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U.S. SETTLES LAWSUIT AGAINST AT&T, CONTRACTORS

FOR POLLUTING CARIBBEAN SEA

Companies to Pay \$1.8 Million Penalty, One of the Largest-Ever of Its Kind

WASHINGTON - The Justice Department today settled an environmental lawsuit against AT&T, a subsidiary, and two contractors related to the installation of underwater fiber optic cables near St. Croix, U.S. Virgin Islands.

The agreement requires AT&T, AT&T of the Virgin Islands, and contractors A&L Underground and BioImpact to pay \$1.8 million in civil penalties. The companies also must monitor the areas in the Caribbean Sea where the alleged violations occurred to ensure that all illegally discharged pollutants are removed. The civil penalty is one of the largest ever obtained under the Clean Water Act's provisions prohibiting the discharge of fill material into wetlands or marine habitat without a Clean Water Act permit.

"The significant penalty imposed today is a reminder that companies cannot gain a technology advantage at the expense of the environment," said Lois J. Schiffer, Assistant Attorney General for Environment and Natural Resources. "The Justice Department will enforce environmental laws wherever violations are found -- including underwater. This settlement will help protect the natural treasures of the Caribbean Sea."

The complaint filed today with the settlement alleges that in 1996, the defendants released large amounts of drilling lubricants during the installation of underwater fiber optic cables that run to and from St. Croix and provide telecommunications services between North America, South America and Europe. The drilling mud, or bentonite, covered and killed conch and other aquatic organisms, and smothered large areas of sea grass and coral in Butler Bay.

Although AT&T and the other defendants had a federal permit to drill and to install the fiber optic cables, the permit did not authorize the discharge of drilling mud into the ocean. The defendants were supposed to contain the drilling mud within the hole being drilled and recapture it for proper disposal. After encountering operational difficulties, however, the defendants changed their drilling technique so that they no longer contained and recaptured the drilling mud, and instead they released the pollutants into the ocean. This discharge was not authorized under the permit, and it violated both the Clean Water Act and the Rivers and Harbors Act.

AT&T undertook a cleanup of the area in 1997 under an order of the U.S. Army Corp of Engineers. Today's settlement, filed in U.S. District Court in St. Croix, requires AT&T to monitor the site for any remaining pollution under plans developed by the Corps and the Virgin Islands Department of Planning and Natural Resources. If any pollution is

found, the agencies may issue further cleanup orders that would be enforceable under the settlement.

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