

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
MIAMI DIVISION

UNITED STATES OF AMERICA,	)	
	)	
Plaintiff,	)	
	)	
v.	)	Case No. 97-2510-CIV-LENARD
	)	Consolidated with
GREAT LAKES DREDGE & DOCK	)	Case No. 97-10075-CIV-LENARD
COMPANY AND COASTAL MARINE	)	MAGISTRATE JUDGE SIMONTON
TOWING,	)	
Defendants.	)	CONSENT DECREE BETWEEN THE
	)	UNITED STATES, THE BOARD OF
	)	TRUSTEES OF THE INTERNAL
THE BOARD OF TRUSTEES OF THE	)	IMPROVEMENT TRUST FUND,
INTERNAL IMPROVEMENT TRUST	)	AND GREAT LAKES DREDGE
FUND OF THE STATE OF FLORIDA	)	& DOCK COMPANY
and THE FLORIDA DEPARTMENT OF	)	
ENVIRONMENTAL PROTECTION,	)	
	)	
Plaintiff,	)	
	)	
v.	)	
	)	
GREAT LAKES DREDGE AND DOCK	)	
COMPANY AND COASTAL MARINE	)	
TOWING,	)	
	)	
Defendants.	)	

I. Background

A. The United States of America, on behalf of the National Oceanic and Atmospheric Administration ("NOAA"), and the Board of Trustees of the Internal Improvement Trust Fund ("the State Plaintiffs"), (collectively the "Plaintiffs") filed amended complaints in these consolidated actions on September 27, 1997 and October 21, 1997, respectively, pursuant to the National Marine Sanctuaries Act ("NMSA") (formerly the Marine Protection, Research, and

Sanctuaries Act), 16 U.S.C. §§ 1431-45, the Florida Keys National Marine Sanctuary Act, Pub. L. No 101-605, 104 Stat. 3089 (1990), Florida Statute § 253.04, and general maritime law. The complaints sought injunctive relief and damages against Great Lakes Dredge and Dock ("Defendant") and Coastal Marine Towing ("CMT") due to the grounding of the Captain Joe and the dragging of dredge pipe by the Miss Necie, and the actions of their support vessels, the Cavalier State and the Volunteer State in the Florida Keys National Marine Sanctuary ("FKNMS") on May 26, 1993 (collectively "the Grounding").

B. On April 19, 1999, the United States District Court for the Southern District of Florida, entered a Consent Decree between the United States and CMT. Under the terms of this Consent Decree, CMT paid \$618,484.86 to the National Oceanic and Atmospheric Administration ("NOAA") in exchange for a covenant not to sue CMT for Response Costs or Damages for destruction or loss of Sanctuary resources as alleged in its Amended Complaint.

On April 2, 1999, the State Plaintiffs entered into a Stipulation of Settlement with CMT. Under the terms of this Stipulation of Settlement, CMT paid \$17,519.84 to the Department of Environmental Protection in full payment of the State Plaintiffs' separate costs incurred as a result of the Grounding, in return for dismissal and release of all claims by the State Plaintiffs against CMT.

C. The United States and the Defendant were unable to reach settlement prior to trial. On September 27, 1999, following an eight day bench trial, this Court held that: (1) the Defendant was strictly liable under the National Marine Sanctuaries Act ("NMSA"), 16 U.S.C. § 1431, et seq., for damages caused by itself or CMT, because Great Lakes held ultimate control over

CMT; (2) the Prop Scar Compensatory Restoration Plan developed by the United States was an appropriate restoration project; (3) the United States' reliance on the Habitat Equivalency Analysis ("HEA") to scale the compensatory restoration projects was appropriate, including the use of the 3% discount rate to calculate damages; and (4) the "no-action" primary restoration plan was more suitable, thereby rejecting the United State's primary restoration preferred alternative. This Court awarded the United States damages for compensatory restoration, permitting National Environmental Policy Act ("NEPA") and supervision costs to be offset against the \$618,484.86 provided to the United States pursuant to the CMT Consent Decree.

D. The Defendant appealed the September 27, 1999 ruling and the United States cross appealed. On July 30, 2001, the 11th Circuit held that: (1) the United States is authorized by the NMSA to seek damages for injuries to Sanctuary resources, rejecting Defendant's argument that the United States had no "proprietary interest" in the Sanctuary resources and therefore no claim for damages; (2) the district court did not abuse its discretion when it determined that the HEA was appropriate to scale the size of the compensatory restoration, and the underlying scientific data satisfied *Daubert*, (Daubert v. Merrell Dow Pharmaceuticals, Inc., 509 U.S. 579 (1993)); (3) the district court's factual findings support the determination that Defendant's conduct gave rise to strict liability under the NMSA and, accordingly, were not clearly erroneous; and (4) the district court's findings in support of the "no-action" alternative for primary restoration were clearly erroneous based on the evidence in the record and remanded for further consideration the question of the appropriate primary restoration alternative.

E. The United States of America, on behalf of the NOAA, the Board of Trustees of the Internal Improvement Trust Fund, and Defendant (collectively referred to as the "Parties") enter into this Consent Decree to settle, without further litigation, the United States' claims arising under the NMSA. The State Plaintiffs are a party to the Consent Decree pursuant to 16 U.S.C. § 1443(d)(3) and the May 19, 1997 Agreement for the Coordination of Civil Claims between NOAA and the State Plaintiffs.

F. Due to the procedural posture of this action, that Plaintiffs have recovered some monies from CMT, and that the payments provided for below are to be guaranteed by a company rated A+ by A.M. Best and "excellent" by Moody's Investors Service, Plaintiffs are prepared to resolve their claims against Defendant by accepting payments over time while providing a covenant not to sue to Defendant prior to full performance of the terms of this Decree.

G. The Parties agree and the Court finds that settlement of these civil matters without further litigation is in the public interest and that the entry of this Consent Decree is the most appropriate means of resolving these matters.

H. The following section headings are merely descriptive and do not state the intent of the parties.

NOW, THEREFORE IT IS ADJUDGED, ORDERED AND DECREED THAT:

II. Definitions

Unless otherwise specified, terms used in this Consent Decree that are defined under the NMSA shall have the meaning assigned to them under the NMSA. Whenever the following terms are used in this Consent Decree, the definition specified hereinafter shall apply:

A. "The Act" or "NMSA" means the National Marine Sanctuaries Act, 16 U.S.C. § 1431, et seq.;

B. "Assignee" should mean NABCO Assignments Ltd., Carleton Court, High Street Bridgetown, Barbados BWI, ("NABCO");

C. "Creative Capital Inc.", shall mean the Agent for Allstate Life Insurance Company.

D. "Damages" shall mean (a) the cost of replacing, restoring, or acquiring the equivalent of a sanctuary resource; (b) the value of the sanctuary resources pending their restoration or replacement or the acquisition of equivalent resources; (c) the costs of compensatory restoration; (d) the costs of the damage assessment activities, studies, and analysis, and; (e) the reasonable cost of monitoring appropriate to the injured, restored, or replaced resources;

E. "Defendant" means the Great Lakes Dredge & Dock Company.

F. "Entry" shall mean the date on which the Court signs this Consent Decree.

G. "The Grounding" means the Captain Joe grounding and the dragging of dredge pipe by the Miss Necie, and the actions of their support vessels, the Cavalier State and the Volunteer State in the Florida Keys National Marine Sanctuary ("FKNMS") on or about May 26, 1993.

H. "Annuity Issuer" and "Guarantor" mean Allstate Life Insurance Company, ("Allstate"), ATTN: Payout Annuities, 3100 Sanders Road, Northbrook, Illinois 60062;

I. "Response Costs" means the costs of actions taken or authorized by the Secretary to minimize the destruction or loss of, or injury to, Sanctuary resources, or to minimize the imminent risks of such destruction, loss, or injury;

J. "The Sanctuary" or "Sanctuary" means the Florida Keys National Marine Sanctuary ("FKNMS");

K. "Parties" means the United States, the State Plaintiffs, and the Great Lakes Dredge & Dock Company;

L. "Primary Restoration Plan" ("RP") shall mean the plan to restore Sanctuary resources and/or services injured or destroyed by the Vessels;

M. "Compensatory Restoration" ("CR") shall mean restoration of propeller scar sites to compensate the public for interim losses resulting from injury to or destruction of Sanctuary resources until full restoration of those resources has been attained;

N. "Site" shall mean that portion of the FKNMS, damaged or destroyed by the grounding of the Vessels which occurred (1) approximately .75 nautical miles NNW of Red Bay Bank off Marathon Key on the Gulf of Mexico side of the Seven Mile Bridge, known as "the Blowhole" and (2) north of Pigeon Key in Florida Bay for 13 miles to the boundary of the FKNMS, known as "the Pipescar;"

O. "Plaintiffs" shall mean the United States of America, on behalf of NOAA, the Board of Trustees of the Internal Improvement Trust Fund, and;

P. "Vessels" shall mean the Captain Joe, Miss Necie, Cavalier State, and Volunteer State.

III. Jurisdiction

The Parties agree and consent that this Court has jurisdiction over the subject matter of the claims alleged in the Amended Complaints and over the Parties pursuant to 16 U.S.C. §

1433(c) and 1437(i) and also pursuant to 28 U.S.C. §§ 1331, 1345, 1355, and 1367. This Court also has personal jurisdiction over the Defendant. Defendant shall not challenge the terms of this Consent Decree or this Court's jurisdiction to enter and enforce this Consent Decree. Should there be a failure to make a payment described in Section V., below, then jurisdiction over any dispute relative to the missed payment resides in this Court.

IV. Parties Bound and Notice of Transfer

A. The provisions of this Consent Decree shall apply to and be binding upon the Plaintiffs and upon Defendant and its officers, agents, successors, assigns and all persons acting on its behalf. Each undersigned representative of the Defendant and the Plaintiffs is fully authorized by the Party whom he or she represents to enter into the terms and conditions of this Consent Decree, to execute it on behalf of the Party, and to legally bind the Party on whose behalf he or she executes this Consent Decree.

B. No change in ownership, corporate or partnership status relating to the Defendant will in any way alter the responsibilities of the Defendant under this Consent Decree.

V. Payment of Damages

A. 1. Plaintiffs acknowledge and agree that the Defendant has elected to enter into a non-qualified assignment with NABCO Assignments Ltd. ("NABCO" or "Assignee") of the Defendant's obligation to make the future periodic payments set forth in paragraph V.B, below. Within twenty-one (21) days of entry of this Consent Decree, Defendant shall execute a non-qualified assignment of its obligation to make periodic payments to the Plaintiffs pursuant to

paragraph V.B. of Consent Decree. The non-qualified assignment is between Defendant and NABCO.

2. Within twenty-one (21) days of entry of this Consent Decree, Defendant or the Assignee shall fund its obligation through the purchase of an annuity from Allstate Life Insurance Company to make the periodic payments described in paragraph V. B, below. Equally, within twenty-one (21) days of entry of this Consent Decree, Allstate Life Insurance Company shall issue a Statement of Guarantee, to Plaintiffs which will guarantee the payments to be made by NABCO pursuant to this Consent Decree. See Exhibit A, attached hereto and fully incorporated by reference the letter from Allstate Life Insurance Company and NABCO to the United States dated October 18, 2002. With respect to Allstate, the 21 day period shall commence running against it only after receipt by Allstate of a copy of this fully executed and duly entered Consent Decree, which will be deemed to be received by Allstate upon receipt by Creative Capital Inc.

3. NABCO's obligation for payment of the periodic payments shall be no greater than that of the Defendant (whether by judgment or agreement) immediately preceding the transfer of the periodic payments obligation, subject to the provisions of Paragraphs V. E. and F, below.

4. Prior to lodging of this Consent Decree with the Court, Plaintiffs were provided with specimen copies of financial instruments evidencing a non-qualified assignment of the periodic payments set forth in Paragraph V. B., below, from Defendant to its Assignee, the annuity issued by Allstate Life Insurance Company to the Assignee, and the Statement of

Guarantee by Allstate concerning the payments. The Plaintiffs have reviewed specimen copies of the financial instruments consisting of Allstate's acknowledgment of funding, together with a non-qualified assignment of the periodic payment obligation to NABCO, an annuity contract from Allstate Life Insurance Company, and a Statement of Guarantee from Allstate Life Insurance Company. Upon review by Plaintiffs and execution by Defendant, Allstate and NABCO of the financial instruments, Plaintiffs shall accept the non-qualified assignment to NABCO and the Statement of Guarantee by Allstate without right of rejection

B. The Assignee or its Guarantor shall make payments to the United States totaling \$969,000.00 pursuant to the following payment schedule:

Payment # 1 \$100,000.00 on, December 16, 2002

Payment # 2 \$173,800.00 on November 15, 2003

Payment # 3 \$173,800.00 on November 15, 2004

Payment # 4 \$173,800.00 on November 15, 2005

Payment # 5 \$173,800.00 on November 15, 2006

Payment # 6 \$173,800.00 on November 15, 2007

C. Payments under this Consent Decree to the United States shall be made by electronic funds transfer (EFT) to NOAA through the Department of Treasury's Fedwire Deposit System. Detailed instructions for the EFT are contained in Exhibit B, hereto. The addenda record must be annotated "Great Lakes Dredge & Dock" DARRF Account.

D. In the event that the Assignee fails to make timely payments of the amounts specified in paragraph V.B., above, interest shall be assessed at the annual rate established pursuant to 31

U.S.C. § 3717. Interest shall begin to accrue 30 days after the date on which the payment was due pursuant to the schedule in paragraph V.B. See Exhibit A, attached hereto, and fully incorporated by reference, the letter from Allstate Life Insurance Company and NABCO to the United States dated October 18, 2002.

E. Should the Assignee fail to make timely payments of the amounts specified in this Section, this Consent Decree shall be considered an enforceable judgement for purposes of post collection under Federal Rule of Civil Procedure 69 and other applicable statutory authority in the full amount of \$969,000 plus interest, minus any payments made, without further order of this Court provided said default has not been cured within 30 days after the date on which the late payment was scheduled to be made as provided herein in Paragraph V.B. Plaintiffs' right to recovery for any amount owed pursuant to Paragraphs V. B. and F. shall be solely against the Assignee or its Guarantor, Allstate. See Exhibit A, attached hereto, and fully incorporated herein by reference the letter from Allstate Life Insurance Company and NABCO to the United States dated October 18, 2002.

F. Assignee or its Guarantor shall pay the enforcement expenses incurred by the United States, including but not limited to, attorneys' fees and costs, for any proceedings to collect any unpaid balance of any amount due under sections V. See Exhibit A, attached hereto, incorporated herein by reference the letter from Allstate Life Insurance Company and NABCO to the United States dated October 18, 2002.

G. The future periodic payments described in paragraph V.B., above, cannot be accelerated, unless there is a default in the payment of an installment which has not been cured

within thirty (30) days, deferred, increased or decreased by the Plaintiffs and no part of the payments called for herein or any specific assets of the Defendant are to be subject to execution of any legal process for any obligation of the Plaintiffs in any manner, nor shall the Plaintiffs have the power to sell or mortgage or encumber same, or any part thereof, nor anticipate the same, or any part thereof, by assignment or otherwise. Any attempt by Plaintiffs to so assign, anticipate, pledge or encumber any annuity payments shall be null and void and shall not affect the Plaintiffs' rights to receive annuity payments.

H. Neither Plaintiffs nor anyone acting on Plaintiffs' behalf shall have any right of or incidence of ownership whatsoever in the annuity policy; nor any right to accelerate or defer payments due from the Assignee, unless there is default in the payment of an installment provided for in paragraph V. B, above, of thirty (30) days; nor any right to increase or decrease any payments due from the Assignee; nor any other right of dominion or control of or over the annuity policy, which shall be owned exclusively by the Assignee. The Assignee shall have Allstate Life Insurance Company electronically wire payments directly to the Plaintiff/Payee/Payment Recipient pursuant to paragraphs V. B-C, above.

VI. Use of Moneys

Moneys received by NOAA shall be used to reimburse past response costs, damage assessment costs, including interest on Federal assessment costs incurred by NOAA, and the cost of restoration, replacement, management and improvement as set for the in the RP and CR. Amounts recovered under this decree shall be used in accordance with this decree, the NMSA, and the Agreement for the Coordination of Civil Claims between NOAA and the State of Florida.

VII. Covenants Not to Sue by Plaintiffs

In consideration of the payments that will be made by Defendant or its Assignee under the terms of this Consent Decree, except as expressly set forth in Section VIII, the United States covenants not to sue and agrees not to assert any claims or causes of action against Defendant for the periodic payments provided for in Paragraph V.B, above, or interest and enforcement costs provided for in Paragraphs V. D, E, and F, above, or, damages for the destruction or loss of Sanctuary resources pursuant to 16 U.S.C. § 1437, general maritime law and response costs pursuant to 16 U.S.C. § 1432(7) arising from The Grounding. The State Plaintiffs covenant not to sue and agree not to assert any claims or causes of action against the Defendant for the periodic payments provided for in Paragraph V.B, above, or interest and enforcement costs provided for in Paragraphs V. D, E, F, and G, above, or, damages for the destruction or loss of State resources and response costs pursuant to Florida Statute § 253.04 or general maritime law arising from The Grounding. These covenants not to sue are effective upon entry of this Consent Decree by the Court and upon completion of the obligations set forth in paragraphs V.A.1, 2, and 4 and the claims by Plaintiffs against Defendant shall thereafter be dismissed with prejudice, each party to bear its own costs, expenses and attorneys' fees incurred through the date this Consent Decree is entered. The Plaintiffs recognize that NABCO and Allstate shall be the sole obligors with respect to the periodic payments obligation and that the Covenants Not to Sue by Plaintiffs, that pertain to the liability of the Defendant shall become final, irrevocable and absolute upon entry of this Consent Decree and completion of the obligations set forth in paragraphs V.A. 1, 2, and 4.

VIII. Reservation of Rights

A. Notwithstanding any other provision of this Consent Decree, the Plaintiffs reserve, and this Consent Decree is without prejudice to, all rights against Defendant with respect to all matters other than those expressly specified in the covenant not to sue set forth in Section VII.

B. The entry of this Consent Decree and Defendant's consent to comply herewith, shall not limit or otherwise preclude the United States from taking additional enforcement action pursuant to any Federal or state laws, regulations or permitting conditions.

C. Nothing in this Consent Decree limits the Plaintiffs' ability to recover from NABCO or Allstate Life Insurance Company the periodic payments provided for in Paragraph V.B, above, or interest and enforcement costs provided for in Paragraphs V. D, E, and F, above.

IX. Covenants Not to Sue by the Defendant

A. Defendant hereby covenants not to sue and agrees not to assert any claims or causes of action against the Plaintiffs, their employees, agents, experts or contractors with respect to the allegations contained in the Amended Complaints or with respect to this Consent Decree.

X. Modification

There shall be no major modification or amendments of this Consent Decree without further order of this Court.

XI. Notices

A. Whenever under the terms of this Consent Decree notice is required to be given or a report or other document is required to be forwarded by one Party to another, it shall be directed to the following individuals at the addresses specified below, unless it is otherwise specifically provided in this Consent Decree. Any change in the individuals designated by either Party must be made in writing to the other Party. Any correspondence submitted to the government shall include a reference to the case caption and index number of this court action.

For the United States:

Chief
Environmental Enforcement Section
Environment and Natural Resources Division
POB 7611
1425 New York Avenue, NW
Washington, D.C. 20044

Sharon K. Shutler, Esq.
NOAA Office of General Counsel, Natural Resources
1315 East-West Highway
Silver Spring, MD 20910-3282

For the State of Florida:

Maureen M. Malvern, Esq.
DEP Office of General Counsel
3900 Commonwealth Blvd. MS 35
Tallahassee, FL 32399-3000

For the Defendant:

Rick Lietz
Great Lakes Dredge & Dock Company
2122 York Road

Oak Brook, Illinois 60521

John Keller
Keller & Bolz
Suite 200
121 Majorca Avenue
Miami, Florida 33134

Marc D. Sarnoff
Sarnoff and Bayer
3000 Shipping Avenue
Coconut Grove, Florida 33133

For the Assignee and Guarantor:

Martin Jacobson, Esquire
Vice President and General Counsel
Creative Capital Inc.
1200 Tices Lane
East Brunswick, New Jersey 08816

B. Such communication is intended to facilitate meeting the objectives of this Consent Decree and shall not relieve the Defendant of the notice and reporting requirements set forth elsewhere in this Consent Decree.

XII. Effective Dates

This Consent Decree shall be effective upon the date of its entry by the Court.

XIII. Retention of Jurisdiction

A. This Court shall retain jurisdiction of this matter until further order of the Court.

B. The Parties retain the right to seek to enforce the terms of this Consent Decree and take any action authorized by Federal or State law not inconsistent with the terms of this Consent

Decree to achieve or maintain compliance with the terms and conditions of this Consent Decree or otherwise.

XIV. Public Notice Requirements

A. This Consent Decree shall be lodged with the Court for a period of not less than thirty days for public notice and comment in accordance with the U.S. Department of Justice policies. The United States reserves the right to withdraw or withhold its consent if the comments regarding the Consent Decree disclose facts or considerations that indicate that the Consent Decree is inappropriate, improper or inadequate. Defendant consents to entry of this Consent Decree without further notice.

B. If for any reason the Court should decline to approve this Consent Decree in the form presented, this agreement is voidable at the sole discretion of any Party and the terms of the agreement may not be used as evidence in any litigation between the Parties.

FUND TRANSFER MESSAGE
TO NOAA'S ACCOUNT WITH TREASURY

1. Type/Subtype Code:
2. Amount:
3. Sender FI:
4. Sender Reference (Optional):
5. Receiver FI: 021030004 TREAS NYC
6. Beneficiary: ALC 13-14-0001 Dept. Of Commerce/NOAA
7. Originator to Beneficiary Information:

**INSTRUCTIONS FOR MAKING PAYMENTS TO NOAA
USING TREASURY'S FEDWIRE DEPOSIT SYSTEM
(REVISED OCTOBER 2002)**

Parties utilizing Treasury's Fedwire Deposit System (FDS) to make payments to the National Oceanic and Atmospheric Administration (NOAA) must follow Treasury's policy on Fedwire transfers. The transfer of deposits made by Fedwire are credited to the account of the U.S. Treasury.

The FDS is a computer-to-computer link between Treasury and the Federal Reserve Bank of New York (FRBNY). The FDS system provides automated receipt and processing of fund transfers between Treasury, Federal Reserve Banks, and other banks utilizing Fedwire. Treasury maintains an account at FRBNY. Banks that maintain an account at an FRB may send fund transfers to Treasury.

NOTE: Fund transfers between Treasury and banks that do not maintain an account at an FRB are processed through correspondent banks that do maintain an account at an FRB.

The payer must furnish certain information to the Financial Institution (sending bank) to initiate a Fedwire to NOAA. The sending bank will prepare a funds transfer message to Treasury. A detailed explanation of each field required on the funds transfer message follows:

<u>FIELD NAME</u>	<u>REQUIRED INFORMATION</u>
Type/Subtype Code	Type and Subtype Codes entered by the sender (EXAMPLE: 10 00)
Amount	The dollar amount of transfer. The amount will include the dollar sign and the appropriate punctuation including cents digits. (EXAMPLE: \$27,000.25)
Sender FI	Identifies the sending Financial Institution's nine digit routing number and short name. Sending bank will provide. (EXAMPLE: 999999999 BANK XYZ)
Sender Reference (OPTIONAL)	The sender institution's reference information May be inserted by the sending bank to identify the transaction. (EXAMPLE: 9789745436786215)
Receiver FI	Identifies the receiving institution. <u>The nine digit identifier 021030004 is the routing number of the Treasury.</u> The short name for Treasury is TREAS NYC. This item is a constant and is required for all funds transfer messages sent to Treasury. (EXAMPLE: 021030004 TREAS NYC)
Beneficiary	Provided by Agency. Wire transfers to NOAA must site <u>ALC 13-14-0001</u> . The Agency name May also be provided and entered into this field. (EXAMPLE: ALC 13-14-0001 Dept. Of Commerce/NOAA)
Originator to Beneficiary Info.	Used to identify information conveyed from originator to the beneficiary; eg., case number and name. (EXAMPLE: CK3J19 True Justice)

XV. Sole Agreement

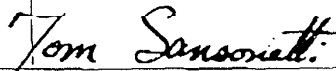
This Consent Decree and Exhibit A represent the sole terms of the agreement between the Parties.

SO ORDERED THISDAY OF, 2002

UNITED STATES DISTRICT JUDGE

SIGNATURES

For the United States of America and on behalf of
NOAA:



THOMAS L. SANSONETTI
Assistant Attorney General
Environment and Natural Resources Division
United States Department of Justice
10th & Pennsylvania Avenue
Washington, D.C. 20530



JON A. MUELLER
Senior Attorney
Environment and Natural Resources Division
Environmental Enforcement Section
United States Department of Justice
P.O. Box 7611
Washington, D.C. 20044

For Florida:



MAUREEN M. MALVERN

Senior Attorney

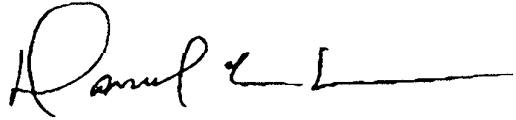
Office of General Counsel

Department of Environmental Protection

3900 Commonwealth Blvd., M.S. 35

Tallahassee, Florida 32399-3000

For Great Lakes Dredge & Dock Co.:

 005 28, 2002

DANIEL L. HUSSIN

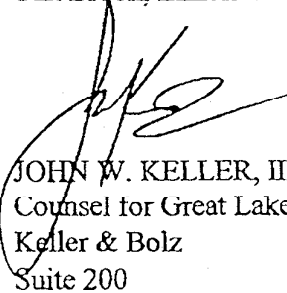
Vice President

Duly Authorized to Sign on Behalf of

Great Lakes Dredge & Dock Company

2122 York Road

Oak Brook, Illinois 60521


JOHN W. KELLER, III

Counsel for Great Lakes Dredge & Dock Company

Keller & Bolz

Suite 200

121 Majorca Avenue

Miami, Florida 33134



Allstate.
You're in good hands.

Patricia L. Nelson
Senior Manager
Structured Settlements

October 18, 2002

Marc Sarnoff, Esq.
Sarnoff & Bayer
3000 Shipping Avenue
Coconut Grove, FL 33133

Jon A. Mueller, Esq.
Senior Attorney
Environment and Natural Resources Division
Environmental Enforcement Section
United States Department of Justice
P. O. Box 7611
Washington, DC 20044

Re: U.S.A v. Great Lakes Dredge and
Dock Company and Coastal Marine
Towing – Consent Decree in
Case No. 97-2510-CIV-Lenard
Consolidated with Case No. 97-10075-
CIV-Lenard, dated October ____, 2002
ACKNOWLEDGMENT OF FUNDING

Gentlemen:

I write to you on behalf of NABCO Assignments Ltd. ("NABCO") and Allstate Life Insurance Company ("ALIC"), entities respectively defined in the above referenced Consent Decree as "Assignee" and as "Annuity Issuer" – "Guarantor". [See Consent Decree, section II, subdivisions "B" and "G" (hereinafter "Decree, sec. ____, sub. ____")]. The purpose of this letter is to confirm that NABCO and ALIC agree to and will abide by Decree sec. V, sub. D-G which provide as follows:

- D. In the event that the Assignee fails to make timely payments of the amounts specified in paragraph V.B. above, interest shall be assessed at the annual rate established pursuant to 31 U.S.C. 3717. Interest shall begin to accrue 30 days after the date on which the payment was due pursuant to the schedule in paragraph V.B....



Provid Home & Auto Insurance Sponsor

Allstate Insurance Company

3100 Sanders Road, M3B Northbrook, IL 60062 Phone 877-402-6811 Fax 847-418-4222 Email sales_support@allstate.com

Should the Assignee fail to make timely payments of the amounts specified in this Section, this Consent Decree shall be considered an enforceable judgment for purposes of post collection under Federal Rule of Civil Procedure 69 and other applicable statutory authority in the full amount of \$969,000 plus interest, minus any payments made, without further order of this Court *provided said default has not been cured within 30 days after the date on which the late payment was scheduled to be made as provided herein in Paragraph V.*

B. Plaintiffs' right to recovery for any amount owed pursuant to paragraph V.B. and F, shall be solely against the Assignee or its Guarantor, Allstate ...

Assignee or its Guarantor shall pay the enforcement expenses incurred by the United States, including but not limited to, attorneys' fees and costs, for any proceedings to collect any unpaid balance of any amount due under section V....

The future periodic payments described in paragraph V.B., above, cannot be accelerated, unless there is default in the payment of an installment which has not been cured within thirty (30) days, deferred, increased or decreased by the Plaintiffs and no part of the payments called for herein or any specific assets of the Defendant are to be subject to execution of any legal process for any obligation of the Plaintiffs in any manner, nor shall the Plaintiffs have the power to sell or mortgage or encumber same, or any part thereof, nor anticipate the same, or any part thereof, by assignment or otherwise. Any attempt by Plaintiffs to so assign, anticipate, pledge or encumber any annuity payments shall be null and void and shall not affect the Plaintiffs' rights to receive annuity payments.

This letter will also confirm that defendant has paid the full consideration in the sum of \$850,000.00 to NABCO for its assumption of the future periodic payment obligation set forth in the Decree, sec. V, sub B (i.e. \$100,000 payable 12-16-02 plus five additional payments of \$173,800 each commencing on 11-15-03 and concluding with a final payment on 11-15-07). Upon receipt of a copy of the Consent Decree which has been "So Ordered" by the court and entered or filed in the Office of the Clerk of the court, NABCO will execute the Non Qualified Assignment in the form annexed hereto as Exhibit "A", purchase an annuity policy from ALIC in the form annexed hereto as Exhibit "B" as NABCO's source of funding the future periodic payments (Decree, sec. V, sub.A.2] and NABCO will instruct ALIC to send payments directly to the U.S.A. as provided in the Decree. (See Decree sec. V, sub. B and C). ALIC shall issue a Statement of Guarantee in the form annexed hereto as Exhibit "C" pursuant to which ALIC shall irrevocably guarantee the future performance of NABCO. [See Decree, sec. V, sub A.2].

I trust this letter is satisfactory. If you need anything further, please feel free to call.

Very truly yours,
Allstate Life Insurance Company
And
NABCO Assignments LTD.

By: Patricia L. Nelson

NON-QUALIFIED ASSIGNMENT

"Claimant": _____

"Assignor": _____

"Assignee": NABCO Assignments Ltd.

"Annuity Issuer": _____

Effective Date: _____

The parties to this agreement, identified above, have entered into it with reference to the following:

- A. Claimant has executed a Consent Decree dated _____ (the "Settlement Agreement") that provides for the Assignor to make certain periodic payments to or for the benefit of the Claimant as stated in Addendum No. 1 (the "Periodic Payments"); and
- B. The parties desire to effect an assignment of Assignor's periodic payment liabilities to Assignee.

Therefore, in consideration of the foregoing and other good and valuable consideration, the parties agree as follows:

1. The Assignor hereby assigns and the Assignee hereby assumes all of the Assignor's liability to make Periodic Payments. The Assignee assumes no liability to make any payment not specified in Addendum No. 1.
2. The Assignee's liability to make the Periodic Payments is no greater than that of the Assignor immediately preceding this agreement. Assignee is not required to set aside specific assets to secure the Periodic Payments. The Claimant has no rights against the Assignee greater than a general creditor. None of the Periodic Payments may be accelerated, deferred, increased or decreased and may not be anticipated, sold, assigned or encumbered. Any attempts to do so will be void.
3. The obligation assumed by Assignee with respect to any required payment shall be discharged upon the mailing or its electronic equivalent on or before the due date of a valid check in the amount specified to the address of record.
4. This Agreement shall be governed by and interpreted in accordance with the laws of _____.
5. The Assignee may fund the Periodic Payments by purchasing an annuity contract issued by the Annuity Issuer. All rights of ownership and control of such annuity contract shall be and remain vested in the Assignee exclusively.
6. The Assignee may have the Annuity Issuer send payment under any annuity contract purchased hereunder directly to the payee(s) specified in Addendum No. 1. Such

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direction of payments shall be solely for the Assignee's convenience and shall not provide the Claimant or any payee with any rights of ownership or control over the annuity contract or against the Annuity Issuer.

7. In the event that the Settlement Agreement is declared terminated by a court of law this Agreement shall terminate. The Assignee shall then assign ownership of any annuity contract purchased hereunder to Assignor, and Assignee's liability for the Periodic Payments shall terminate.
8. This agreement shall be binding upon the respective representatives, heirs, successors and assigns of the Claimant, the Assignor, and the Assignee and upon any person or entity that may assert any right hereunder or to any of the Periodic Payments.

Assignor: _____

Assignee: NABCO Assignments Ltd.

By: _____

By: _____

Title: _____

Title: _____

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Addendum No. 1
Description of Periodic Payments

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Initials

Assignor:_____

Assignee:_____

Allstate Life Insurance Company

A Stock Company - Home Office Address: Northbrook, Illinois 60062

Single Premium Immediate Certain Annuity

CONTRACT—This contract is issued to NABCO Assignments Ltd. (called "NABCO") in consideration of the application, a copy of which is attached, and the payment of the single premium. The contract and the application are the entire contract. All statements made in the application are representations and not warranties. No statement will be used by us in defense of a claim or to void this contract unless it is in the signed application. Only our officers may change this contract or waive a right or requirement. No agent may do this.

Allstate Life Insurance Company (called "we" or "us") will make the payments shown on Page 3 to the Measuring Life or other payee designated by NABCO, provided that the Measuring Life is alive. In addition, if the Measuring Life is not living, any payments shown on Page 3 will be made to the beneficiary.

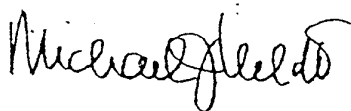
This contract stops when all payments have been made.

RIGHT TO CANCEL—If NABCO is not satisfied with this contract, it may be voided by returning it to Allstate Life Insurance Company, Northbrook, Illinois 60062, or our agent. NABCO must notify us and return the policy by midnight of the 10th day after NABCO receives it. Notice given by mail is effective on being postmarked, properly addressed and postage prepaid. We will return the single premium, less any payments already made, within 10 days after we receive the policy and notice.

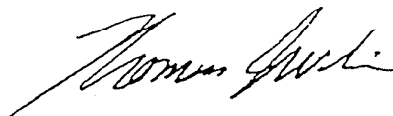
This is a legal contract between NABCO and us. READ THIS POLICY CAREFULLY.

COPY

Signed for ALLSTATE LIFE INSURANCE COMPANY at our Home Office in Northbrook, Illinois.



Secretary



President

SCHEDULE OF PAYMENTS

<u>DATE</u>	<u>AMOUNT</u>
Mon DD, YYYY TO Mon DD, YYYY	\$XX,XXX.XX MONTHLY XXX GUARANTEED PAYMENTS

	<u>NAME</u>	<u>SEX</u>	<u>DATE OF BIRTH</u>
MEASURING LIFE:	JOHN DOE	MALE	Mon DD, YYYY
FIRST PAYMENT:	\$XX,XXX.XX ON Mon DD, YYYY		
LAST PAYMENT:	\$XX,XXX.XX ON Mon DD, YYYY		
CONTRACT NUMBER: 90 XXX XXX	OWNER:	NABCO ASSIGNMENTS LTD	
ISSUE DATE: Mon DD, YYYY			

BENEFICIARY—Unless changed by NABCO, the beneficiary is as named in the application. If there is no beneficiary named or living, the beneficiary is the Measuring Life's estate. For purposes of this section, "living" shall mean living on the earlier of:

1. The day we receive due proof of the Measuring Life's death; or
2. The 15th day past the Measuring Life's death.

Unless NABCO states otherwise by irrevocably naming a beneficiary, NABCO may change the beneficiary while the Measuring Life is alive. A change must be made to us in writing. The change must be acceptable to us. Once we accept the change, it takes effect as of the day NABCO signed the request. Each change is subject to any payment we make or action we take before we accept it.

Any payments due a beneficiary will be paid on their specified due dates, and will not be commuted or paid in a lump sum.

INCONTESTABILITY—We may not contest this contract after it is issued.

MINIMUM VALUES—The payments provided by this contract are not less than the minimum values required by the state in which this contract is sold.

NON-PARTICIPATING—This contract does not pay dividends.

NON-ASSIGNABLE—Payments may not be anticipated, assigned or pledged as collateral. Payment dates and amounts may not be changed, either to provide for earlier payment or longer deferral. The contract has no cash surrender or policy loan value.

So far as the law allows, all payments to any person named by NABCO to receive them are exempt from that person's creditors, debts and contracts, and from seizure or attachment by court order or other legal process.

ALLSTATE LIFE INSURANCE COMPANY

Home Office: Northbrook, Illinois 60062

Application for Single Premium Immediate Annuity

1. Measuring Life

Full Name: John Doe Phone: ()

Address 123 Any St, City, State Zip Code

Social Security No 000-00-0000 Date of Birth: MM/DD/YYYY Sex M

2. Joint Measuring Life (if applicable)

Full Name: _____ Phone: ()

Address _____

Social Security No _____ Date of Birth: _____ Sex _____

Relationship to Measuring Life _____

3. Owner

Full Name NABCO Assignments Ltd Phone: _____

Address _____

4. Payee (will be Measuring Life if left blank)

Full Name _____ Phone: ()

Address _____

Relationship to Measuring Life _____

5. Payment Information (Submit proof of age for life or joint life payments.)

Start Date	Type (e.g., certain, life, lump sum, joint)	Amount	Number of Payments	Frequency of Payments
MM/DD/YYYY	Certain	\$XX,XXX.XX	XXX	Monthly

6. Beneficiary (will be Estate of Measuring Life if left blank)

Full Name _____ Phone: ()

Address _____

Social Security No. _____ Relationship to Measuring Life _____

7. Premium \$ 1 + valuable consideration

The Applicant represents that all statements and answers on this Application are true to the best of his or her knowledge and belief and completely recorded herein.

Applicant NABCO Assignments Ltd. by Jane Smith, Manager Date MM/DD/YYYY
Owner Signature & Title

LR877



Allstate.
FINANCIAL

STATEMENT OF GUARANTEE

Claimant:
Policy Number:
Date:

Allstate Life Insurance Company (Allstate Life), an insurance company domiciled in the State of Illinois, hereby states the following:

Whereas NABCO Assignments Ltd. (NABCO) has established certain structured settlement arrangements and assumed third party payment obligations to Claimant through a structured settlement agreement, dated _____, (the "structured settlement agreement") that is intended to be a Nonqualified Assignment, and

Whereas the payments that are to be made to Claimant under the structured settlement agreement are funded by an annuity issued by Allstate Life, and Allstate Life desires to facilitate such structured settlement arrangements and provide assurance to Claimant that (s)he will receive all payments required to be made by NABCO under the terms of the structured settlement agreement.

Now, therefore, Allstate Life guarantees that if NABCO shall fail to make any payment to the Claimant or his/her beneficiary(ies) as required under said structured settlement agreement, then Allstate Life shall make such payment(s) in accordance with the terms and conditions of the structured settlement agreement promptly after receipt of written notice from Claimant of NABCO's default.

All notices to Allstate Life regarding this guarantee must be in writing, identifying the structured agreement parties and the date thereof, and sent to Allstate Life Insurance Company, ATTN: Payout Annuities, 3100 Sanders Road, Northbrook, Illinois 60062 by certified mail, return receipt requested, or by a nationally recognized air courier or delivery service providing receipts for proof of delivery.

Said guarantee is irrevocable as to the above referenced Claimant.

ALLSTATE LIFE INSURANCE COMPANY

Steve Boger

Steve Boger
Assistant Vice President

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