



*Environmental Prosecutions – Latest Cases and
Defence Strategies*



Matthew Gardner
Willms & Shier Environmental Lawyers LLP

SMART Remediation
Edmonton, AB | March 20, 2019

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Environmental Lawyer

SMART Remediation Seminar Series
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Overview

- **Environmental Liabilities**
- **Inspections vs Investigations**
- **Potential Legal Defences**
- **Sentencing & Implications of Conviction**
- **Environmental Prosecutions – Case Law Updates**



ENVIRONMENTAL LIABILITIES

Environmental Liabilities

- **Regulatory Liability**

- regulator can issue orders
- regulator can prosecute under environmental statutes
- “person responsible”, “contaminant”, “adverse effect”

- **Civil Liability**

- contamination on-site (soil, groundwater, indoor air)
- contaminant migration and impact off-site (groundwater, air emissions)
- concept of “flow through” property
- causes of action and damages

Personal Environmental Liabilities

- **Personal Environmental Regulatory Liability**

- individuals may be ordered and/or prosecuted
- statutory liability for Directors, Officers and agents

- **Personal Environmental Civil Liability**

- individuals may be sued
- precedent from the Ontario Court of Appeal (Midwest) for piercing corporate veil in an environmental lawsuit

INSPECTIONS VS INVESTIGATIONS

Inspections

- **Inspections occur**
 - to verify compliance with the Act
 - where inspector has “reasonable grounds to believe” or “reasonably believes” that substance or documents related to Act can be found in the place.
- **Inspectors can require persons on site to**
 - give “all reasonable assistance”
 - furnish all information that the inspector may reasonably require to carry out his/her duties

Inspections – Obstruction

- **It is an offence to**
 - knowingly make false or misleading statements
 - obstruct or hinder the Inspector (such as physically preventing the inspection)
 - provide false or misleading samples, results, or documents

Investigations

- **Investigations occur**
 - when reasonable and probable grounds formed of contravention that constitutes an offence
 - for the purpose of seeking evidence for prosecution of an offence
 - to seek evidence of due diligence

Investigations – With Consent

- **Voluntary investigation can take place where**
 - agree to interviews
 - agree to disclose documents
 - allow investigator on premises

Investigations – Without Consent

- **Exigent circumstances**
 - impractical to obtain a search warrant
 - reasonable grounds to believe entry necessary to prevent imminent loss or destruction of evidence
 - a pollution offence has been committed
 - place to be searched likely has evidence of offence
 - can involve police assistance

Investigations – Without Consent

- **Judicial Authorization**
 - search warrant (becoming more frequent)
 - judicial order
 - can involve police assistance

Search Warrants & Orders – What to do?

- **Investigator should provide a copy when executing**
 - immediately review with lawyer to
 - determine scope of authorization
 - consider challenge of basis for authorization
- **Cooperate, with caution – non-compliance is contempt of court (criminal consequences)**
- **Ask for a list of items seized**
- **Segregate documents and assert claim of legal privilege (where appropriate)**
- **Conduct training, organize files in advance!**

Investigations – Obstruction

- **It is an offence to**
 - hinder an investigator carrying out legitimate purposes of legislation (i.e., execution of search warrant)
 - refuse to furnish information required to be maintained
 - provide false/misleading information
- **It is not an offence to**
 - exercise personal *Charter* rights
 - assert claim of legal privilege over documents
 - refuse to consent to the investigation (including voluntary interviews)

POTENTIAL LEGAL DEFENCES

Potential Legal Defences

Charter Applications: R v Jarvis and R v Ling (SCC) considerations

- Timing of formation of reasonable and probable grounds of offence(s) by inspectors
- Timing and context of inspector's collection and sharing of information with investigators
- If successful in *Charter* application, two possible remedies
 - exclusion of evidence
 - stay of proceedings

Potential Legal Defences

De Minimus Principle (R v Beets)

- Law does not attach penal consequences for trivial or minimal impairments to the natural environment (*R v CP*)
- Two Uses :
 - to attack Crown's case (i.e. "adverse effect" in Ontario's EPA, s. 14(1))
 - as a defence
- Is offence at issue minimal or trivial ("mere trifle")?

Potential Legal Defences

Defence of Officially Induced Error (*Lévis (Ville) v Tétreault*)

Defendant must establish that:

- defendant made an error of law/mixed law and fact
- defendant considered the legal consequences of its actions
- an appropriate official gave the advice
- the advice was reasonable
- the advice was erroneous, and
- the defendant relied on the official's advice in committing the offence

Potential Legal Defences

Defence of Necessity (*R v Perka*, *R v Latimer*)

Defendant must establish that:

- defendant faced imminent danger or peril
- defendant had no reasonable legal alternative to its chosen outcome, and
- defendant only inflicted harm proportionate to the harm the defendant sought to avoid

Potential Legal Defences

Defence of Due Diligence (*R v Sault Ste Marie (City)*)

- **Took all reasonable care to avoid the offence**
 - “reasonable care and due diligence do not mean superhuman efforts. They mean a high standard of awareness and decisive, prompt and continuing action” – *R v Courtaulds Fibres*
- **Reasonable belief in a mistaken set of facts**
 - “the defence will be available if the accused reasonably believed in a mistaken set of facts which, if true, would render the act or omission innocent” – *R v Sault Ste Marie (City)*

Potential Legal Defences

Defence of Due Diligence

- **Environmental Management Systems (EMS)**
 - develop and implement EMS
 - reasonable and realistic corporate policy
 - identify environmental impacts and legal requirements
 - implement SOPs and training
 - adequate commitment of resources
 - continuous improvement (management review, audits)

Case Law – Due Diligence Defence

R v Zellstoff Celgar Limited Partnership **(BCPC 2012)**

- Defendant found guilty of discharging effluent into the Columbia River
- Defendant had ISO procedures to prevent the discharge
 - “...had the defendant followed the ISO procedures, it should have prevented the spill...”
- Defence of due diligence rejected

Case Law – Due Diligence Defence

R v ControlChem (OCJ 2016)

- Employee deliberately discharged liquids from four large totes into a storm drain which turned the creek white
- 5 *EPA* and *OWRA* charges were brought against both the company and employee
- Employee pled guilty and convicted on 1 *OWRA* charge
- Due diligence (took all reasonable care) was made out during the company's trial in Fall 2015
- Company mantra – “nothing leaves the building”
- ControlChem acquitted of all charges

Case Law – Due Diligence Defence

R v MV Marathassa (BCPC 2019)

- Ship leaked fuel oil into English Bay in Vancouver
- Charged under *Canada Shipping Act* for discharging pollutant, failing to implement pollution emergency plan
- Due diligence defence made out at trial
 - defendant reasonably believed ship was designed, built, and certified to internationally recognized environmental and safety standards (ECO standard) (belief in mistaken set of facts)
 - pollution prevention systems included comprehensive crew selection and training program aimed at pollution prevention
 - met and exceeded regulatory requirements and industry standards
- MV Marathassa acquitted of all charges

SENTENCING & IMPLICATIONS OF CONVICTION

Sentencing & Implications of Conviction

- **Court weighs several sentencing factors when assessing a fine amount**
 - **Statutory sentencing factors**
 - adverse effect, intentional or reckless, prior warning, prior convictions, actions after offence
 - **Common law sentencing factors – *R v Bata Industries Ltd***
 - nature of environment affected, extent of damage, deliberateness, attitude, size, wealth and power of corporation, duration of non-compliance, profits, prior offences, evidence of character

Sentencing & Implications of Conviction

- **Defendant may have more of a “target on its back”**
 - more day-to-day scrutiny of operations
 - higher frequency of inspections by environmental officers
- **Increased fines if subsequent conviction under same/similar environmental statute(s)**

Sentencing & Implications of Conviction

- **Defendant’s conviction(s) will be publicly accessible and published**
 - “Court Bulletins” published – defendant names, offence(s), and penalty
 - Prosecution Disposition Reports published and available in government and legal databases
 - Local news reporting, social media
- **Defendant’s business, contracts and customer relations may be at risk or negatively affected**

ENVIRONMENTAL PROSECUTIONS – CASE LAW UPDATE

Case Law Update – Fuel Oil

Canadian National Railway Corporation (ABPC 2017)

- Defendant railway company operated fueling station
- ECCO officers traced oil sheen from North SK River >8km through Edmonton's storm drain system to fueling station
- Joint federal-provincial investigation - oil and water separator did not comply with *Storage Tank Systems for Petroleum and Allied Petroleum Products Regulations*
- Defendant convicted under *CEPA*, *Fisheries Act* and Alberta's *EPEA*
- Defendant fined \$2,500,000

Case Law Update – Crude Oil

Montreal, Maine and Atlantic Canada Co. **(QCCP 2018)**

- Train carrying 7.7 million litres of crude oil derailed in Lac-Mégantic in July 2013
- Resulting fire destroyed town's downtown, 47 people died, 2,000 people forced out of homes
- 6 million litres of crude oil spilled, including into Lac-Mégantic and the Chaudière River
- Defendant company fined \$1,000,000 under *Fisheries Act*, of which \$400,000 is to be directed to EDF

Case Law Update – Tailings Waste

Syncrude Canada Ltd (ABPC 2019)

- Syncrude abandoned tailings pond containing bitumen without completing remediation
- Contractor for Syncrude found 30 decomposing Great Blue Herons in pond and one live heron covered in oil
- Syncrude convicted under Alberta's *EPEA* and federal *Migratory Birds Act*
- Syncrude fined \$2.75 million
 - \$25,000 fine plus VFS to court for *EPEA* charges
 - \$950,000 held in trust by Alberta Energy Regulator to fund wildlife, biodiversity projects (RFP process)
 - \$1.8 million directed to EDF

Case Law Update – Wastewater

Obed Mountain Mine (ABPC 2017)

- Defendant company operated a dike that held back wastewater at Obed Mountain Mine in Alberta
- When dike failed, contaminated water and sediment spilled into creeks and impacted Athabasca River
- Defendant convicted under the *Fisheries Act* and Alberta's *EPEA*
- Defendant fined \$3,500,000, of which \$1,150,000 was directed to be held in trust by the University of Alberta and \$2,150,000 directed towards the EDF

Case Law Update – Effluent

Irving Pulp and Paper Limited (NBPC 2018)

- Defendant company discharged improperly treated effluent into St. John River between June 2014 and August 2016
- In 2018, defendant convicted under *Fisheries Act*
- Defendant fined \$3,500,000, of which \$2,340,000 was directed to EDF and \$1,160,000 directed towards UNB Canadian Rivers Institute
- Company also directed to commission new effluent treatment system

Case Law Update – PCBs

Collingwood Prime (OCJ 2018)

- Electrical equipment exceeded regulated PCB levels and was not sent for destruction to authorized facility
- Company and its director charged with
 - 10 counts of contravening *PCB Regulations* under *CEPA*
 - 1 count of failing to comply with an EPCO
- Defendants pleaded guilty
 - company and director fined \$420,000, and
 - 45-day jail term for director (to be served on weekends)

Willms & Shier Environmental Lawyers

- **Established over 40 years ago**
- **17 lawyers**
 - six are certified by the Law Society of Ontario as Environmental Law Specialists
 - lawyers called to the Bars of Alberta, British Columbia, Ontario, New Brunswick, Northwest Territories, and Nunavut

Contact Information

Matthew Gardner

(403) 444-6887

mgardner@willmsshier.com

Called to the Bars of Ontario and Alberta



Willms & Shier Environmental Lawyers LLP

www.willmsshier.com



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