



REGULATORY ALERT

May 24, 2006

Action Item

Changes to the Fines and Penalties for Hazmat Violations

Pipeline and Hazardous Material Safety Administration (PHMSA) has changed the fines and penalties for individuals and corporations that violate the Hazardous Materials Regulations (HMR's). Fines have increased.

A comparison of the new penalty structure to the previous penalties is below:

Violation	New Fines/Penalties	Previous Fine/Penalty
Maximum Civil Penalties	\$50,000 per violation or <u>\$100,000 if violation results in death or serious injury/illness</u> or substantial destruction of property.	\$32,500 per violation
Minimum Civil Penalties	\$250 per violation. If violation is for <u>training, a minimum of \$450 applies</u>	\$275 per violation
Maximum Criminal Penalties	10 years imprisonment for <u>knowingly or recklessly</u> committing a violation that causes death/injury. \$500,000 fine for corporation \$250,000 for individuals	5 years imprisonment for knowingly committing violation. \$500,000 fine for corporations and \$250,000 for individuals.

These new penalties are currently in effect. The addition of the term “recklessly” to the criminal penalty means that the government need only prove that you should have known the violation or circumstances leading to the violation could have occurred. It is a far lesser degree of proof than “knowingly”.

If you have any questions or would like to discuss the new fine structure with a member of the NATC staff, please call us at 609-426-0555 or e-mail us at: mail@natc-inc.com.

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