



DEPARTMENT OF THE ATTORNEY GENERAL

DAVID Y. IGE
GOVERNOR

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ATTORNEY GENERAL

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**MATSON TO PAY MORE THAN \$15 MILLION FOR 2013 MOLASSES SPILL
IN SETTLEMENT AGREEMENT WITH STATE OF HAWAII**

HONOLULU – Nearly two years after the massive September 2013 molasses spill in Honolulu Harbor, **Attorney General Doug Chin** today announced a settlement agreement between the State of Hawaii (the “State”) and Matson Navigation Company (“Matson”) related to that spill. Under the terms of the settlement Matson will provide more than \$15 million to the State through a combination of cash, restoration and funding of important environmental programs.

The \$15.4 million settlement package paid by Matson in today’s agreement with the State will:

- Reimburse the State for clean-up, response, investigative, administrative and legal costs arising from the molasses spill;
- Regrow a coral nursery in a different location than Sand Island Terminal to help replace coral that had been damaged or destroyed;
- Pay for removal of the molasses tank farm from the Sand Island Terminal on Oahu and safely dispose of all remaining molasses in the pipeline; and
- Support the International Union for Conservation of Nature World Conservation Congress, being hosted by Hawaii in 2016.

The molasses spill resulted in the discharge of 233,000 gallons of molasses into Honolulu Harbor, contaminating thousands of acres of water and killing large amounts of coral and fish. In October 2014, Matson pleaded guilty in federal court to two misdemeanor charges for the spill and agreed to pay \$400,000 in fines to the federal government and \$600,000 in restitution to local non-profit organizations.

Governor David Ige stated, “Matson has been a member of the community for more than a hundred years, and the company’s leadership understands the damage the molasses leak caused. The resolution allows reparations to occur now and helps see to it that such an environmental disaster does not happen again in Hawaii.”

“The \$15.4 million in today’s agreement plus the \$600,000 Matson already paid in restitution add up to \$16 million. This is one of the largest settlements for an environmental violation in Hawaii’s history,” **said Chin**. “The resources made available as part of this settlement will now begin to restore coral and fund programs to assist with restoring aquatic life.”

Department of Health Deputy Director and Incident Commander for the molasses response Keith Kawaoka said “Matson’s massive spill of molasses devastated marine life in Honolulu Harbor, despite one of the largest environmental response efforts ever in the state. This settlement appropriately ensures that Matson will no longer store or ship molasses from Honolulu.”

Department of Land and Natural Resources (DLNR) First Deputy Kekoa Kaluhiwa said, “DLNR’s natural resource damage assessment showed that some of the coral killed in the molasses spill can take hundreds of years to grow and are irreplaceable. We are pleased with the scope and severity of this settlement and believe that the resources it provides will help with our future restoration planning. This money will also help reimburse the department for the damage assessment we have done.”

“Since the spill in September 2013 HDOT has required all pipeline tenants certify their facilities and pipelines have been properly inspected, tested, and maintained,” **said Department of Transportation Director Ford Fuchigami**. “We will continue these efforts and build on them to prevent something like this from happening again.”

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QUESTIONS AND ANSWERS REGARDING TODAY'S SETTLEMENT

Question:

What will Matson pay that benefits the state of Hawaii?

Answer:

- **\$5,900,000.00** to:
 - Regrow a coral nursery in a different location than Oahu's Sand Island Terminal to help replace the coral that had been damaged or destroyed;
 - Reimburse the State for clean-up, response, investigative, administrative and legal costs arising from the September 2013 molasses spill;
 - Contribute to the International Union for Conservation of Nature's World Conservation Congress in 2016 in Hawaii; and

- **\$9,500,000.00** to:
 - Remove the molasses tank farm and existing pier risers from the molasses pipeline at Oahu's Sand Island Terminal;
 - Safely dispose of any remaining molasses in the molasses tank farm and molasses pipeline;
 - Convert the remaining portions of the pipeline for uses other than conveying fluids; and

- In the October 2014 separate agreement with the U.S. Department of Justice, Matson paid **\$600,000.00** in restitution to the Waikiki Aquarium to support its Coral Programs and Invasive Algae Clean-ups and to Sustainable Coastlines Hawaii to inspire local communities to care for their coastlines through beach clean-ups.

- TOTAL BENEFITS TO THE STATE:

	\$ 5,900,000.00
	\$ 9,500,000.00
	+ \$ 600,000.00
	<u>\$16,000,000.00</u> (\$16 Million)

Question:

After this, will Matson have any molasses operations remaining in Hawaii?

Answer:

No, Matson will no longer maintain a molasses operation in the state. Other companies might still maintain molasses operations.

Question:

Will the settlement document be made public?

Answer:

Yes, the settlement document will become public once it is filed by Matson with the United States Securities and Exchange Commission. We expect that will occur this week.

Question:

Does this resolve outstanding claims by the State against Matson?

Answer:

Yes.

Question:

Has Matson faced federal charges for the spill?

Answer:

Yes. Matson pleaded guilty in federal court to two misdemeanor criminal charges for the molasses spill in 2014. According to the terms of a plea agreement, Matson paid a \$400,000 fine and \$600,000 in restitution to the Waikiki Aquarium and Sustainable Coastlines Hawaii.

Question:

Could Matson face additional legal penalties?

Answer:

Yes, Matson might still face potential civil claims by the United States Environmental Protection Agency.

Question:

What is the current status of coral and fish in Honolulu Harbor?

Answer:

Evidence suggests oxygen levels in Honolulu Harbor returned to normal levels within a few weeks. We understand that at least some fish have returned to the area. Due to the severity of the impact of the molasses spill on the coral, some types of coral may not regrow in the area, while other types will likely take many years, if not decades, to recover.