Memorandum

MIAMI-DADE COUNTY

Date: December 15, 2009

To: Honorable Chairman Dennis C. Moss
and Members, Board of County Commissioners

Agenda Item No. 12(A)(2)

From: George M. Burgess
County Manager

Subject: Resolution Approving a Settlement Agreement and General Release between the State of Florida, Office of the Attorney General; Port of Palm Beach; Tampa Port Authority; Miami-Dade County; Key West and Virginia Harbor Services, Inc.

RECOMMENDATION

It is recommended that the Board approve the Settlement Agreement and General Release ("Settlement") between the State of Florida, Office of the Attorney General ("Attorney General"); Port of Palm Beach, Tampa Port Authority, Miami-Dade County, and Key West (collectively the "Public Authorities"); and Virginia Harbor Services, Inc., (f/k/a Trelleborg Engineered Products, Inc.) ("VHSI"), attached to the accompanying resolution. The Settlement as attached is minimally redacted to comply with a court order currently in place sealing certain personally identifiable information from the public domain.

SCOPE

The Port of Miami is located within District 5 – Commissioner Bruno A. Barreiro. The impact of this agenda item is countywide as the Port of Miami is a regional asset and generates employment for residents throughout Miami-Dade County.

BACKGROUND

In May, 2005, a relator filed a complaint under seal in the United States District Court in the Central District of California under the qui tam provisions of the United States False Claims Act, California False Claims Act, and Florida False Claims Act. The action essentially alleges that a number of defendants manufacturing marine products, including VHSI and its affiliates, colluded with each other to rig bids and fix prices to the detriment of the federal government as well as ports in California and Florida. As allowed by the Florida False Claims Act, the Florida Attorney General investigated the action to determine whether intervention on behalf of the State of Florida was appropriate.

The Florida Attorney General participated in the litigation, had access to the sealed file, and evaluated the strength of the various claims. Based on that analysis, the Attorney General did not find that a claim existed under the Florida False Claims Act, but the Attorney General did believe that potential claims existed under the Florida Antitrust Act under the facts alleged in the lawsuit. Under the Florida Antitrust Act, the Attorney General has the authority to investigate and settle claims on behalf of Florida and its units of government. Pursuant to that authority, the Attorney General negotiated the Settlement. In the Settlement, VHSI agrees to pay $1,000,000 to the Florida Attorney General in exchange for releases from the State of Florida and the Public Authorities.

The Settlement does not specify how the Attorney General will distribute the Settlement proceeds, but the Attorney General has represented in writing (Attachment A) that the Attorney General's office will distribute the Settlement proceeds to the Public Authorities by paying each authority 20% of the price of products purchased by the public authority from VHSI or its subsidiaries during the relevant time period. Based on that formula, the Attorney General has stated in writing that the Port of Miami will receive approximately $527,000 based on its purchase of 78 marine fenders. The County purchased the marine fenders between 2002 and 2005 from a subsidiary of VHSI for a total purchase price of $2,633,150.

The Attorney General based the settlement figure on numerous and lengthy conversations with relator's counsel, the Assistant United States Attorney, and defense counsel as well as the purchase data for each of the Public Authorities. The Attorney General also had access to the methodology used by the federal government for its settlement demand, although the federal government had additional claims which neither Florida nor the Public Authorities had. The Attorney General also based the settlement figure on a comparison of bids during and after the alleged conspiracy period, essentially assuming that it could be proven that each and every bid during the time period was tainted. Additionally, the Attorney General factored in the possibility that it may not have been possible at trial to prove causation or that the Public Authorities had incurred any damages as a result of the alleged conduct.

After negotiating the Settlement, the Attorney General contacted the County and the other Public Authorities to advise them of the Settlement and recommend their approval of it. Because the case is sealed pursuant to Court order, the County was not aware of the lawsuit until advised of the Settlement by the Attorney General. The Inspector General, however, had recently advised the Port of the criminal convictions of VHSI and of its former officers. (Attachment B). The County did not participate in the negotiation or drafting of the Settlement. The other Public Authorities have approved the Settlement.

FISCAL IMPACT/FUNDING SOURCE

Execution of this Settlement will generate approximately $527,000 to the Seaport Department from the total Settlement amount of $1,000,000 which will be paid by VHSI to the Attorney General.

TRACK RECORD/MONITOR

Since the last contract issued to VHSI in 2005, for the purchase of fenders and related hardware, the County has not contracted VHSI and/or its affiliates as suppliers/2nd or 3rd tier subcontractors for any County projects. The County has notified the State of Florida Department of Management Services of this matter. To date, neither the State of Florida nor Miami-Dade County has debarred VHSI as a contractor in the State of Florida. VHSI's predecessor Trelleborg Engineered Products, Inc. had been ineligible to receive federal contracts, but now VHSI is currently eligible to receive federal contract awards. In this regard, and as mentioned above, VHSI and some former officers of VHSI pled guilty to federal criminal charges, have been fined, and/or will be serving prison sentences.

Additionally, under the Settlement, VHSI agrees to refrain, either directly or indirectly, from engaging in any or all of the following conduct: (i) seeking, entering into or performing any agreement or understanding with any competitor involving the price of bids on marine hoses or related products anywhere in Florida; (ii) communicating with a competitor for purposes of coordinating the price of or bids on marine hoses or related products anywhere in Florida; (iii) taking any action that would result in the non-competitive pricing of marine products anywhere in Florida; and (iv) implement and maintain an antitrust compliance program for a period of five (5) years from the date of the Settlement Agreement.

The Port staff members responsible for overseeing this Settlement are Juan Kuryla, Deputy Port Director, Maritime Services and Miriam Abreu, Assistant Director of Finance.

DELEGATED AUTHORITY

In accordance with Section 2-8.3 of the Miami-Dade County Code related to identifying delegation of Board authority, there are no authorities beyond that specified in the resolution which include the authority for the Mayor or designee to execute the Settlement.

Assistant County Manager

OFFICE OF THE ATTORNEY GENERAL
Antitrust Division

Russell S. Kent
Special Counsel for Litigation
PL-01, The Capitol
Tallahassee, Florida 32399-1050
Telephone (850) 414-3854
Fax (850) 488-9134

BILL McCOLLUM
ATTORNEY GENERAL
STATE OF FLORIDA

August 12, 2009

VIA E-MAIL

Richard C. Seavey, Esq.
Assistant County Attorney
Miami-Dade County
111 N.W. 1st Street
Suite 2800
Miami, Florida

Re: *United States, California, and Florida* [redacted] *v. Trelleborg, AB et al., United States District Court, Central District of California, Western Div. (Case No.* [redacted]

Dear Richard:

As you know, VHSI has agreed to pay $1,000,000.00 under the Settlement Agreement to cover the claims of the Attorney General and the ports in Florida. Our office has decided to distribute the funds to the affected governmental entities using a formula under which entity receives 20% of its total purchases during the relevant period. Miami-Dade County (including the Port of Miami) had $2,633,150.00 in purchases. Upon its execution of the settlement agreement, the County will receive at least $527,000.00, which is by far the largest amount received by any port. The other ports and our office have already executed the agreement.

Thank you.

Sincerely,

Russell S. Kent

Russell Kent
Special Counsel for Litigation

EXHIBIT A

Memorandum

MIAMI-DADE COUNTY

Date: June 3, 2009

To: Christopher R. Mazzella
Inspector General

From: Bill Johnson
Port Director

Subject: Use of Trelleborg AB or One of its Subsidiaries, as a Subcontractor to Install "Marine Fenders" on the Port of Miami Contract #2008.033 (Area 3, [Seaboard Terminal] Bulkhead) and RPQ #2008.027.02 (Fender/Curb/Padeye Plate Repairs and Installation - Gantry Area) - Ref. IG09-33

Thank you for your memorandum of May 28, 2009 (attached), providing the Port with information pertaining to Trelleborg AB or one of its subsidiaries and its potential participation as a 2nd or 3rd tier subcontractor on the following two projects at the Port of Miami:

1. Contract #2008.033 (Area 3 [Seaboard Terminal] Bulkhead)
2. RPQ #2008.027.02 (Fender/Curb/Padeye Plate Repairs and Installation – Gantry Area)

In this memorandum you asked the Port to confirm the veracity of the information and provide a status report on these projects. Toward this end, we are pleased to report the following information.

In regards to the veracity of the information contained in the releases published by the United States Department of Justice, we have not been able to verify the accuracy of said reports as of the date of this writing. However, we have confirmed that Trelleborg Corporation is on the Federal Excluded Parties List System.

With respect to the above projects, Seaport staff has confirmed that the subject company is not a subcontractor/supplier in Contract #2008.033 (Area 3 [Seaboard Terminal] Bulkhead) and, subject to the concurrence of the County Manager's Office, we will be proceeding with the recommendation to award this contract to the lowest responsive and responsible bidder, Central Florida Equipment Rentals, Inc. We anticipate this item being presented to the Airport and Seaport Committee at its meeting of June 11, 2009, and to the Board of County Commissioners at its meeting of July 7, 2009.

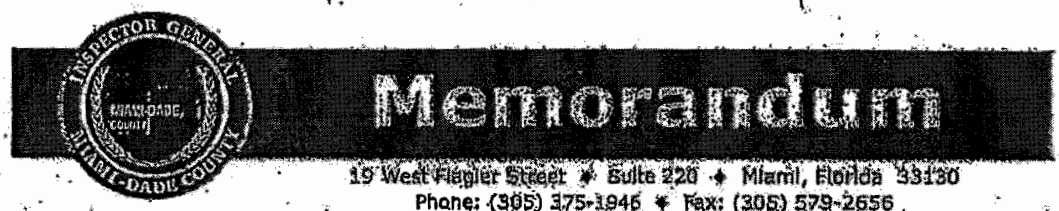
Regarding RPQ #2008.027.02 (Fender/Curb/Padeye Plate Repairs and Installation – Gantry Area), more than 90% of the scope of work is for the contractor to install 26 fenders already in stock at the Seaport; while less than the remaining 10% provides for the purchase and installation of two new fenders. At this time we have elected to remove the latter portion from the scope of work and proceed with the installation of the 26 fenders already available at the Port. We have also confirmed that the subject company is not a subcontractor in the installation portion of this contract.

Please be aware, we have notified the State of Florida's Department of Management Services of this matter for its consideration and appropriate action as related to the Public Entity Crimes statute.

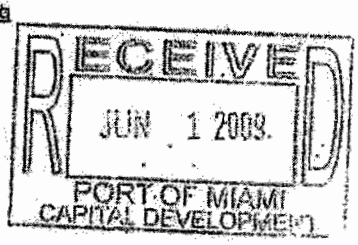
Attachment

EXHIBIT B

Maria



19 West Flagler Street ✦ Suite 220 ✦ Miami, Florida 33130
Phone: (305) 375-1946 ✦ Fax: (305) 579-2656
visit our website at www.miamidadeig.org



To: Mr. Bill Johnson, Director, Port of Miami

From: Christopher Mazzella, Inspector General

Date: May 28, 2009

Subject: Use of Trelleborg AB or One of its Subsidiaries, as a Subcontractor to Install "Marine Fenders" on the Port of Miami Contract #2008.033 (Area 3 [Seaboard Terminal] Bulkhead) and RPQ #2008.027.02 (Fender/Curb/Padeye Plate Repairs and Installation – Gantry Area) – Ref. IG09-33.

The Office of Inspector General (OIG) is providing you with information pertaining to a company called Trelleborg AB or one of its subsidiaries, which may be currently proposed to be used as a 2nd or 3rd tier subcontractor on two projects at the Port of Miami:

- Contract #2008.033 (Area 3 [Seaboard Terminal] Bulkhead)
- RPQ #2008.027.02 (Fender/Curb/Padeye Plate Repairs and Installation – Gantry Area)

According to an April 20, 2009 press release issued by the U.S. Department of Justice, two subsidiaries of Trelleborg AB have agreed to plead guilty and pay a total of $11 million in criminal fines for participation in separate conspiracies affecting the sale of marine products sold in the United States and elsewhere. (Attachment 1) One of the subsidiaries that pled guilty is Virginia Harbor Services Inc., formerly known as Trelleborg Engineered Products Inc. (TEPI) of Clearbrook, Virginia, who is currently listed as a County vendor.

The Federal Government's Excluded Parties List System (EPLS) indicates that Trelleborg Engineered Products, Inc. was put on the list on August 22, 2008 and the termination date for its exclusion is "Indefinite." (Attachment 2 – Excluded Parties List System – Search Results as of 14-May-2009.) As stated on the Excluded Parties List System web site, "The Excluded Parties List System (EPLS) includes information regarding entities debarred, suspended, proposed for debarment, excluded or disqualified under the nonprocurement common rule, or otherwise declared ineligible from receiving Federal contracts, certain subcontracts, and certain Federal assistance and benefits."

FOR IMMEDIATE RELEASE
Monday, April 20, 2009
WWW.USDOJ.GOV

AT
(202) 514-2007
TDD (202) 514-1888

Subsidiaries of Swedish Company, Trelleborg AB, Agree to Plead Guilty and Pay $11 Million in Criminal Fines

Virginia Harbor Services Inc. of Clearbrook, Va., and Trelleborg Industrie S.A.S. of France Agree to Plead Guilty

WASHINGTON — Two subsidiaries of the Swedish company Trelleborg AB, one based in Virginia and the other in France, have agreed to plead guilty and pay a total of $11 million in criminal fines for their participation in separate conspiracies affecting the sales of marine products sold in the United States and elsewhere, the Department of Justice announced today.

A two-count felony charge was filed today in U.S. District Court in Norfolk, Va., against Virginia Harbor Services Inc., formerly known as Trelleborg Engineered Products Inc. (VHS/TEPI), a manufacturer of foam-filled marine fenders, buoys and plastic marine pilings headquartered in Clearbrook, Va.

According to the charges, VHS/TEPI participated in a conspiracy between December 2002 and August 2005 to allocate customers and rig bids for contracts to sell foam-filled marine fenders and buoys, and also participated in a separate conspiracy between December 2002 and May 2003 to allocate customers and rig bids for contracts to sell plastic marine pilings. Under the terms of the plea agreement, which is subject to court approval, VHS/TEPI has agreed to pay a $7.5 million criminal fine and to cooperate fully in the Department's ongoing antitrust investigation.

To date, six individuals and two corporations have pleaded guilty or agreed to plead guilty in the Antitrust Division's ongoing investigation of fraud and collusion in the marine fenders and pilings industries.

Foam-filled marine fenders are used as a cushion between ships and either fixed structures, such as docks or piers, or floating structures, such as other ships. Foam-filled buoys are used in a variety of applications, including as channel markers and navigational aids. Plastic marine pilings are substitutes for traditional wood timber pilings and are often used in port and pier construction projects in conjunction with foam-filled fenders.

In addition, a one-count felony charge was filed today in U.S. District Court in Fort Lauderdale, Fla., against Trelleborg Industrie S.A.S. (TISAS), a manufacturer of marine hose headquartered in Clermont-Ferrand, France. TISAS is charged with participating in a conspiracy from at least as early as 1999 and continuing until as late as May 2, 2007, to allocate market shares, fix prices and rig bids for contracts to sell marine hose to purchasers in the United States and elsewhere. Marine hose is a flexible rubber hose used to transfer oil between tankers and storage facilities.

Under the terms of the plea agreement, which is subject to court approval, TISAS has agreed to pay a $3.5 million criminal fine and to cooperate fully in the Department's ongoing antitrust investigation. To date, three corporations have pleaded guilty or agreed to plead guilty in the Antitrust Division's ongoing investigation in the marine hose industry. Twelve individuals have also been charged to date, nine of whom have pleaded guilty.

"The cases filed today follow the prosecution of numerous other participants in these worldwide conspiracies to inflate the price of marine products critical to both the military and to industry," said Scott D. Hammond, Acting Assistant Attorney General in charge of the Department's Antitrust Division. "Those who harm U.S. purchasers by rigging bids will pay the price through stiff fines and jail sentences."

"Price fixing and bid rigging are serious crimes that drain resources from the Department of Defense and the American taxpayer. The Defense Criminal Investigative Service takes very seriously all violations of U.S. antitrust laws that affect products and services procured for our soldiers, sailors, airmen and Marines. DCIS aggressively investigates those

ATTACHMENT 1

who seek to cheat the DOD and the public by conspiring to suppress competition," said Sharon Woods, Director, DCIS.

Five former executives of TISAS and VHS/TEPI previously pleaded guilty to participating in the conspiracies charged today. Former VHS/TEPI president Robert B. Taylor was sentenced in January 2008 to serve 24 months in prison and pay a $300,000 criminal fine. Former VHS/TEPI chief financial officer Donald L. Murray was sentenced in March 2008 to serve 18 months in prison and pay a $75,000 criminal fine. William Alan Potts, a former vice president of VHS/TEPI, was sentenced in June 2008 to serve six months in prison and six months in home detention, and to pay a $60,000 criminal fine. Former TISAS executives Christian Caleca and Jacques Cognard were each sentenced in December 2007 to serve 14 months in prison and to pay criminal fines of $75,000 and $100,000, respectively.

VHS/TEPI and TISAS are charged with violating the Sherman Act, which carries a maximum fine of $100 million for corporations. The maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

Today's charge is an example of the Department's commitment to protect U.S. taxpayers from public procurement fraud through its creation of the National Procurement Fraud Task Force. The National Procurement Fraud Initiative, announced in October 2006, is designed to promote the early detection, identification, prevention and prosecution of procurement fraud associated with the increase in contracting activity for national security and other government programs.

The investigation is being conducted by the Antitrust Division's National Criminal Enforcement Section, the Defense Criminal Investigative Service (DCIS) of the Department of Defense's Office of Inspector General, the U.S. Navy Criminal Investigative Service and the Federal Bureau of Investigation. Anyone with information concerning bid rigging or other anticompetitive conduct in the marine products industry is urged to call the Antitrust Division's National Criminal Enforcement Section at 202-307-6694, the Arlington, Va., Resident Agency of the DCIS at 703-604-8439, or the Long Beach, Calif., Resident Agency of the DCIS at 562-256-2501.

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09-369

EPLS Excluded Parties List System

Search Results Excluded By Partial Name : trelleborg as of 14-May-2009 9:12 AM EDT

Name Trelleborg Corporation
Classification Firm
Exclusion Type Reciprocal
Description none

Address(es) --
Address 400 Aylworth Ave., South Haven, MI, 49090
DUNS 198719429

CT Action(s) --
Action Date 26-Aug-2008
Termination Date Indef.
CT Code A1
Agency NAVY
EPLS Create Date 26-Aug-2008
EPLS Modify Date

Cross Reference(s) --

Name	Action Date	Term Date	CT Code
1. Trelleborg Engineered Products, Inc. (Primary Record)	22-Aug-2008	Indef.	A1

Name Trelleborg Engineered Products, Inc.
Classification Firm
Exclusion Type Reciprocal
Description none
Cage Code 4LWN8

Address(es) --
Address 3470 Martinsburg Pike; Clearbrook, VA, 22624
DUNS 087699666

CT Action(s) --
Action Date 22-Aug-2008
Termination Date Indef.
CT Code A1
Agency NAVY
EPLS Create Date 22-Aug-2008
EPLS Modify Date

Cross Reference(s) --

Name	Action Date	Term Date	CT Code
1. Trelleborg Corporation	26-Aug-2008	Indef.	A1

ATTACHMENT 2

8

Memorandum

19 West Flagler Street ◆ Suite 220 ◆ Miami, Florida 33130
Phone: (305) 375-1946 ◆ Fax: (305) 579-2656
visit our website at www.miamidadeig.org

FILE COPY

To: Mr. Bill Johnson, Director, Port of Miami

From: Christopher Mazzella, Inspector General

Date: May 28, 2009

Subject: Use of Trelleborg AB or One of its Subsidiaries, as a Subcontractor to Install "Marine Fenders" on the Port of Miami Contract #2008.033 (Area 3 [Seaboard Terminal] Bulkhead) and RPQ #2008.027.02 (Fender/Curb/Padeye Plate Repairs and Installation – Gantry Area) – Ref. IG09-33.

To acknowledge receipt of the above-captioned memorandum, please kindly sign below.

On behalf of Bill Johnson — Date: 5/29/09

Cc: Mr. Carlos Alvarez, Mayor
Mr. Denis Morales, Chief of Staff, Mayor's Office
Mr. George Burgess, County Manager
Ms. Ysela Llort, Assistant County Manager

Attachments

MEMORANDUM

(Revised)

TO: Honorable Chairman Dennis C. Moss and Members, Board of County Commissioners

DATE: December 15, 2009

FROM: R. A. Cuevas, Jr. County Attorney

SUBJECT: Agenda Item No. 12(A)(2)

Please note any items checked.

_____ "3-Day Rule" for committees applicable if raised

_____ 6 weeks required between first reading and public hearing

_____ 4 weeks notification to municipal officials required prior to public hearing

_____ Decreases revenues or increases expenditures without balancing budget

_____ Budget required

_____ Statement of fiscal impact required

_____ Ordinance creating a new board requires detailed County Manager's report for public hearing

✓ No committee review

_____ Applicable legislation requires more than a majority vote (i.e., 2/3's ____, 3/5's ____, unanimous _____) to approve

_____ Current information regarding funding source, index code and available balance, and available capacity (if debt is contemplated) required

Approved _____ Mayor
Veto _____
Override _____

Agenda Item No. 12(A)(2)
12-15-09

RESOLUTION NO. _____

RESOLUTION AUTHORIZING EXECUTION OF A SETTLEMENT AGREEMENT AND GENERAL RELEASE BETWEEN THE STATE OF FLORIDA, OFFICE OF THE ATTORNEY GENERAL; PORT OF PALM BEACH; TAMPA PORT AUTHORITY; MIAMI-DADE COUNTY; KEY WEST AND VIRGINIA HARBOR SERVICES, INC. REGARDING THE PURCHASE OF MARINE PRODUCTS; AND AUTHORIZING MAYOR OR MAYOR'S DESIGNEE TO EXERCISE ALL OTHER RIGHTS CONFERRED THEREIN

WHEREAS, this Board desires to accomplish the purposes outlined in the accompanying memorandum, a copy of which is incorporated herein by reference,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that this Board:

Section 1. Approves the Settlement Agreement and General Release between the State of Florida, Office of the Attorney General; Port of Palm Beach; Tampa Port Authority; Miami-Dade County; Key West and Virginia Harbor Services, Inc., in the form attached hereto ("Settlement").

Section 2. Authorizes the Mayor or the Mayor's designee to execute the Settlement for and on behalf of Miami-Dade County, substantially in the form attached hereto and made part hereof and to exercise any provisions contained therein.

The foregoing resolution was offered by Commissioner , who moved its adoption. The motion was seconded by Commissioner and upon being put to a vote, the vote was as follows:

Dennis C. Moss, Chairman
Jose "Pepe" Diaz, Vice-Chairman

Bruno A. Barreiro	Audrey M. Edmonson
Carlos A. Gimenez	Sally A. Heyman
Barbara J. Jordan	Joe A. Martinez
Dorrin D. Rolle	Natacha Seijas
Katy Sorenson	Rebeca Sosa
Sen. Javier D. Souto	

The Chairperson thereupon declared the resolution duly passed and adopted this 15th day of December, 2009. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By:_____
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency.

Richard Seavey

SETTLEMENT AGREEMENT AND GENERAL RELEASE

This Settlement Agreement and General Release ("Agreement") is entered into this 15th day of July 2009, by and between the State of Florida, Office of the Attorney General, Department of Legal Affairs (the "Attorney General"), Port of Palm Beach, Tampa Port Authority, Port of Miami, Miami-Dade County, and City of Key West on their individual behalves, and on behalf of their respective parent corporations, subsidiaries, affiliates, divisions, related business entities, and its or their present and former shareholders, officers, directors, agents, employees, successors, assigns, and representatives (collectively the "Public Authorities"); and Virginia Harbor Services, Inc., on its behalf, and on behalf of its parent corporations, subsidiaries, affiliates, divisions, related business entities, and its or their present and former shareholders, officers, directors, agents, employees, successors, assigns, and representatives (collectively "VHSI"). The Attorney General, the Public Authorities, and VHSI will be referred to collectively in this Agreement as the "Parties" or, sometimes, individually as a "Party."

1. RECITALS

A. The Attorney General has authority under State and Federal law to investigate and prosecute potential antitrust violations as well as violations of state laws relating to certain business practices;

B. On or about May 9, 2005, [redacted] filed a complaint in the United States District Court for the Central District of California styled, THE UNITED STATES OF AMERICA [redacted] v. TRELLEBORG AB; TRELLEBORG ENGINEERED SYSTEMS; TRELLEBORG ENGINEERED PRODUCTS, INC.; SEAWARD INTERNATIONAL INC.; SEAWARD HOLDINGS, INC.; NEXTWAVE MARINE, LLC; MARINE FENDERS INTERNATIONAL, INC.; WATERMAN SUPPLY CO., INC.; PLASTIC PILINGS, INC.; SEYMOUR WATERMAN; FRANK MARSH; ROBERT TAYLOR; GERALD THERMOS; AND DOES 1-50, Civ. No. [redacted] Said complaint has been amended at

various times, with the inclusion on or about June 13, 2006 to include claims under the [redacted] Some of the conduct alleged in the complaints allegedly caused injury to the State of Florida and/or local governmental entities within the State of Florida. This litigation is referred to herein as the "Litigation".

C. The Attorney General has investigated and determined that there is no basis for the above alleged claims under the [redacted] The Attorney General has further investigated and determined that some of the allegations in the Litigation, if proven, would give rise to potential claims by the Public Authorities for antitrust violations by VHSI.

D. The Public Authorities represent and warrant that they have not sold, assigned, transferred, conveyed or otherwise disposed of any of the claims, demands, obligations or causes of action referred to in this Agreement.

E. The Attorney General represents and warrants it has not disposed of any of the claims, demands, obligations or causes of action referred to in this Agreement.

F. The Parties represent and warrant that they are entering into this Agreement after conducting an independent investigation of the facts and circumstances surrounding the matters that are in dispute and being released and resolved by this Agreement.

G. The Parties are entering into this Agreement to fully and finally settle and discharge any and all claims by the Attorney General and the Public Authorities against VHSI, including, but not limited to any and all known claims for compensatory damages, statutory damages, punitive damages, attorneys' fees, and costs on the terms set forth in this Agreement.

H. The Parties understand and agree that this Agreement is a settlement and compromise of disputed claims. The Parties acknowledge and agree that neither the terms and conditions of this Agreement, nor the settlement and Payment provided for in General Provision below, shall constitute or be considered (1) an admission of wrongdoing or liability, or (2) an adjudication of any issue of fact or law. The Parties recognize that by entering into this Agreement, VHSI does not admit, and has specifically denied, any and all wrongdoing or liability. This Agreement shall in no way be construed or considered as an admission of liability

or wrongdoing in any legal or administrative proceeding. The Parties agree that neither this Agreement nor any related documentation or evidence reflecting or generated to effectuate the intent of this Agreement shall be admissible in evidence against any Party in any suit, claim, or proceeding of any nature, whether legislative, administrative, or judicial, except in an action to enforce or for breach of this Agreement.

II. GENERAL PROVISIONS

The Parties hereby agree as follows:

A. Recitals

The Recitals set forth above are true and correct, and are a material part of this Agreement.

B. Prohibited Conduct

VHSI agrees to refrain, either directly or indirectly, from engaging in any or all of the following conduct: (i) seeking, entering into or performing any agreement or understanding with any competitor involving the price of or bids on marine hoses or related products anywhere in Florida; (ii) communicating with a competitor for purposes of coordinating the price of or bids on marine hoses or related products anywhere in Florida; or (iii) taking any action that would result in the non-competitive pricing of marine hoses or related products anywhere in Florida.

C. Compliance Program

VHSI further agrees to implement and maintain an antitrust compliance program for a period of five (5) years from the date of this Agreement.

D. Release and Discharge by the Public Authorities

In consideration of the payment provided for in General Provision D below, each Public Authority hereby remises, releases, acquits, satisfies, and forever discharges VHSI of and from all, and all manner of action and actions, cause and causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies,

agreements, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law or in equity, which each Public Authority ever had, now has, or which any successor or assign of each Public Authority, or any party represented by or claiming through each Public Authority, hereafter can, shall or may have, against VHSI for, upon or by reason of any matter, cause or thing whatsoever, from the beginning of the world to the day of these presents, arising out of or in any way relating to the matters raised or that could have been raised in the Litigation, including any state or federal antitrust claims as well as any claims for attorneys fees' and costs. This Agreement, executed by each Public Authority, shall be a fully binding and complete settlement between the Public Authorities and VHSI, and all parties represented by or claiming through them.

E. Release and Discharge by the Attorney General

In consideration of the Payment provided for in General Provision D below, the Attorney General hereby remises, releases, acquits, satisfies, and forever discharges VHSI of and from all, and all manner of civil and administrative actions, cause and causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law or in equity, which the Attorney General ever had, now has, or which any successor or assign of the Attorney General, or any party represented by or claiming through the Attorney General, hereafter can, shall or may have, against VHSI for, upon by reason of any matter, cause or thing whatsoever, from the beginning of the world to the day of these presents, arising out of or in any way relating to the matters raised or that could have been raised in the Litigation, including any state or federal antitrust claims as well as any claims for recovery of attorneys' fees and costs. This Agreement, executed by the Attorney General, shall be a fully binding and complete settlement between the Attorney General and VHSI, and all parties represented by or claiming through them.

F. Payment

Within twenty (20) business days after the later of the receipt of written wire transfer payment instructions or date on which this Agreement becomes effective, as defined in Section V of this Agreement, VHSI shall pay or cause to be paid to the Attorney General the sum of $1,000,000. The Parties agree that no portion of the funds to be paid by VHSI shall be considered a fine or penalty.

G. Dismissal of the Litigation

Promptly upon the Effective Date of this Agreement, the Attorney General shall file in the Litigation a Notice of Dismissal of Counts VII - IX against VHSI (specifically comprising Trelleborg AB, Trelleborg Engineered Systems, Trelleborg Engineered Products, Inc., formerly known as Virginia Harbor Services, Inc., Fentek Marine Systems GmbH, Trelleborg Industrie SAS, Robert Taylor, Tomas Crawaak, William Alan Potts, and Peter Nilsson) and shall take any other reasonable action necessary to effectuate the dismissal. The Attorney General shall file a Notice of Dismissal with Prejudice within ten (10) business days of receiving the $1,000,000.

III. MISCELLANEOUS PROVISIONS

A. Attorneys' Fees and Costs

Except as otherwise provided herein, each Party shall bear it own attorneys' fees and costs.

B. Non-Admissibility of Agreement

This Agreement, and the settlement discussions that led to it, have been undertaken by the Parties in good faith and for settlement purposes only, and neither this Agreement nor any evidence of negotiations that led to it shall be offered or received as evidence in the Litigation, or any other action or proceeding, for any purpose other than in an action or proceeding arising under this Agreement.

C. Warranty of Capacity to Execute Agreement

The Parties represent and warrant that they have the legal capacity and authority to execute the terms and conditions of this Agreement; and that the person executing this Agreement on behalf of each Party has the authority and mental capacity to bind that Party to the terms of this Agreement.

D. Entire Agreement

The Parties agree that this Agreement contains the entire agreement between them with regard to the matters set forth in this Agreement, and shall be binding upon and inure to their benefit. There are no other understandings or agreements, verbal or otherwise, between the Parties, except as expressly set forth in this Agreement. There have been no representations not set forth herein that any Party has relied upon in entering into this Agreement. Any modifications to this Agreement must be in writing and signed by all Parties.

E. Representation of Comprehension of Document

In entering into this Agreement, each Party represents that it has relied upon the legal advice of its attorney, who is the attorney of its own choice, and that the terms of this Agreement have been completely read by each Party and explained by its attorney, and that those terms are fully understood and voluntarily accepted.

IV. CONSTRUCTION BY STATE LAW

This Agreement shall be construed and interpreted in accordance with the laws of the State of Florida. The Parties agree that the sole and exclusive venue for any action to enforce or for breach of this Agreement shall be the Circuit Court for Leon County, Florida. The Parties further agree that should any provision of this Settlement Agreement require interpretation or construction that all Parties have participated in the drafting of this document and no presumption regarding construing the document against one Party shall apply.

V. EFFECTIVENESS

This Agreement shall become effective on the date on which the last required signature is affixed to this Agreement. This Agreement may be executed in counterparts. The Parties agree to accept and treat facsimile of the signatures pages as originals.

[SIGNATURES BEGIN ON NEXT PAGE]

STATE OF FLORIDA,
OFFICE OF THE ATTORNEY GENERAL

By:

PORT OF PALM BEACH

By:

TAMPA PORT AUTHORITY

By:

PORT OF MIAMI

By:

MIAMI-DADE COUNTY

By:

CITY OF KEY WEST

By:

VIRGINIA HARBOR SERVICES. INC.

By: Michael L. Harper

By: Roxann E. Henry
HOWREY LLP
1299 Pennsylvania Avenue, NW
Washington, D.C. 20004
Tel: 202-383-6503
Fax: 202-383-6610
Counsel For Virginia Harbor Services, Inc.

STATE OF FLORIDA,
OFFICE OF THE ATTORNEY GENERAL

By:

PORT OF PALM BEACH

By:

TAMPA PORT AUTHORITY

By:

PORT OF MIAMI

By:

MIAMI-DADE COUNTY

By:

CITY OF KEY WEST

By: Morgan McPherson, Mayor

VIRGINIA HARBOR SERVICES, INC.

By: Michael L. Harper

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STATE OF FLORIDA,
OFFICE OF THE ATTORNEY GENERAL

By:

PORT OF PALM BEACH

By:

TAMPA PORT AUTHORITY

By: Richard A. Wainio, Port Director

PORT OF MIAMI

By:

MIAMI-DADE COUNTY

By:

CITY OF KEY WEST

By:

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22