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CLIENT ADVISORY LETTER 2003-03
August 20, 2003

RE: Department of Homeland Security & USCG Facility Security Requirements

Dear Client:

As you are aware, the Department of Homeland Security and U.S. Coast Guard have issued interim rules (Federal Register, 33 CFR Parts 104 and 105) requiring shipowners and MTR facilities to perform an assessment of security in accordance with the guidelines set forth in the interim rule. Upon completion of this Risk Assessment, vessels and facilities must develop Security Plans that address the findings of the Risk Assessment. These activities including plan submission must be completed no later than December 29, 2003. Implementation of both vessel and facility security plans must be completed no later than July 01, 2004

Since September 11, 2001, international groups like the International Maritime Organization have also been proactive in addressing maritime security issues and have adopted new standards for the shipping industry. As a result, many shipowners have already begun addressing the impending USCG security requirements by working through their Qualified Individuals (QI) and Spill Management Team (SMT) representatives in the U.S. Since shipowners have traditionally looked to their QI or SMT to assist them with their plan writing requirements, we recommend that you continue to rely on your existing plan drafting provider to advise you on this new security process.

We have, however, received numerous requests for assistance with security issues from our facility and other domestic clients that have not traditionally looked to a third party to support their QI/SMT needs. In order to support this portion of our client base with the impending deadline, NRC has developed a three-tiered approach to assist our clients in satisfying these new requirements by the compliance dates. This cost effective program includes a site security assessment, a completed Security Plan and assistance with the future drill and training components of the new regulation. In order to properly assist our clients that request these new services, we have hired Curtis Middleton as Director, Planning and Compliance. Curtis comes to us from Virtual Business Solutions where he managed all their operations as its President.

Security regulations along with broader concerns of global threats have made it necessary for many companies to reevaluate their existing security programs. In addition to bringing



Curtis on board to meet this need, NRC has also developed a network of security specialists that can assist our customers with their security concerns. Similar to our International Contractor Network that many of you are familiar with, our security specialists network can provide a variety of security services tailored to meet your specific security needs. From threat and vulnerability assessments to security surveillance systems and professional security staffing, these specialists can design a security program for any size facility or operation.

NRC has the technical expertise, resources, and personnel required to support our customers with their security plan requirements. From single facilities to national programs, NRC has performed detailed evaluations, and program management services for virtually every type of facility. NRC will bring this knowledge and experience to your organization during and after the security assessment and plan preparation.

If you would like more information regarding our security services, please contact Deborah Wick, Client Services Manager at 631 224 9141 Ext. 109 or Curtis Middleton at 703 455-7659.

In the meantime, I welcome you to contact me directly, if there is anything I can do to assist you.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Candito", written in a cursive style.

Steve Candito
President