have one more question at this time
12 and then we'll move on around the table. Regarding
13 being transferred or assigned to the Norway, is that
14 considered a promotion or a demotion? Is there any
15 type of take on that?

16 A I don't think -- it depends on the individual
17 and what their personal expectations are. There's
18 people who have sailed on the Norway, obviously you've
19 encountered them, for over ten years and they just like
20 that ship. And it depends on the position. Bartenders
21 love it, because they make a lot of money on tips in
22 the Caribbean as opposed to other places.

23 It purely comes down to personal present. If
24 somebody has always lived and worked on the Norway and
25 that's what they like and they want to stay there, then
26 they may be upset if they're transferred off. If
27 somebody comes from a brand new motor ship and is sent
28 to the Norway and they have to completely change
29 everything they've always thought about engineering
30 because it's a different type of engineering, it may be
31 considered -- it's purely on the individual's own
32 preferences I think.

33 Q Okay.

34 A There is no corporate , or any other that I
35 know of, mechanism or we're going to punish you sending
36 you to this ship or that ship. There is no such thing,
37 not that I'm aware of.

38 MR. CURTIS: I'm going to pass it along now
39 to Jim Walsh in D.C., if you want to continue on with
40 your questioning. Jim?

41 MR. WALSH: Jim Walsh, I'd like to ask Mr.
42 Randall a question on the background.

43 EXAMINATION

44 BY MR. WALSH:

45 Q Are you doing any special projects right now
46 for Norwegian Cruise Lines?

47 A Yes.

48 Q

49 Could you tell us about that, please?

1 A I'm involved with Project America.

2 Q Approximately -- when you divide your duties
3 up right now, how much time is spent towards Project
4 America?

5 A You know, I've spent almost 30 years now of
6 doing crisis management and it's 100 percent of the
7 time on what ever it is right now. When I can get into
8 a regular rhythm of things, it depends.

9 Project America, there's difference stages to
10 it. Right now I would say I'm not spending a lot of
11 time on Project America.

12 Q Primarily because you're working on this
13 project?

14 A No. No, because Project America from my
15 standpoint, the items that have to be addressed are not
16 a huge amount of time right now. Later on, for example
17 as the ship gets ready to be delivered it will demand
18 more, certainly, but --

19 Q The question was pretty much just to figure
20 out how much time on a normal day you're going to be
21 giving towards Project America as per any of the other
22 assignments you have.

23 A And to be honest, it depends on what stage of
24 all the other assignments I'm in at that given time and
25 how I manage my time and what other things might come
26 up. There is no fixed ratio or anything else. We
27 manage things on a daily or weekly basis, just like
28 everybody else.

29 Q Mr. Randall, for 2001 you were hired January
30 as a Director of Safety and Environmental for the
31 company, correct?

32 A Technical Development. Correct.

33 Q It was October that you assumed the
34 designated person position?

35 A Yes.

36 Q And you've kept that for approximately a
37 year?

38 A Correct.

39 Q Can you explain to us your understanding of
40 the monitoring system you used for that year as the
41 designated person?

42 A Yeah. And it was different from what it
43 currently is and it's different from most companies.
44 The president of the company sent me on a search and
45 destroy mission. He said go out and find problems,
46 report them back and keep going after then, both on the
47 ships and in the office, so that's what I did and I
48 documented them and it's all in the documentation
49 that's been audited by class societies and everybody

1 else. The government, too.

2 Q Those records are also the records that we've
3 asked for, correct?

4 A They're in the action logs and in the audits,
5 so if that's what you've asked for, yeah. I'm not up-
6 to-date with the 40 some pages of things that have been
7 asked for.

8 MR. MASE: This is Curtis Mase and I've
9 looked at the index and I believe they have, just so
10 that you know, Peter, asked for those things. Excuse
11 me.

12 THE WITNESS: It's all documented, Jim.

13 BY MR. WALSH:

14 Q What we're looking for is how often did you
15 go on a ship, is there a formal monitoring system where
16 this is captured or is it done on an ad hoc basis?

17 A During that time period it was both. There
18 is a formal audit system. How much time? That year I
19 probably spent at least four months on the ships and my
20 average up until this year has been three to four
21 months, sometimes more on the ships, going ship to
22 ship, revisiting ships, doing follow ups, looking
23 farther into things.

24 The problem, a little bit philosophical, but
25 this is the way it worked is the problem with an audit
26 system is an audit system says you have to have a
27 standard against which you audit and some of the
28 standards are much too broad to really dig out things
29 you need to dig out.

30 So you adapt and while you'll audit against
31 standards, during that process, at that time in
32 particular, and I still allow my people working for me
33 doing audits to do it, if it doesn't look right, we may
34 not just hold ourselves to auditing against the
35 standard. We may audit against good marine practice or
36 risk.

37 Q Thank you. The risk. When you look as an
38 auditor at a brand new ship versus a ship that is more
39 than 15 years old, do you put a greater emphasis on any
40 particular area?

41 A On a new ship you certainly put emphasis on
42 oversights by the designer, oversights by the
43 regulatory agencies and on familiarity of the crew with
44 the ship.

45 You don't look as much that you're expecting
46 a material problem, other than in design. That comes
47 up once in a while and I documented one where I was
48 incredibly disappointed from a risk standpoint in the
49 Coast Guard and in the class society in allowing a

1 ship, a particular aspect of a ship to be designed and
2 built the way it was and I challenged it and the
3 company agreed, but we didn't have any basis, so I left
4 that an open item.

5 So I look at that part on a new ship. On an
6 older ship with people who have been sailing on that
7 ship for a long time, the familiarization with the
8 equipment and their routines is less of a concern and
9 you look for things from the standpoint of
10 deterioration. And yeah, that's basically it.

11 Q And when you say "deterioration," are you
12 looking actually at material failure?

13 A Not necessarily failure, but the condition of
14 the material and trying to look as to is there
15 something that is a risk factor there that you might
16 want to look further into in the audit process.

17 Q The audit process and the risk assessment
18 that was spoken about earlier, is there a formal
19 formula or model that is used to determine the risk?

20 A No. Like I said, the risk process is in the
21 SEMS and the particular thing in the -- there's a risk
22 management committee that's described in the SEMS and
23 all the audits come to that risk management committee.

24 All the issues brought by the designated person are
25 brought to that committee and any issues brought by any
26 of the compliance people are brought to that committee
27 and the committee evaluates risk and prioritizes
28 action. That is described in the SEMS.

29 Q So for an audit, if you're bringing it to a
30 risk management committee and you have how many items
31 in your audits that you take a look at on a normal
32 basis?

33 A It varies. Like I said, a problem with an
34 audit process is that if you lock yourself into a fixed
35 check list you can find yourself time constrained and
36 missing bigger items that you need to address, so for
37 example if I'm doing a new ship, I'm going to work more
38 on those familiarization items and much less on looking
39 at material conditions.

40 So you don't have a fixed formula, it's up to
41 the auditor to determine which way the audit needs to
42 go and be as thorough as possible. So I can't give you
43 a fixed number of how many items are brought before the
44 risk management committee.

45 Q No, no. I'm not looking at what's brought to
46 the risk management committee, I'm looking more at when
47 your auditors go on board, their check list that they
48 use. The number of items is approximately how much,
49 how many items you typically look at by your guide and

1 your check list for the engine department.

2 A I can't give you an exact number.

3 Q Are the items on that guide weighted for the
4 risk of failure?

5 A No. That's the judgment of the auditor.

6 Q I'll try to stay away from any examples of
7 environmental, but when you're going on a ship and the
8 auditor is looking at the engine department, are those
9 auditors necessarily trained as engineers?

10 A Yes. I can only think of one exception to
11 that, which we had to do actually during this because
12 the engineering auditor became unavailable and that
13 vessel will be revisited. Whenever we do an audit
14 where we have someone who isn't the best we've got for
15 the audit, we will follow up with a second or third
16 unannounced audit. That's been pretty much of a
17 standard pattern.

18 Q When this auditor goes into the engine room,
19 are there items that you as the vice president have
20 either decided or the risk management committee has
21 decided must be examined on every ship?

22 A No. I don't think so. The check list that
23 we use is a standard check list. We've been revising
24 it, but the check list is there, that is available for
25 guidance to the auditor. To test the over speeds on
26 the boilers on the Norway doesn't make much sense, so
27 the auditor is going to look at -- but the auditor may
28 and as an auditor I did go check the safeties, for
29 example.

30 You adapt the audit to the circumstances
31 you're facing. You may not look at interlocks on one
32 ship and you may on another ship.

33 Q So granted they have boilers on new ships,
34 they're not propulsion boilers, but if you have a
35 boiler that's two years old versus four years old,
36 would you as an auditor going into that space expect
37 that older machine to get a more rigorous review?

38 MR. MASE: This is Curtis Mase. I couldn't
39 quite hear, did you say two versus forty or four?

40 MR. WALSH: Two years old versus anything
41 that's in excess of 15 years old.

42 MR. MASE: Okay. I'm sorry, I just couldn't
43 hear. Thank you.

44 THE WITNESS: That depends on what the
45 auditor sees and learns about it. We have two-year old
46 boilers that are failing and you look into why is this
47 failing and you find that the crew is following the
48 operator's instructions manual and you find out that
49 there's a manufacturer's flaw in it and if you have a

1 boiler that is 15 years old and you look at its history
2 and you don't see a pattern of problems, you're going
3 to make judgments as to which way the audit should go.
4 It's an audit, it's not an inspection.

5 BY MR. WALSH:

6 Q So as far as an audit goes, prior to
7 reviewing the machine itself, would you go to the AMOS
8 system to review the work history?

9 A No. My particular, and I can only speak for
10 myself and at least one guy I've trained, my audit
11 process is I spend the first day besides reviewing
12 previous audits and reports sent by the ship to shore
13 side that I have access to, ready access to, I will
14 spend the first day walking the ship, observing,
15 looking at material conditions, observing operating
16 practices and then after the first day of getting
17 familiar with things, then I'll start to go through a
18 pattern of looking at records, looking at people.

19 Reviewing AMOS is a regular part of all the
20 audits and that is on the check list and we do do that.
21 The extent that we look at AMOS, the whole audit
22 process is if you smell smoke, go looking for the fire.

23 Q On the AMOS, the system that you're using and
24 you're familiar with, does it kick out when work or
25 inspections that are supposed to be done on a regular
26 interval hasn't been done?

27 A A review will show that it hasn't been done,
28 but there are qualifications to that, too. The
29 qualifications to that we've learned in the last two
30 years of trying to improve AMOS, we found that AMOS-D
31 didn't accurately replicate from shipboard to shore
32 side.

33 When we found that, what we found was that
34 shore side it looked like a lot of things weren't being
35 done and then when we got an accurate replication, a
36 lot of that went away because it was not an accurate
37 replication. That problem has been corrected.

38 I'm not familiar with AMOS-W and I'm not that
39 familiar with AMOS-D that I can tell you everything
40 there. The normal thing is that if a job is scheduled
41 for monthly, on the monthly basis it will kick out all
42 the jobs that are due for the month and then if a job
43 isn't completed, you can do a sort for incomplete jobs.

44 Q On that system, as an auditor when you've
45 gone into the system, have you found that information
46 hasn't been inputted?

47 A For work that's already done?

48 Q Or work that has not been done has not been
49 identified.

1 A No.

2 Q If there's a 5,000 hour check and someone
3 hasn't entered not done because of "x," would you
4 consider that a minor non-conformity as per your
5 system?

6 A No. The standard is that if -- and it
7 depends on the severity of the item. If it's that we
8 didn't -- yeah, it's going to depend on the severity of
9 the item whether it's a non-conformity or not. In
10 writing a non-conformity as opposed to an observation
11 on an internal audit, it is also a decision as to just
12 how severe it is and that's a judgment call and that's
13 an evaluation by the auditor and by the senior lead
14 auditor and then ultimately, me when I review them.

15 But typically in doing an audit with regard
16 to AMOS, it's inefficient to just sit down and look at
17 AMOS.

18 Q Agreed.

19 A You sit down with the engineer or the deck
20 officer who is responsible for that particular aspect
21 and you ask them to pull something up that you want to
22 see and then you see if he's got it there or if he
23 knows how to pull it up and then you start going down
24 that road with the intent being to verify the jobs that
25 are scheduled are being done and documented.

26 Q When you identify or your team identifies an
27 issue, whether it's an observation, a non-conformity or
28 a major non-conformity, how does that get closed out?

29 A The way it works since I've been here is that
30 the form we're using right now, basically the auditor
31 and then the lead auditor will specify on the form
32 what's required for close out. If there's a paper
33 report that's missing, then obviously you can put on
34 there that it can be sent to the auditor or to the
35 office as evidence of closing it out.

36 Other things the auditor and the lead auditor
37 are entitled to and we frequently do require an on the
38 spot follow up check and it depends on whether a ship's
39 officer or a shore side person, but in general, at
40 least for the last two years, we're looking for
41 reliable, independent verification that it's been
42 closed out and we're looking for a systemic close out.

43 Just because they say okay, we fixed this,
44 we're looking for the system fix there, not just that
45 okay, I fixed it, now the auditors are gone, we'll go
46 back to what we were doing.

47 MR. CURTIS: If I could intervene, I'd like
48 to flip the tape over here, if anybody wants to take a
49 break. We'll go off the record.

1 (A brief recess was taken.)

2 MR. CURTIS: We've flipped the tape, we're
3 back on the record. We took a five-minute pause and
4 we're continuing with questioning from Jim Walsh. Go
5 ahead, Jim.

6 THE WITNESS: Could I follow on to that last
7 one? It will be a judgment call, depending on what it
8 is, as to what kind of follow up we require and that's
9 all part of the review process.

10 And then on the next audit we're going to
11 look at -- we'll pull up what were the non-conformities
12 or observations on the last one and go check them
13 again. So we're looking at ideally at least two checks
14 that the item and the process associated with the item
15 is corrected.

16 BY MR. WALSH:

17 Q Does the vice president of the specific
18 department sign off on that to close it out?

19 A Not necessarily, no. I don't have to accept
20 any close out by a vice president. They may offer
21 comment or explanation or something, but I look at
22 having -- it can be closed out by the auditor himself,
23 but that will get reviewed.

24 Q Something that to me is a little bit foggy
25 right now, your title is Environmental and Regulatory,
26 yet in your audits you do look at the safety aspects,
27 correct?

28 A Yes. A title is a title.

29 Q I know we can go to your Safety and
30 Environmental Management System to see how the risk
31 management committee is structured and in taking a look
32 at your on board audits, we've already asked the
33 question about are the items weighted as per any
34 specific risk or go/no go, you must do this and our
35 answer now is there is no hierarchy or prioritization
36 formally done on paper, correct?

37 A There is no hierarchy or weighting, no.

38 Q How do you measure performance?

39 A Performance of what?

40 Q If a ship is doing better in an area or not
41 doing as well compared to the last time you visited and
42 also compared to the fleet.

43 A Basically the audit team, which for the most
44 part has been working together for three years now,
45 because you're going vessel to vessel and you're going
46 audit to audit on a single ship, it's a subjective
47 comparison, but there is no scoring system that says
48 well, this ship is -- there is no scoring system like a
49 public health inspection, if that's what you're

1 referring to.

2 Q You mentioned the budgeting process for your
3 department and that you're not responsible for many of
4 the systems, but you're responsible for compliance and
5 oversight of those systems, correct?

6 A Right.

7 Q So you do get involved with technical on
8 budgeting matters?

9 A Yes.

10 Q As a safety issue, when you take a look or
11 your team takes a look at the engine room, are there
12 safety enhancements that have been proposed by you or
13 your team to engineering?

14 A We rarely get into something like that. We
15 try to stay objective and say this is the issue, there
16 needs to be a solution to it. We document it and we
17 look for it to be corrected. There have been however
18 rare occasions, and I'll give you an example.

19 In our audits going ship to ship we found
20 that the existing technology being installed on ships
21 for keeping galley ventilation ducts free of grease are
22 inadequate and very inefficient and difficult for the
23 crew to maintain good standards. So we found on one
24 ship where they fitted a steam cleaning and
25 extinguishing system in the duct and we saw what it
26 did, it had incredibly good results.

27 So we've come forward and said we think that
28 there should be steam cleaning in the ducts on all the
29 ships. So technical takes that and tries to work it
30 into the system.

31 Q On an issue that you brought up with
32 training, are you looking at the efficacy of training
33 in safety in these different departments on board?

34 A Yes.

35 Q And how do you track that?

36 A We identify shortfalls and then document them
37 in the audit system as non-conforming or observations.
38 Shortfalls such as not everybody had all the required
39 training or we found in areas the training could be
40 improved and we pass that on to the responsible party
41 within the system, through the audit process.

42 Q Are you given monthly updates from the senior
43 VP of finance on performance, on whether it's
44 consumable or on expenditures for the ship in the
45 safety area?

46 A No. I receive up-to-dates with regard to
47 environmental. If I look at budget for any reason,
48 it's because the audit process has surfaced something
49 where we need to go investigate a very particular area

1 and then we will go and look at the finance aspect of
2 that if need be. If it's appropriate.

3 Q As far as items that are being repaired on a
4 ship, whether it's a light bulb that gets repaired a
5 hundred times, how do you capture items that are being
6 repaired and you're just fixing the issue at hand but
7 not the cause of the issue?

8 A Well, in my capacity and my department's
9 capacity, I don't really care of a light bulb blows a
10 hundred times. I care that the light bulb works and
11 it's supposed to be there. If we can determine
12 something that contributes to something not working, we
13 want to surface that, but in our audit process we don't
14 get into measuring the finance on that unless there is
15 a clear indication that needs to be looked at.

16 Q I guess the real question was do you do
17 trending on issues on board ships and then compare them
18 to other ships?

19 A Yes. But not monetary trending.

20 Q But for failures?

21 A Of course.

22 Q Do you have a formal system for trending of
23 failures?

24 A Part of what my department will do and part
25 of what the system will do is that we will look at non-
26 conformities or near misses or accidents that recur and
27 we will look for trends and when those trends come up,
28 then we will pursue them. There's safety and
29 environmental management committees on board ships and
30 there is one shore side too and those get discussed
31 there.

32 You have requested and have received copies
33 of the minutes from those meetings.

34 Q Is there a formal report that goes out from
35 your committee showing the trends, showing the ships
36 the trends that you've identified?

37 A We provide accident, near miss and audit
38 trend reports to the risk management committee. We've
39 just started doing that in the past year and I don't
40 know -- if I may, I don't know what accident tracking
41 system you use, but we found the one that we were using
42 totally inadequate and dumped it.

43 It was expensive, it was cumbersome, it was
44 time consuming and we didn't see it as serving the
45 purpose of safety. We created our own tracking,
46 reporting and tracking system, we implemented it and
47 now we're getting useable data that we provide to the
48 risk management committee.

49 Q Does NCL have a separate loss prevention

1 group?

2 A Loss prevention from what standpoint?

3 Q Loss prevention with regard to --

4 A Market segment or what?

5 Q No. Loss prevention with regard to
6 accidents. Accidents with either passenger deaths, if
7 you will, or crew members.

8 A There is a claims department in legal that
9 also works closely with us in looking at accidents and
10 also looks closely with the customer affairs people to
11 look at all the different aspects of claims. But if
12 the question is do we look at injuries and accidents
13 and what can be done to prevent them, yes.

14 Q Is the system, your loss prevention and your
15 injury/accident reports, are they sophisticated enough
16 so that we could query throughout your fleet to
17 determine the trending of accidents in the engine room
18 alone?

19 A Yes.

20 Q And then is it sophisticated enough to say
21 that this -- we would be able to query it to determine
22 how many accidents or injuries have come from working
23 on boilers, whether they're propulsion or whether
24 they're for generation of water?

25 A Theoretically, yes. To explain that, we
26 tried to make the system -- we found the old system so
27 "sophisticated" that nobody could fill the damn thing
28 out, so we weren't capturing things and it became a
29 paperwork nightmare, so people rather than reporting
30 good information, would just fill in the form.

31 So we tried to get it very simple. We've got
32 a two-page form that is Word based and Excel based and
33 it's looking at the tree top items, fire, flooding,
34 injury, things like that, in some ways similar to a
35 Coast Guard 2692.

36 Then there is a narrative section where once
37 you find the particular tree you're looking for, you
38 can go into a little bit more depth as to the details
39 of that accident. That's why I said theoretically.

40 Q The mentioning of your near miss and accident
41 reporting, if one of your ships, whether direct diesel,
42 diesel/electric or steam, had a blackout, would you
43 expect them to file a report?

44 A Multiple reports.

45 Q Pardon me? Multiple reports?

46 A Multiple reports.

47 Q And is there a requirement for those reports
48 to be done in a specific period of time?

49 A The daily report would be expected to be

1 daily. There's an automatic system where the captain
2 would be expected to report the blackout in the daily
3 report, then in the weekly technical report and then in
4 the incident reporting system report, minimum. Those
5 three minimum.

6 Q And is there a time frame of immediate
7 reporting on certain of these issues or does it depend
8 on the severity?

9 A With regard to what kind of an incident?

10 Q If you had a complete loss of propulsion or a
11 complete loss of power.

12 A I think -- you know well enough, Jim, that
13 when you have a blackout or a loss of propulsion the
14 ability to report is going to be tempered by what the
15 circumstances at that moment are and dealing with the
16 circumstances.

17 Q Right.

18 A Typically something like that will be
19 reported as quickly as they can possibly get the time
20 to do it.

21 Q Right.

22 A But it would be expected to appear in the
23 written or electronic daily report and when we see
24 those daily reports, then -- for example, I see them
25 every day and if I want to make sure that something
26 gets investigated or a particular aspect, I'll ask for
27 the details to be included in the formal report. It
28 happens all the time.

29 Q Right. Are you aware of in the last say
30 seven months of any blackout reports coming in from the
31 Norway?

32 A I can't give you a hard and fast answer on
33 that.

34 Q But right now you can't recall?

35 A No. I'd have to go back and look at the
36 records.

37 Q As far as measuring a ship's performance, is
38 there a formal annual review?

39 A There's a master's review in the SEMS, an
40 annual review where the master submits a written
41 report, annual report. That annual report then goes to
42 a management review committee. The management review
43 committee will review all of those annual reports and
44 will make recommendations and those will then be
45 forwarded to the risk management committee.

46 Q Is there any incentive program from shore
47 side to shipboard based on the performance on an annual
48 review?

49 A None that I'm aware of.

1 Q Does your department deal directly with the
2 insureds?

3 A No.

4 MR. WALSH: Peter, that's it for me right
5 now. Thank you very much.

6 THE WITNESS: Okay.

7 MR. CURTIS: Rob, do you have any questions?

8 MR. JONES: Yes. Rob Jones.

9 EXAMINATION

10 BY MR. JONES:

11 Q How are you doing, Peter?

12 A Fine, Rob. How are you?

13 Q Just to clarify just one or two questions
14 here, just to clarify. The method that the ship's
15 force, engine deck, officer's crew would use to
16 identify a problem aboard, whether it be a near miss,
17 an accident, you had mentioned safety concern reports.
18 Is that the name of the report that is filed under
19 your SEMS, Safety Concern Report?

20 A No, it's not. There's a bunch of mechanisms
21 in place. First of all, all the ships that I know of
22 have a safety suggestion box so they can put something
23 anonymously.

24 You've also got the crew safety and
25 environmental committee, where the crew members select
26 members of the committee from their department or
27 division or whatever and that group meets at least
28 monthly to bring -- but they can report things more
29 often, to address safety concerns that they see.

30 Those get floated up to the management safety
31 committee on board the ship and then those all come
32 ashore.

33 There's a designated person and phone number
34 and e-mail and everything is plastered all over
35 bulletin boards all over the different ships.

36 The incident reports, there is a severity
37 scale in the SEMS and there is a couple flow charts in
38 the SEMS that explain the process by which a near miss
39 or an accident or anything else is documented and
40 reported. It's all in there.

41 The forms themselves then get -- when an
42 investigation is done, it's up to the security officer
43 to make sure that those forms are completed, that
44 they're reviewed by the captain and that they get off
45 shore side in a timely manner.

46 My department will monitor things and I will
47 give you an example. If we see something on a daily
48 report, if I see something on a daily report that I
49 think we need to look into because I've seen it before

1 or I think it's of particular concern, I will send an
2 e-mail to my Safety Management System manager who
3 manages the accident information and I will tell him I
4 want a specific follow up on that particular item, that
5 I want to see a report and make sure that the ship
6 files one.

7 Q This is going back to the interview with the
8 DP, when we asked about safety concern reports or any
9 type of paper coming from the vessel that identified
10 problems, he has not received any in his interim as DP.

11 You seem to be saying that there is a trail,
12 or at least a method where the ship can identify
13 problems and get that back to the DP.

14 A The ship can go directly to the DP on
15 anything they want. The standard process is to come
16 through my department. Part of the DP's role is going
17 to be to make sure that I do my job too.

18 MR. LEHRER: Rob, if I can, this is Richard
19 Lehrer, I sat in during that DP interview and what I
20 believe Captain Menes said was where the systems on the
21 ship are working appropriately, he would not receive
22 any kind of communication from the vessel. It's only
23 when it's not working appropriately and there's a
24 safety concern that he acts as a safety valve and if he
25 receives that kind of information, he'll pass it off to
26 Peter Randall or whatever VP should be handling that
27 particular inquiry.

28 In the time that he's been the DP he hasn't
29 received any safety concerns other than those
30 concerning sexual harassment is what he said.

31 THE WITNESS: Can I offer a specific example?

32 BY MR. JONES:

33 Q Okay.

34 A Menes was just recently paying a visit to the
35 ships, which I did too as DP, and he saw something come
36 out and it's not in his area of responsibility
37 whatsoever, other than as DP, but he had concern for
38 the work hours on a particular group of individuals.
39 He passed that concern on to me.

40 I have since started to look into it myself
41 and I told him that I've started to look into it myself
42 and that I will keep him informed. That's the way the
43 system more or less works. He and I communicate back
44 and forth.

45 I will give you another very specific area
46 for this whole thing which is stage pyrotechnics. In
47 my audits I identified them as a high risk item.
48 They're not on any check list I've ever seen anywhere
49 and to follow a check list that says do this but

1 ignores stage pyrotechnics is foolish.

2 So as part of that, it's the judgment of the
3 auditor to look for risk and deviate. So we found that
4 over and over. We brought the item up, it was
5 discussed at risk management, it was okay, get them to
6 write procedures and do training. We tried to go down
7 that road, but because we were dealing with a
8 concession and shore side technical experts who are not
9 familiar with the risk on ships, we found through
10 audits and through feedback from the ships ultimately
11 that it was an unacceptable risk.

12 Finally, after this had been brought to the
13 risk management committee through various stages,
14 ranging from okay, we'll do procedures, we'll do
15 training, we'll audit and they looked at it and
16 evaluated it and agreed on the steps.

17 Finally, in the end it came to the risk
18 management committee and they said okay, ban them all.

19 So we've banned them from our ships. That's one
20 example of the system absolutely working the way the
21 system should.

22 We weren't constrained to some check list, we
23 did on-site risk management, we did formal risk
24 management. We evaluated all the different factors, we
25 tried to address it from a process standpoint, it
26 didn't work, so finally we just banned them. Does that
27 kind of explain?

28 Q Who is asking me that? Is that Peter?

29 A Yes.

30 Q Peter, just with regard to a paper trail,
31 you're saying they would file any kind of reports with
32 you in regards to just safety and environmental, what
33 you're VP of?

34 A I receive an awful lot of electronic reports
35 and the system is approved as an electronic system, so
36 yeah, there's an awful lot of electronic reports.

37 Q How would you close out anything and get that
38 back to the vessel that the issue has been addressed?

39 A Well, one way is if a SEMS procedure comes
40 out and says well, no more pyrotechnics, then we'd send
41 an e-mail too saying there's no more pyrotechnics.

42 On other things, if we felt that follow up
43 with a vessel was appropriate, we would contact the
44 vessel and we'd file them and we'd keep them on the
45 burner.

46 There's a corporate action log and a
47 shipboard action log that is used to track that stuff,
48 too, but there's also the meeting minutes. The meeting
49 minutes from the safety and environmental committee is

1 on board ship where everything is supposed to be aired
2 out, we watch them.

3 They come ashore, they're reviewed and
4 periodically Menes as the DP sees them. I see them,
5 other people see them. We look for things there and we
6 look to see if they're addressed and if you go back six
7 months later and see the same thing still on the
8 minutes from the last meeting as was on the meeting
9 minutes a month before, you go back to the ship and say
10 hey, what's this hanging around for, what are you
11 doing.

12 Now, please understand that the system we're
13 talking about has been evolving for two years and we
14 think we've just about got it complete. This entire
15 Safety Management System was launched in July of 2001
16 and it's been evolving and growing ever since. Now our
17 concern is that it's getting too big and too much
18 paperwork for the crew and one of our goals this year
19 was to simplify it and to let what we've done soak in
20 and before cultural as opposed to just continuing to
21 push out more and more standards.

22 Q The had mentioned that issue with the grease
23 in the galley and how to achieve a better result with
24 that. Was that distinctive just for the Norway or
25 would that be for other vessels too?

26 A I never mentioned the Norway.

27 Q Okay. Well, wherever you found it, if that
28 is a good implementation to prevention, how would you
29 share that with other vessels in the fleet?

30 A I would take it to technical and to marine
31 operations and to risk management.

32 Q With a shared e-mail letter out to the rest
33 of the vessels or is that a significant --

34 A You know, the vessels can't do anything about
35 that on their own, so I take it to management and then
36 we follow up with an audit. You know, if the following
37 year we find that the -- or at the next visit the issue
38 hasn't been addressed, then we bring it up again.

39 Our role is to find and document and make
40 sure that follow up happens and we have a process in
41 place for doing that.

42 MR. SALE: This is Jon Sale. Just so the
43 record is clear, Peter, I think when you were referring
44 to the example of the steam cleaning, you were not
45 referring to the Norway; is that right?

46 THE WITNESS: I was not referring to the
47 Norway.

48 MR. JONES: I wasn't pushing for that, I was
49 just wondering wherever you found it, how does it get

1 implemented onto other vessels if the same situation
2 could occur.

3 THE WITNESS: Through the audit. The audit
4 results are sent to the VPs and directors or whoever is
5 responsible in the particular area where the problem
6 was found and then a dialogue will start through the
7 various safety meetings and we will keep an eye on
8 what's going on and try to stay on top of it.

9 BY MR. JONES:

10 Q And DNV is your outside auditor?

11 A Yes.

12 MR. MASE: This is Curtis Mase. For the
13 SEMS, right?

14 MR. JONES: Right.

15 THE WITNESS: Well, with one exception. We
16 also have an independent environmental auditor.

17 BY MR. JONES:

18 Q Who in the company holds the Document of
19 Compliance?

20 A I do.

21 Q You do?

22 A I do.

23 Q Not the DP?

24 A No, I do.

25 MR. CURTIS: Okay?

26 MR. JONES: Yeah, that's it for right now.

27 Thank you.

28 MR. LAMBERT: Michel Lambert.

29 EXAMINATION

30 BY MR. LAMBERT:

31 Q May I apologize for my english is so bad.

32 A No problem.

33 Q If I fully understood, your Safety Management
34 System is covered by certificate issued by (inaudible).

35 A Yes. Document of Compliance.

36 Q Could you confirm that the management of the
37 machinery is within the scope of such a system of
38 certification?

39 A Yes.

40 Q And in particular, operation and maintenance
41 in boiler and what equipment?

42 A From a safety and environmental standpoint,
43 yes.

44 MR. LAMBERT: Okay. That's all.

45 MR. HISLOP: Kevin Hislop.

46 EXAMINATION

47 BY MR. HISLOP:

48 Q Peter, could you explain to me please your
49 scope of duties as your title Regulatory Affairs?

1 A Right.

2 Q What is involved in that?

3 A If it has to do with regulatory standards and
4 my involvement with Project America for example is from
5 a regulatory standards standpoint, that's within my
6 scope.

7 If it's -- basically, it's very broad. It's
8 compliance with regulatory standards or with our own
9 standards within the SEMS.

10 Q So it's regulatory standards with IMO?

11 A Yes.

12 Q Flag, state?

13 A Yes.

14 Q Class?

15 A Yes. But that's compliance with that and I
16 will give you an example. The class certificates are
17 typically the responsibility of the technical
18 superintendent.

19 My department's job is we monitor to see if
20 the certificates, the surveys, audits, whatever are
21 being done, we don't get heavily involved with that
22 standpoint unless we find that it's just not being
23 addressed.

24 And I will give you an example. Coming up,
25 BARPO-4 (phonetic) has been ratified, so I put
26 technical, I put finance, I put everybody on notice
27 that hey, BARPO-4 has been ratified and you need to
28 verify that BARPO-4 certificates are going to be on all
29 the ships where they're needed.

30 I will take that standpoint. That's a
31 tickler item and we'll come back later on in the summer
32 and then when the actual deadline hits to see where we
33 are on that.

34 But as far as us being responsible for
35 implementing on board the ship's BARPO-4, from that
36 standpoint we wouldn't do it.

37 So the Regulatory Affairs thing is a little
38 fuzzy there. The first line on regulatory affairs, on
39 anything regulatory, basically comes through the
40 responsible department.

41 Q So who would have like sort of meetings, say
42 with class, sort of get together meetings shore side?

43 A The responsible VPs, technically, unless
44 there was a particular issue that came up and along
45 those lines, I've been called into meetings with OCMI
46 or (inaudible) here where something in another area
47 appears to be having a problem, so I've been called in
48 to try to find out what went wrong and what they should
49 be doing to address it.

1 Q Talking of issues, the operational
2 requirements for the main boilers in port, you said
3 that the ships will shut down in port; is that correct?

4 A (No response.)

5 Q From an environmental issue.

6 A I take it you're following up on the progress
7 meeting statement that I made the other day?

8 Q Yes.

9 A The purpose of what I said at the process
10 meeting is that there's more than one reason to do a
11 lot of things and to cast doubt on the practice of
12 shutting down boilers in port has to also be put into
13 the frame work that there are other regulatory schemes
14 that encourage it and you have to balance all those
15 things out and not just boilers, diesel engines too.

16 We have three ships in Alaska right now that
17 we will be fined by the government if we don't have
18 minimal equipment running while we are in port. So
19 that stresses equipment too.

20 Also sometimes we run into a situation where
21 the regulatory scheme threatens safety, where the
22 constraints and penalties for say emissions are so
23 onerous that a captain will be forced from that
24 standpoint to think about maybe I only have three main
25 engines on instead of four. He wants to have the
26 fourth one there for insurance, so to speak.

27 My whole point the other day was that to take
28 anything out of context from that standpoint I thought
29 was inappropriate and there has to be balance in the
30 evaluation of that whole thing.

31 To say that you're stressing a boiler by
32 shutting it down and starting it up, well, you may be
33 stressing it, but you stress everything every time you
34 use anything and was the stress refractory tubes,
35 drums, what are we talking about?

36 My whole point is that to paint a picture
37 without putting it into the proper context is
38 inappropriate.

39 Q My question is the awareness of this question
40 of the boilers, would you consider this a fact to bring
41 to the attention of class?

42 A I would bring it to the attention of class to
43 say what's the class's -- as the experts, what's the
44 input.

45 Q Has it been done?

46 A I don't know.

47 Q You don't know?

48 A I do not personally know.

49 Q Finally, to your knowledge, Peter, has there

1 been ever any discussion with respect to the Norway,
2 change of class?

3 A Yes. There was that I'm aware of.

4 MR. HISLOP: Okay. Thank you.

5 MR. CURTIS: Ken?

6 MR. OLSEN: I've got a few questions, I
7 realize that you may not answer them.

8 EXAMINATION

9 BY MR. OLSEN:

10 Q Can the persons you referred to as the risk
11 management persons give us some type of information as
12 to how the maintenance budget for the Norway is
13 developed with respect to engineering equipment?

14 MR. MASE: Most respectfully I'm going to
15 stand my ground on this point and I'm going to instruct
16 Mr. Randall not to answer the question. You're free to
17 ask them, Mr. Olsen, just so you have your record.

18 MR. OLSEN: Carlos, would you like to ask
19 that one for me?

20 MR. MASE: Let me be clear. Carlos can't ask
21 the question either, because I'm not going to allow my
22 objection to this to be subverted by simply having him
23 ask the questions.

24 MR. OLSEN: For the record, you're refusing
25 to respond to any questions from Coast Guard officials;
26 is that correct? Coast Guard representatives?

27 MR. MASE: No, that's not correct. I'm
28 refusing, as I said earlier, to allow any questions
29 that you may ask, Mr. Olsen, to be answered.

30 If you want the pass to Carlos and let him
31 ask questions, that's fine. If you want to ask
32 questions here on this record, I'm going to instruct
33 Mr. Randall not to answer. My position is clear from
34 the two letters I've sent to the Coast Guard and what
35 I've said earlier today.

36 MR. OLSEN: I've got another question.

37 BY MR. OLSEN:

38 Q Prior to the casualty, are you aware of
39 having any discussions or having heard of any
40 discussions with anyone regarding the existence of
41 fractures within the seams of the boiler?

42 MR. MASE: Don't answer that.

43 BY MR. OLSEN:

44 Q Another question, would you expect a new
45 vessel superintendent in assuming his new role as a
46 superintendent to thoroughly examine all existing files
47 that might relate to the boilers on board the Norway?

48 MR. MASE: Don't answer that.

49 BY MR. OLSEN:

1 Q Would you expect a relieving chief engineer
2 to examine all those files as he comes on board as
3 chief for the first time?

4 MR. MASE: Don't answer that.

5 BY MR. OLSEN:

6 Q Would the work that's performed on the
7 boilers and logged in work books which we've called
8 evidence, would that work be expected to be found in
9 the AMOS-D system, the completion of that work?

10 MR. MASE: Don't answer.

11 BY MR. OLSEN:

12 Q I was wondering if you could possibly give us
13 an indication of the types of material failures or
14 conditions that might lead up to the reporting of a
15 non-conformity. Could you explain that, please?

16 MR. MASE: Don't answer.

17 BY MR. OLSEN:

18 Q Do you know or do you have any knowledge of
19 the fitters on board the vessel having been certified
20 as welders to perform welding on pressure vessels or
21 pipelines or systems?

22 MR. MASE: Don't answer.

23 BY MR. OLSEN:

24 Q In discussing audit standards, the guidelines
25 that either internal or external -- well, internal
26 auditors follow what is the procedure to provide more
27 details to those standards that are found inadequate?

28 MR. MASE: Don't answer.

29 BY MR. OLSEN:

30 Q During internal audits, would the review of
31 shipboard files be part of an auditing procedure?

32 MR. MASE: Don't answer.

33 MR. OLSEN: That's it for my questions.

34 Thanks.

35 MR. SALE: This is Jon Sale. I think the
36 record is clear that Mr. Randall is following
37 instructions from Mr. Mase in his corporate capacity.

38 MR. MASE: I'll stipulate that I am
39 instructing him as an attorney who represents him in
40 his capacity as an employee of NCL.

41 And I'll further state that I believe Mr.
42 Sale and Mr. Randall in that regard are only following
43 my instruction and are not making their own decision.

44 MR. SALE: Jon Sale. Mr. Randall wants to
45 cooperate, but is following instructions of his
46 employer and they tell me they've documented the basis
47 of their objection.

48 MR. OLSEN: That's fine. Thank you.

49 MR. CURTIS: Carlos, do you have any

1 questions?

2 MR. PAILLACAR: No questions.

3 MR. CURTIS: Brian Curtis.

4 FURTHER EXAMINATION

5 BY MR. CURTIS:

6 Q Are you aware of any, through others in the
7 vessel or in management, comments made to the affect
8 that there may have been a problem with micro cracks on
9 the boiler?

10 A Absolutely not. And if I can qualify that
11 even further, I'm not aware of any comments from people
12 on the vessel with regard to any cracks in pressure
13 vessels on board, not just micro cracks.

14 Q As part of the ISM/SEMS system, are the
15 officers on the vessel required to submit turn over
16 notes from their trips?

17 A For their contract.

18 Q For the length of their contract?

19 A For their contract they are to do a hand
20 over, yes, and that's all documented in the system and
21 I know that the Coast Guard has collected notes from
22 the chief engineer.

23 Q Those are submitted to the chief, is that
24 correct?

25 A It electronically is recorded and the chiefs
26 typically keep a hard copy and there's typically a hard
27 copy on board the ship.

28 Q As part of an employee's background, are
29 generally records kept, certificates kept on
30 individuals working in the engine spaces, particularly
31 the background certificates of a person's
32 qualifications?

33 A If you mean their training, in personnel
34 folders. That's where it's supposed to go and that's
35 what the process is.

36 Q From your take I ask this question, which
37 entity or organization is responsible for identifying
38 and reporting any major unsafe condition found in a
39 particular piece of vessel machinery, namely the main
40 boilers?

41 A (No response.)

42 Q Ultimately reporting.

43 A What individual, what department?

44 Q Who ultimately is responsible? I'm trying to
45 think of a clearer, concise way to phrase it. If a
46 problem is found on the vessel, who is responsible for
47 reporting that to upper management? How is that passed
48 up?

49 MR. MASE: This is Curtis Mase. You're

1 talking about some kind of an engineering or technical
2 problem, I gather?

3 MR. CURTIS: A boiler problem.

4 THE WITNESS: Without looking at the
5 specifics of the SEMS, I've already said that every
6 employee has got a responsibility to report on safety
7 issues. That's in the SEMS.

8 If any engineer saw something, they're
9 expected to pass it on up the line to the chief
10 engineer. The chief engineer is responsible for the
11 technical plant on the ship and he's responsible for
12 compliance with whatever the class, flag or even port
13 state requirements are from that aspect.

14 The chief engineer is also expected to
15 provide details in the weekly technical reports and if
16 necessary, in the captain's daily reports to pass those
17 on. When you go into the SEMS, you'll see who receives
18 those reports and what the detail requirements are.
19 Shipboard, that's the responsibility there.

20 Shore side, you have responsibilities for the
21 shore side personnel, too, and I can't cite to you
22 exactly what they say, but typically, if you have a
23 safety issue, typically on anything, boilers or
24 anything else, it's supposed to go up the line as far
25 as it needs to go to get addressed and it's all laid
26 out in the Safety Management System, in the SEMS.

27 BY MR. CURTIS:

28 Q You said the chief submits a weekly --

29 A Technical report.

30 Q -- technical report?

31 A Yes.

32 Q And that's submitted to?

33 A There's a distribution, it's electronically
34 submitted and there's a distribution. I actually get
35 them on my (inaudible) and while I'm not responsible
36 for some of those areas or any of those areas
37 particularly, it gives me an indication of something I
38 may need to go look at.

39 Q If there were a repair in the boiler or a
40 critical pieces of equipment, that would be submitted
41 through the ISM process as well, right?

42 A A repair?

43 Q A problem found in the boiler, I'm sorry, not
44 repair.

45 MR. MASE: I'm sorry, this is Curtis. We're
46 not talking about anything being fixed, we're talking
47 about identifying a problem?

48 MR. CURTIS: Just identifying a problem, yes.

49 THE WITNESS: If it was a serious problem,

1 yes, it would be reported. Once that report is there,
2 then it's the responsibility of the responsible parties
3 to follow up on that. The system also allows, through
4 a monitoring process, to follow up and make sure it
5 happens.

6 MR. CURTIS: I'm going to stop momentarily to
7 turn the tape over. The time is 12:05.

8 (A brief recess was taken.)

9 MR. CURTIS: And we're back on the record
10 after a ten-minute pause. The time now is 12:10.
11 We'll go to Jim Walsh.

12 MR. WALSH: Jim Walsh.

13 THE WITNESS: Hello, Jim.

14 FURTHER EXAMINATION

15 BY MR. WALSH:

16 Q Just a couple of follow up questions. You
17 mentioned you have a technical background and you've
18 worked on boilers in the past when you were with the
19 Coast Guard, right?

20 A I did boiler inspections within the
21 constraints of the Coast Guard boiler inspection
22 program on U.S. flag vessels.

23 Q And that was for new building as well, when
24 you (inaudible)?

25 A No. Only from the standpoint of boiler
26 automation.

27 Q Boiler automation. When your ships have
28 their annual passenger ship safety certificate
29 inspection, do you attend or does any member of your
30 team attend that?

31 A No.

32 Q How about any special surveys for boilers or
33 diesels, do your teams attend that?

34 A No.

35 Q How does your office measure the performance
36 of class and/or flag?

37 A There's various ways to measure that, but
38 it's going to depend on what we find on our audits and
39 what we see on port state and on feedback from the
40 ships and from operations personnel.

41 Q Are you or your team or anyone else that
42 you're aware of making reports on the adequacy, whether
43 it's adequate, whether it's above what you would expect
44 or below what you would expect on either class or flag
45 surveys or inspections?

46 A We don't quantify them, so it's going to be
47 subjective opinion and if we see a trend on something,
48 but part of our -- a deliberate part of our audit
49 process is to look at things that the class and the

1 flag are supposedly taking care of to see if there are
2 shortcomings and we find shortcomings.

3 Q On a diesel, class would probably take a look
4 at a liner every so many thousand hours of operation,
5 correct?

6 A Who would do that? Do you mean my audit
7 group?

8 Q No, no. I was saying that class would
9 require a piece of equipment to be examined after so
10 many thousand hours.

11 A Whatever the standard they've set up for the
12 piece of equipment. We're going to evaluate whether we
13 find evidence that what they're doing is inadequate.

14 Q Realizing that you have boilers on every
15 ship, but only one ship has propulsion boilers, has yr
16 office or the technical department helped you in doing
17 it, created the adequacy of the standards used by class
18 or flag to look at the boilers on board the Norway?

19 A I can't speak for technical. I have not, no.
20 My department has not.

21 Q Are you aware or is anyone else in your
22 department aware of the frequency of the inspection of
23 the boilers on the Norway?

24 A Well, I have knowledge as a result of when I
25 see weekly technical reports when they come in and we
26 monitor whether they stay within class, but further
27 than that, no.

28 Q If an issue comes up with -- and we'll talk
29 specifically about the Norway. If an issue came up on
30 the Norway concerning a boiler and the communication
31 route, the device for it is simply someone telling the
32 chief this needs to be done, he does it, does that
33 necessarily mean there's going to be a report that
34 works its way up through the chain that something got
35 repaired?

36 A With regard to the compliance program or
37 overall?

38 Q Let's say if someone, let's say a watch
39 officer and you could extend that out to almost any
40 ship, if a watch officer, in this case on the Norway,
41 came to the chief and said we need to fix this or
42 repair it or do something about it and the chief says
43 fine, I'll take care of it.

44 Now, does that watch officer's concern
45 somehow work its way up through the chain because the
46 chief has said I'll take care of it?

47 A There's several mechanisms for that, as I
48 described. You have the safety and environmental
49 committee, the crew and you have the designated person.

1 Q Right, but --

2 A All of which are there to make sure that a
3 safety concern doesn't get dead headed with any
4 individual.

5 MR. MASE: Jim, this is Curtis Mase. Are you
6 asking him whether in that particular situation that
7 you're describing the report that was made and handled
8 on the ship would necessarily go up the chain?

9 MR. WALSH: Right.

10 THE WITNESS: I'm not even sure a report
11 would be made by a second engineer, other than a verbal
12 report.

13 BY MR. WALSH:

14 Q Right. That's what I was getting at.

15 A I would not expect to see a written report on
16 that to get action if there was a problem, because
17 there's other mechanisms there to facilitate that
18 information getting to the people that need to act on
19 it.

20 Q Right. I guess my point is is there a weak
21 link here from ship to shore if there is something that
22 is being constantly repaired, whether in our case
23 earlier we were talking about a light bulb or an
24 indicating light, or something even like a clinoid?

25 If it's constantly being repaired and done at
26 the ship level, there doesn't necessarily have to be a
27 communication to shore side management, correct?

28 MR. MASE: This is Curtis. I don't know
29 whether you're still working on the weak link question,
30 but it seems to me like that's sort of supposition and
31 opinion and a little bit far afield of what we're
32 supposed to be doing here.

33 MR. WALSH: Yeah, I was still on the weak
34 link.

35 BY MR. WALSH:

36 Q So instead of beating that dead horse, how is
37 the designated person's performance evaluated?

38 A You'll have to ask his boss, not me.

39 Q When you are the designated person, how is
40 your performance evaluated?

41 A By the president of the company.

42 Q No, not by whom but how?

43 A You'd have to ask the president of the
44 company.

45 Q As the VP of Environmental and Regulatory,
46 how is your performance evaluated?

47 A By the president of the company, the person I
48 report to.

49 Q Right. That's the person who is evaluating

1 you and your formal evaluation is based on?

2 A Formal evaluation forms.

3 Q What do you have to show to see that you're
4 performing better than you did before or worse than
5 before? What do you have to do, what do you have to
6 show there? What's on the form?

7 A I haven't got the form memorized, you'll have
8 to look it up. I'm sorry. It's part of the system.
9 The form is there, I see it once a year on each of the
10 guys that work for me and once a year on myself.

11 Q Right now are you aware of any part of your
12 evaluation that would say that you have corrected so
13 many non-conformities or a hard standard along those
14 lines, numbers driven?

15 A No.

16 Q For training, we're just going a little bit
17 away now from the boiler aspects, but for training,
18 when we were on board and speaking with you earlier, we
19 had talked about NCL having conducted a mass casualty
20 injury drill in Hawaii?

21 A Correct.

22 Q Were there lessons learned produced from
23 that?

24 A Yes.

25 Q We'd like to formally put a request in for
26 those lessons learned, if we haven't already.

27 A I would suggest you put them with MSO
28 Honolulu.

29 Q Do you have a copy?

30 A I don't personally. I believe the VP
31 Nautical has it, because he was responsible for setting
32 our part of that up and he's responsible for shipboard
33 safety.

34 MR. MASE: This is Curtis Mase. We can check
35 and see if we've got a copy and if we have one, we'll
36 make it available to you.

37 BY MR. WALSH:

38 Q As far as the fire fighting aspects on board
39 the ship, does your department, Peter, have anything to
40 do with that?

41 A From an audit standpoint and recommendations
42 for improvement, yes.

43 Q How do you measure performance?

44 A Whether they -- well, give me a specific.

45 Q Well, response time. How do you measure
46 that?

47 A For a fire?

48 Q For any emergency, your Code Bravo. I take
49 it from what they're looking at in the Norway's

1 instance Code Bravo calls out your general emergency.

2 A Basically, during the audits we do drills.

3 Q Right.

4 A And we try to set scenarios and the audit
5 team will look at whether we think it was as efficient
6 and timely as it possibly could be and we have
7 frequently said no, let's do it again.

8 Part of the audit process frequently is to
9 suggest improvements on the spot and change their
10 procedures shipboard and we've frequently come back
11 with suggested changes to the Safety and Environmental
12 Management System. In fact, the audit process has
13 contributed a great deal to the improvement of the
14 system.

15 But as from as an objective criteria, the
16 only one that I think we apply is for rescue boats. If
17 there's a (inaudible) standard, we apply it, if there's
18 a written standard we apply it. Otherwise it's going to
19 be subjective based on the experience and observations
20 of the audit team.

21 Q Based on those experiences, what is the
22 company's standard for response time for crew members
23 on emergency teams to be dressed out in their fire
24 fighting equipment, on station?

25 A It depends on what they were doing at the
26 time, Jim. I can't say there is an objective standard
27 and that's going to be -- I don't see how you can. If
28 it's a waiter standing in the dining room jammed behind
29 a table or it's a stoker who is in bed asleep, it's
30 going to be subjective.

31 Q Do you have a range?

32 A No. It's going to be as fast as possible
33 based on the observation and experience and the
34 circumstance.

35 Q Do the ships each have a fire plan developed
36 specifically for them?

37 A Yes.

38 Q Is the training on fire fighting geared
39 specifically for the ship?

40 A Yes.

41 Q Is it formal?

42 A To the best of my knowledge, yes.

43 Q At this time we'd also like to formally
44 request the formal ship-specific fire fighting training
45 documentation for the Norway.

46 Do you know of any program that your group or
47 any other group in Norwegian Cruise Lines has set up
48 for crew and guest evacuation while in port?

49 A Say again?

1 Q Has NCL, to the best of your knowledge, set
2 up a special program for the evacuation of crew and
3 guests in port?

4 A I'd have to consult with the VP Nautical,
5 because I know that at least some, if not all the ships
6 have a ship-specific and port-specific plan.

7 Q Do you know if the Norway does?

8 A I do not off the top of my head, but I
9 believe they do.

10 Q So when you say a ship-specific plan for in
11 port, that's along side, at anchor or both?

12 A I assume by "in port" you're talking about
13 along side.

14 Q All right, let's go with that assumption that
15 it's along side.

16 MR. MASE: Jim --

17 BY MR. WALSH:

18 Q If one exists, we haven't been able to find
19 it and we'd formally like to request if we could have a
20 copy of the in port evacuation process and how the
21 shore side plan meshes with the shipboard plan.

22 MR. MASE: This is Curtis Mase. We'll look
23 for that. Jim, we've got a time constraint here we
24 were just trying to tell you. Are you about done?

25 MR. WALSH: Yes, sir, I am.

26 MR. MASE: Can you just quickly wrap up then?
27 I don't mean to be difficult, but Jon Sale -- are you
28 done?

29 MR. WALSH: Yes. I am finished.

30 MR. CURTIS: Actually, I think just one more
31 question, I believe Ken.

32 MR. OLSEN: This is Ken Olsen, U.S. Coast
33 Guard Headquarters. I have one last question.

34 FURTHER EXAMINATION

35 BY MR. OLSEN:

36 Q Is it possible that there was no human
37 involvement in association with the cause of this
38 casualty? In other words, could it be strictly a
39 material failure?

40 MR. MASE: Don't answer that question.

41 MR. HISLOP: One quick one?

42 FURTHER EXAMINATION

43 BY MR. HISLOP:

44 Q Going back to change of class that was
45 brought up earlier, what reason or reasons would NCL,
46 pertaining to the Norway, consider a change of class?

47 A I can't speculate on that.

48 MR. PAILLACAR: I've got a couple of quick
49 questions. Carlos Paillacar, Coast Guard.

1 MR. SALE: You've got to be quick, I have
2 five minutes and that's it. That's literally five
3 minutes because I can't be held in contempt.

4 MR. PAILLACAR: I understand.

5 EXAMINATION

6 BY MR. PAILLACAR:

7 Q As a marine inspector, you were involved in
8 boiler inspections and you were involved in several
9 inspections (inaudible). Have you ever been through a
10 class survey?

11 A No.

12 Q You've never been at a class survey?

13 A The only time related to a class survey would
14 be break outs, which I would have. During 1990 I would
15 have considered them to be typical of a class survey.

16 Q While you have been employed with NCL, have
17 you ever witnessed such class surveys done on your
18 vessels?

19 A No.

20 Q Are you familiar with the CV program?

21 A Yes.

22 Q Are you a qualified CV inspector?

23 A I was.

24 Q Do you think the 840 book and the scope of
25 inspection of an annual control verification -- what do
26 you think of that? Do you think it covers all areas
27 that you as a company representative would like the
28 Coast Guard to check or you would like it to be less
29 involved or more involved?

30 A I'd like to look at the book. As it stands
31 right now, I have no problem with offering suggestions
32 to the book and I've recently offered suggestions to
33 change the environmental book.

34 Q Is the Coast Guard, in the view of your
35 company, a good agency to overlook the job of the class
36 societies?

37 A In the view of my company or in the view of
38 me?

39 Q In the view of you, if you like.

40 MR. MASE: Well, I would like. This is
41 Curtis. I'd like him to give his view.

42 THE WITNESS: My personal view is it depends
43 on the experience and training of the people doing the
44 oversight and specifically I left because I felt that
45 that experience and training was being undermined.

46 BY MR. PAILLACAR:

47 Q This is regarding one of your statements that
48 you said that you would expect if you have a blackout
49 to have a form, you know, reported to you and

1 obviously, regarding the time constraint, you know, you
2 would have an immediate report sent to the company via
3 the master and then some report in writing regarding
4 that.

5 A Correct.

6 Q Is the expectation also to have the master or
7 the company report such a thing as a blackout to the
8 Coast Guard and fill out a 2692?

9 A If it fits into the requirements of 2692,
10 yes, and that's built into the Safety and Environmental
11 Management System. There's clear guidance in there on
12 what should be reported.

13 Q Are the masters of the vessels made aware
14 that immediately after addressing safety concerns they
15 are required to notify the Coast Guard?

16 A Yes. And what they do is they contact the
17 Vice President of Technical to verify the timing and
18 the requirement to do it.

19 MR. MASE: Okay. I'd like to stop the
20 questioning right now and if those involved in the
21 interview feel that more questions would like to be
22 asked at a future date, we can arrange to get together
23 and finish those questions as Mr. Sale --

24 MR. PAILLACAR: Yes, definitely.

25 MR. MASE: -- has an appointment.

26 MR. CURTIS: Thank you. The time now is
27 12:30 and for now we'll conclude this interview.

28 (Whereupon, at 12:30 p.m. the interview was
29 concluded.)