

TESTIMONY OF
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ROYAL CARIBBEAN CRUISES LTD.
BEFORE THE
U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON COAST GUARD AND MARITIME TRANSPORTATION
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Good morning, Mr. Chairman, Congressman LaTourette, and Members of the Subcommittee. I would like to take this opportunity to thank you, Mr. Chairman, and the Subcommittee, for holding these hearings. After 29 years in the FBI, I am a true believer in Congressional oversight and the reform it can bring about when conducted in a fair and productive manner. Because of your interest in cruise industry operations, issues facing the industry and our guests today have become more clearly focused and progress is being made in how we mutually ensure their security and care. I have been particularly impressed with your recognition and support of an industry partnership with individual cruise incident survivors. I thank you for your encouragement and collegial inclinations in this important area. Some of the best external guidance I now receive is from cruise incident survivors.

I first appeared before the Subcommittee in March of this year at which time I had served just nine months as the head of global security for the Royal Caribbean cruise brands, which include: Royal Caribbean International, Celebrity Cruises and Azamara Cruises. At that time, Mr. Chairman, I testified to a number of shortcomings in our policies and procedures which, unfortunately, led to additional trauma for several guests who had suffered a crisis while on vacation with us. I also testified about some of the changes we had put into place to address these shortcomings. Those changes remain in place and are part of a strategy to advance our security to ensure the welfare of our guests.

Guest Security Strategy

At Royal Caribbean, our guest security strategy is to implement processes that prevent and effectively respond to security incidents. Prevention, our highest priority, is being pursued through a dual effort of 1) effective deterrence, and 2) understanding and eliminating the factors that contribute to incidents. Simply stated, I believe that if we can eliminate the factors that lead to incidents, we will be able to prevent incidents from occurring.

In those situations where an incident does occur, our goal is to effectively respond in a manner that restores safety and security; treats and cares for our guest appropriately and with compassion; identifies those responsible; preserves evidence; and facilitates and supports investigation of the incident and prosecution of those responsible.

The first steps in this process are underway. We have instituted a deterrent presence on several of our ships, and will expand this in the future. The next step involves developing a process to identify the factors that contribute to incidents. Once this step is complete, we will begin to collect and evaluate this information and develop security measures that eliminate these contributing factors.

In the mean time, we are redefining the roles and qualifications of our security staff and providing the training they need to be successful. We have revised several of our key processes, and expect to eventually conclude a complete rewrite of our security procedures. We are aggressively re-training our security teams on how to recognize and preserve evidence; how to conduct post-incident follow-up; and, importantly, on the acceptable manner in which to interact with victims of crimes.

Although I will list below some of the steps we have already taken, there are many others, both underway and planned, that I can not present today in this open setting. Some of these fall into the categories of security countermeasures; promising proprietary technical research and development; and personnel initiatives. It is important to note that although I believe we have come a long way in our security efforts, we still have much more to accomplish. Ultimately, this process is not about statistics or even about past incidents, although both are important. It is about preventing even a single negative experience on a cruise ship. This is no small task. With the continual support of this Committee, government officials, our cruise industry counterparts and our incident-survivor partners, I am confident our efforts will make a significant impact on the issues we collectively face and on the cruise experiences of our future guests.

External Input and Recommendations

Since the March hearing before this Committee, I have benefited from both direct and indirect input from cruise incident survivors. Their unique perspectives have afforded me an excellent compass-check to ensure my efforts are on a course that will prevent future incidents. Many of the suggestions I have received from survivors have either led to new initiatives; validated current projects; or produced promising ideas for future planning. We have also received recommendations from the International Cruise Victims Association. Their "Ten-Point Program" contains sound concepts and, although in some instances we do not agree with their implementation approach, their work has stimulated productive dialogue. In general, their proposals are consistent with our goals to ensure: reliable cruise employee vetting; well-trained and capable shipboard security with a high degree of integrity and appropriate oversight; effective video surveillance systems; viable technology and processes to address missing persons; and capable medical care. I am also particularly pleased and optimistic about CLIA's initiative to form a Survivor/Industry Working Group. Based on what I know about the survivors who have volunteered to serve on this group, I am confident that we will continue to make progress through this collaborative process and the flow of security ideas for the future will be rich and well informed.

Security Progress

Today, I am pleased to report that we have continued to make progress in both securing our ships and in providing needed personal and emotional support to our guests. Mr. Chairman, as I have noted, our progress over the last six months has been greatly enhanced by the partnership of cruise incident survivors who have graciously provided firsthand accounts of ways in which we can improve. I have spent many hours in personal discussions and reviewing input from incident survivors and their families. I have found the information I have received to be very helpful in ensuring the direction of my improvement strategies is in keeping with the needs of those I am dedicated to protect.

For the past several years, Royal Caribbean has focused on improving the tools, technology, training, and performance of our company in terms of security and guest care. Although I would be pleased to respond to questions about any of the initiatives we have undertaken, for purposes of my remarks today, I would like to focus on some of the steps we have taken in the six months that have passed since this subcommittee's last hearing in late March of this year. The majority of these steps in our ongoing security progress speak to issues raised in our conversations with individual incident survivors and in the written proposals for improvement we have received.

April 2007

- At the conclusion of the March 27, 2007 hearing, I was approached by Kimberly Edwards, a cruise incident survivor. Ms. Edwards expressed concern over her personal cruise experience and manner in which her situation was handled. I addressed her concern and we began a dialogue about shipboard security that has been very informative. I found Ms. Edwards to be a strong advocate of her own and other cruise victims' concerns and someone with the ability to bridge perspective gaps such as those that may develop between the industry and incident survivors. The manner in which she has approached our mutual goal of security improvements confirmed for me the absolute need to involve survivors in our security improvement process.
- We have entered into a partnership with the Rape Assault and Incest National Network (RAINN). RAINN, the nation's largest anti-sexual assault organization, operates a National Sexual Assault Hotline, and conducts programs to prevent sexual assault, help victims, and ensure that perpetrators are brought to justice. We are working with RAINN to establish access from our ships to RAINN's web-based 24-hour Online Hotline and to their 24-hour 800 Telephone Hotline for those rare instances where a guest or crew member becomes the victim of a sexual assault. Our mutual goal is to facilitate both immediate and continuing professional counseling services should a guest desire and need this assistance. Our partnership with RAINN will contribute strongly to the support now routinely provided to guests by Royal Caribbean's Guest Care Team.

- After meeting Ken Carver for the first time at the March hearing, we began an exchange of information concerning his daughter's apparent suicide, as well as information about the International Cruise Victims Association's (ICVA) recommendations for security improvements. Through CLIA's leadership, I look forward to continuing discussions with Mr. Carver as we advance our efforts to address our mutual concerns.
- We began a formalized process whereby the Global Security Department and the Risk Management Department of Royal Caribbean conduct formal quarterly reviews of all shipboard incidents. This is an oversight process that helps us ensure incidents are properly reported, characterized and addressed at various levels/perspectives and offers an additional opportunity to identify lessons learned and areas where we can improve.
- We implemented a Guest Care checklist for ships' management to facilitate consistent support of our guests' emotional and logistical needs following an unforeseen event. This includes providing shipboard toll free telephone access for guests to RAINN, the FBI and other law enforcement entities who may be involved in responding to their shipboard incident. This is a service that will be routinely provided under the Royal Caribbean Guest Care Program.

May 2007

- Laurie Dishman, who testified on the victim's panel at the March 27, 2007 hearing, and I exchanged several emails which included her thoughtful suggestions for security improvements. Although our interactions have been limited by her attorney's concerns about pending litigation, Ms. Dishman's suggestions have directly led to security improvements within Royal Caribbean. I hope one day to discuss our security initiatives with Ms. Dishman and to obtain more of her valuable input and feedback.
- Royal Caribbean co-sponsored a Family Assistance Foundation (FAF) symposium in Atlanta, Georgia. The symposium was attended by survivors and industry representatives and was facilitated by Dr. Carolyn Coarsey of the FAF. The conference successfully enabled all parties to discuss our shared goal of enhancing transportation security while at the same time providing a much needed opportunity for us to interact on a personal level with persons who are survivors of a cruise-related incident. The value of these discussions has been evident in the progress the industry has made in addressing survivors' specific concerns.
- We implemented a formal "after-action process" at the conclusion of the internal handling of a shipboard incident involving a sexual assault or a "man-overboard" incident. While we do many things right, we have learned from our survivors that there are things we have done wrong or that we could do better in these matters. For that reason, we have designed the after-action review process to identify lessons learned and to make appropriate improvements.

- We formed an internal Employee Vetting Working Group to re-evaluate both our internal and outsourced vetting processes and to identify opportunities for improvement. This group will also further explore legal ways to address the vetting concerns expressed by Ms. Dishman and the ICVA.

June 2007

- We entered into an agreement with an outside contractor to supply former federal, state and local law enforcement investigative experts who are on call to respond to certain ship-board incidents such as man overboard or sexual assault incidents. This team provides us a resource we can dispatch with strong investigative credentials to assist in understanding how an incident occurred and what steps we can take to prevent a recurrence. Given the input we have received from this committee and our survivors, we have required this team to include highly skilled female investigators who will greatly add to our efforts to effectively respond, assess and ultimately prevent sexual assault incidents.

July 2007

- We expanded our existing internal Watchlisting Process to include all terminated Royal Caribbean employees. This now permits us to consider whether a terminated employee should be permitted to sail as a guest on a Royal Caribbean ship in the future. Existing protocols within the Human Resources Department already ensure that a terminated employee will not be rehired without a complete review of the reasons for a prior termination. Terminations for criminal activity are a bar against both sailing with and future employment with Royal Caribbean. (Due to prohibitions on the practice of blacklisting, within the context of anti-discrimination laws, civil rights laws, antitrust laws and labor laws, Royal Caribbean does not share a list of employees terminated for criminal activity with other cruise lines, as has been recommended by the International Cruise Victims Association.)
- We contracted with an outside expert for the development of incident metrics to facilitate a prevention approach to shipboard security. The goal of this project is to identify and eliminate patterns in circumstances that contribute to shipboard incidents. If we can better understand the underlying causes of incidents, we will be better able to target them for elimination.
- We added two new full-time employees to our Guest Care Team, bringing this important response team to a total of five full-time specialists prepared to travel on a moment's notice anywhere in the world when an RCL guests needs assistance. This team, lead by a registered nurse, has received amazing results and feedback from those they have helped.

- We filled the first position on our Global Security Department's investigative team. This 20 year veteran and Detective from the New York City Police Department brings extensive investigative experience to the department. (See the August entry below for more details on the role of this team.)
- We participated with CLIA and other cruise industry colleagues in a meeting with several board members of the International Cruise Victims Association to discuss suggestions for improving ship security. We believe continuing dialogue with the survivors of cruise incidents will permit us to match improvement processes to some of the concepts underlying the ICVA's Ten-Point program for the benefit of all cruise travelers.
- We formally established security career path and related job descriptions for our shipboard security teams. This is the first of several steps we will take to ensure we attract and retain high-quality, motivated professionals to these critical positions.

August 2007

- We joined CLIA, other cruise industry colleagues and the Family Assistance Foundation in meeting with survivors and family members of incidents on cruise ships. This meeting was to permit us to hear directly from survivors suggestions for improving the security and guest care practices of the industry in ways that will help us prevent future incidents. This meeting was very productive and produced ideas and partnerships that bode well for future guests and the industry on topics such as prevention, training, guest care, family support, communication and medical care. Survivors expressed their desire to participate in a formal working group with the industry. This working group is being formed by CLIA and will provide further opportunities to continue this great exchange.
- We developed a plan for the installation of peep holes in guest stateroom cabins on an existing ship in October 2007. This follows an earlier decision to install peep holes in guest staterooms on two ships currently being built. We are in the process of obtaining fire safety acceptance for our proposed installation process from Det Norske Veritas, the classification society for technical requirements for construction or design and certifications for industry standards. Pending this certification of our process, installation will proceed in October, and planning to install peep holes on all Royal Caribbean ships will move forward. This initiative is the result of a suggestion from Laurie Dishman, and is further evidence of the value of our ongoing dialogue with cruise incident survivors.
- To ensure our shipboard executives understand the impact our handling of incidents has on our guests, we distributed a DVD containing excerpts from the March 2007 Congressional Hearing of this Subcommittee to every ship in the fleet. This DVD is now mandatory viewing for Captains, Staff Captains, Hotel Directors, Security Officers, Security Staff, Medical Staff and Guest Services Desk Staff. The DVD highlights testimony from survivors expressing the trauma they experienced;

government witnesses setting forth their role in investigating incidents onboard cruise ships; and Members of the Subcommittee, including the Chairman, expressing their commitment to seeing improvement in the security and care of the cruising public.

- We formally amended policy on incident response and codified these changes in Royal Caribbean manuals. This new policy reflects our emphasis on preserving evidence and standardized the method by which we will reliably secure staterooms that become the location of a shipboard incident.
- We hired two additional experienced investigators, both women, as full-time members of the Global Security Department's investigative team. These career professionals, along with their counterpart hired in July and their Director, bring over 80 years of investigative experience to the company, and form a team whose past assignments include the handling of sexual assault investigations and strong experience working with international law enforcement partners. They will directly oversee our response to shipboard incidents; ensure the complete reporting of criminal incidents to the appropriate law enforcement agency (worldwide); and direct the response of contract investigators when needed. This team is also joined by a newly hired senior intelligence analyst, with U.S. Intelligence Community experience, to monitor changes in world security risks and drive appropriate corporate response.
- To further elevate the importance of shipboard security, the Chairman and CEO of Royal Caribbean Cruises Ltd. approved that I, as Senior Vice President for Global Security, participate in evaluating the annual performance of our shipboard Captains. This is the process that determines their end of year bonus. This supplements the role I play in the annual ratings of Staff Captains and Security Officers.

September 2007

- We formally reassigned accountability for our response to shipboard criminal incidents and man overboard investigations from the Risk Management Department to the Global Security Department. This places day-to-day planning, response, reporting and oversight for incidents in the hands of career investigative professionals.
- Our next generation SeaPass Program entered the Request-for-Proposal Phase. This will provide our ships with a platform-based guest identification and purchasing card with enhanced security recognition features. This approach will also provide opportunities to leverage anticipated near-term technology advancements as they become available.

- We began including the FBI in our quarterly reviews of shipboard incidents by the Global Security Department and the Risk Management Department. This provides valuable input and an additional level of oversight to our incident handling and reporting process.
- The Family Assistance Foundation provided training to Royal Caribbean corporate communication and security officials focusing on the importance of effectively communicating with guests and their families, with employees, and with the public in the event of an incident. The FAF also shared videotaped interviews of survivors who described the positive impact on their emotional recovery of cruise employees who responded immediately and appropriately to their needs.
- We developed and submitted for publication, a concise safety/security guide for guests. This guide, to appear on the inside cover of every guest stateroom service directory in the Royal Caribbean, Celebrity and Azamara fleet, includes shipboard emergency contact numbers, safety/security tips and other helpful security information. This step is the result of a specific recommendation of Kimberly Edwards, a cruise incident survivor who has graciously shared her time to help improve cruise ship security.
- To ensure that shipboard medical staff are familiar with the proper procedures for administering the Pelvic Examination Kit, we forwarded a supplemental training DVD to each ship for mandatory viewing by all medical staff members. This is an initiative recommended by this committee in March of this year.
- We formally established that only full-time security crew members may carry or display a security badge. This will help guests distinguish between our onboard security professionals from other members of the crew.
- Finally, next week, we will provide our annual Security Officers training seminar. This year, we will include presentations by the Family Assistance Foundation, in addition to our many technical and procedural sessions and FBI training. During this ten-day session, Security Officers will receive presentations on topics such as incident reporting requirements, incident prevention, incident response, evidence preservation, conflict resolution, guest care, victim concerns, intelligence, terrorism and security countermeasures. This training will also result in each Security Officer training and then sitting for his Security Industry Authority (SIA) License, as taught, regulated and issued by the United Kingdom.

Incident Reporting

Before concluding my statement, Mr. Chairman, I would like to mention that the cruise industry's standardized reporting agreement with the FBI and Coast Guard has been in place now for six months and, from Royal Caribbean's perspective, has been fully and successfully implemented. Between the time of the last hearing and September 1, 2007, my team has worked in partnership with our Risk Management Department to

ensure our reporting requirements are being met. As I indicated earlier in my written statement, effective September 1, 2007, I became personally responsible for ensuring that all criminal incidents are appropriately reported. I pledge to you that I will continue the commitment to full reporting that our CEO mandated several years ago and that I will ensure our processes and actions result in our meeting both the letter and spirit of our agreement with the FBI and the U.S. Coast Guard.

I want to make one thing very clear about our reporting obligations. It is my understanding that the reporting standards in the industry/FBI-USCG agreement are required by U.S. law and/or regulations. I base this understanding on information from industry and corporate legal guidance as well as from information provided by the FBI and U.S. Coast Guard. Nothing I have heard or reviewed would permit me to follow any other course. However, regardless of others' interpretations of our legal reporting obligations, the instructions I have given to my team are clear. Our ships will promptly report ALL crimes on board our ships to my department; and my department will report or ensure reporting of shipboard crimes to the appropriate authorities immediately upon receipt. This is not only the right thing to do, it is an integral part of my efforts to understand shipboard incidents and develop prevention strategies.

Conclusion

Mr. Chairman, at Royal Caribbean, we are committed to providing an exceptional and safe vacation experience for our guests. If a guest becomes the victim of a crime, we want to ensure that they and their family members or traveling companions are appropriately cared for; that the person(s) responsible are effectively investigated; and that steps are taken to learn from and prevent the incident from happening again. To reach that goal, we will continue to work in partnership with survivors and their families; with outside experts such as the Family Assistance Foundation and RAINN; and with the federal government. I am personally committed to keeping open the lines of communication with these important partners and to provide periodic updates to you Mr. Chairman and other Members of the Subcommittee, as desired.

Thank you again for the opportunity to be here today. I am happy to respond to any questions you may have.