



Environmental Crimes Case Bulletin

U.S. Environmental Protection Agency
Office of Criminal Enforcement, Forensics and Training

This bulletin summarizes publicized investigative activity and adjudicated cases conducted by OCEFT Criminal Investigation Division special agents, forensic specialists, and legal support staff. To subscribe to this monthly bulletin you may sign up for email alerts at <http://www2.epa.gov/enforcement/criminal-enforcement-policy-guidance-and-publications>.

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Defendant Summary

Region	Defendants	Case Type/Status
Region 4	Albert Dickson	CWA/Making false statements under CWA
Region 9	Michael J. Conrad	RCRA/Illegally storing hazardous waste, submitting false statements to EPA
Region 9	Alex Jariv	Energy Independence and Security Act of 2007/Illegal generation of fraudulent biodiesel credits, illegal exporting of biodiesel without providing biodiesel credits to the U.S., wire fraud, false statements, money laundering
Region 9	Wiegardt Brothers, Inc., Frederic "Fritz" Wiegardt	CWA/Violation of permit requirements
Region 10	James Staeheli	CWA/Violation of CWA permit terms, false statement

Third Person Sentenced in Las Vegas for International Biofuel Fraud Conspiracy -- On September 25, 2015, **ALEX JARIV**, of Las Vegas, Nevada, was sentenced in federal court to 30 months in prison and three years of supervised release for his role in illegal schemes to generate and sell fraudulent biodiesel credits, marking the culmination of nearly four years of investigations and prosecutions for this complex international fraud scheme. Alex Jariv pleaded guilty to one count of conspiracy to commit wire fraud, make false statements and launder monetary instruments. Jariv was ordered to forfeit \$491,061 in previously seized cash, an SUV, real estate and the contents of several bank accounts in the United States and abroad that were some of his proceeds of the conspiracy.

Alex Jariv is the third person to be sentenced for their role in the scheme. James Jariv, of Las Vegas, Nevada, was sentenced in August to ten years in prison for his role in the illegal schemes to generate fraudulent biodiesel credits and for his role in exporting biodiesel without providing biodiesel credits to the United States. James Jariv was also ordered to make restitution in the amount of \$6,345,830 and to forfeit between \$4 to \$6 million in cash and other assets.

Nathan Stoliar, of Australia, was sentenced to two years in prison in April for his role in both conspiracies and ordered to pay more than \$1.4 million in restitution and to forfeit \$4 million in cash. James Jariv and Stoliar both pleaded guilty to one count of conspiracy, one count of conspiracy to engage in money laundering, two counts of wire fraud and one count of making false statements under the Clean Air Act.

The Energy Independence and Security Act of 2007 created a number of federally-funded programs that provided monetary incentives for the production and use of renewable fuels such as biodiesel in the United States. Biodiesel producers and importers can generate and attach credits known as renewable identification numbers (RINs) to the gallons of biodiesel they produce or import. Because certain companies, such as companies that sell transportation fuel in the United States, need RINs to comply with regulatory obligations, RINs have significant market value. They are routinely bought and sold in the marketplace.

Beginning around September of 2009, James Jariv and Stoliar operated and controlled a company – City Farm Biofuel in Vancouver, British Columbia, Canada – that represented itself as a producer of biodiesel from “feedstocks” such as animal fat and vegetable oils. James Jariv and Stoliar also formed a company called Canada Feedstock Supply – that represented itself as City Farm’s supplier of feedstocks necessary to produce biodiesel. James Jariv operated and controlled a company based in Las Vegas called Global E Marketing (GEM).

Alex Jariv worked for and on behalf of these companies. Using these three and other closely-held companies, the three defendants claimed to produce biodiesel at the City Farm facility and to import and sell biodiesel to GEM and then generated and sold RINs based upon this claimed production, sale and importation. In reality, no biodiesel produced at City Farm was ever imported and sold to GEM as claimed. The Jarivs and Stoliar used GEM to claim to blend the biodiesel with petroleum diesel, allowing them to sell the RINs separately from any actual biodiesel. Using this scheme, the three men falsely claimed to import, purchase and blend more than 4.2 million gallons of biodiesel. They then sold the RINs, and fraudulently generated more than \$7 million.

James Jariv and Stoliar also purchased and resold RIN-less B-99 biodiesel as B-100 biodiesel, which allowed them to charge substantially more for this product than if it has been accurately labeled. They

exported significant amounts of the RIN-less B-99 they bought in the United States to Canada and Australia. They then sold the biodiesel in those countries and conspired to not acquire and provide RINs to the United States for these exports as they were required to do by law. In doing so, James Jariv and Stoliar failed to give to the United States RINs worth in excess of \$34 million, keeping this money for themselves instead.

Finally, James and Alex Jariv and Stoliar conspired to launder the proceeds of their crimes, utilizing foreign banking institutions and complex financial transactions to promote their illegal schemes and distribute the proceeds of their crimes. Accounts were utilized in Canada, Nevada and Australia and transactions between the defendants' closely-held companies were described as other legitimate transactions involving biodiesel, when in reality they were not.

The case was investigated by EPA's Criminal Investigation Division and the FBI, with assistance from the United States Secret Service, the Internal Revenue Service-Criminal Investigations, the Department of Homeland Security and the Royal Canadian Mounted Police. It was prosecuted by Wayne D. Hettenbach of the Environmental Crimes Section, U.S. Department of Justice, Assistant U.S. Attorneys Crane M. Pomerantz and Daniel D. Hollingsworth of the U.S. Attorney's Office in Nevada and Assistant Deputy Chief Darrin L. McCullough of the Justice Department's Criminal Division, Asset Forfeiture and Money Laundering Section, with the assistance of the Justice Department's Office of International Affairs and the U.S. Attorney's Office for the Southern District of Texas.

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California Businessman Sentenced for Submitting False Statements to Avoid Being Ineligible for Federal Contracts

-- On September 23, 2015, **MICHAEL J. CONRAD**, an Escondido, California, chemist, was sentenced in federal district court for the Southern District of California for submitting false documents to EPA to obscure his involvement in a prior federal case and avoid becoming ineligible for federal contracts. Conrad was sentenced to serve a five year term of probation that includes a six month term of home detention and

perform 100 hours of community service; and was ordered to pay a fine of \$23,436. His company was previously convicted of environmental crimes in federal court in 2012.

In his guilty plea, Conrad acknowledged that he made eight written submissions (with approximately 57 separate documents as exhibits) to the EPA Suspension and Debarment Office between April 14, 2013, and April 10, 2015, designed to make it appear that he was not involved in the actions that gave rise to the previous criminal case, in order for Conrad to avoid debarment, or ineligibility for federal contracts and grants. Conrad admitted that the submissions contained statements known by him to be false, and that many of the attached exhibits were documents falsified by him to support his false statements.

The photos below are from the Asgard Associates criminal investigation in which Michael Conrad admitted to submitting false documents to the EPA to conceal his involvement in that case. Asgard Associates was convicted of illegally storing hazardous wastes at their facility in San Diego.



Abandoned chemicals found at Asgard laboratory



Abandoned petri dishes containing bacteria



Abandoned open chemicals and equipment

Conrad admitted that in the prior case, in 2012, he signed a plea agreement on behalf of Asgard Associates, LLC, in which Asgard agreed to plead guilty to illegally storing hazardous wastes at a facility on Roselle Street in San Diego. The corporate resolution filed with the court, authorizing the plea, was signed on behalf of the Asgard Board of Directors by "George H. Conrad." Asgard was sentenced to a term of three years of probation and was ordered to pay \$175,411.68 in restitution for the costs incurred during the removal of the chemicals from the Roselle Street facility. Conrad acknowledged that he signed a document, personally agreeing to pay the restitution amount in the event of default by Asgard. As a result of the conviction of Asgard, the EPA issued a suspension notice to Conrad on February 14, 2013, and initiated debarment proceedings.

Conrad admitted that many of the documents he submitted to EPA in opposition to the debarment were false. Conrad admitted that he provided an exhibit that was purportedly a letter Conrad wrote in 2006, wherein he advised the incoming subtenants of the Roselle facility that a hazardous waste disposal firm had completed the removal of all but 29 containers of chemicals at the San Diego facility, knowing at the

time that he had not hired a hazardous waste disposal firm to remove chemicals from the facility in 2006. Conrad further acknowledged submitting exhibits that were purportedly correspondence between Conrad and the Asgard Board of Directors in 2008, that were actually written by him in 2013 in order to support his argument that his participation in Asgard was severely limited.

Conrad acknowledged that he falsely advised the EPA that no members of the Asgard Board of Directors were known to him or communicated with him in 2011-2012, knowing at the time that the only individuals who owned and controlled Asgard were Conrad and his wife. Conrad admitted that he submitted e-mails that were purportedly communications occurring in 2012 between Conrad and “Laura Ertmann” and “Jean French” (representing the Asgard Board of Directors), describing his supposed limited participation in Asgard’s operation, knowing at the time that they were falsified because he wrote them in 2013, and he was aware that there was no Laura Ertmann or Jean French associated with Asgard. In fact, the e-mail headers bore dates that did not match the days of the week on the calendar. For example, one e-mail from Ertmann to Conrad was supposedly dated “Monday, June 1, 2012,” but June 1, 2012, was actually a Friday.

Conrad further admitted that he provided the EPA with documents that purportedly were letters written by Conrad in 2008 to representatives of the subtenant, mentioning Asgard and discussing the need for the subtenant to remove the chemicals, knowing at the time that they were falsified because he wrote of the chemicals in 2008. Some of these e-mails also bore date headers that did not match the calendar day.

Conrad admitted that he submitted to the EPA an exhibit that was purportedly an e-mail dated “Monday, January 21, 2015” (which was actually a Wednesday) from Laura Ertmann in which Ertmann advised that the Asgard Board of Directors member who signed the resolution authorizing the Asgard plea was actually George H. Conrad III, an individual who immigrated to this country approximately 15 years ago and lives in southern Pennsylvania, who was unrelated to defendant Conrad. Conrad further admitted that in his submissions to the EPA, he denied any familial relationship to the “George Conrad” who had signed the Asgard Board of Directors resolution authorizing the Asgard plea and asserted that his older brother George Conrad had died in 1995, knowing at the time the statement was made that it was false and that his brother George Conrad, who is alive and currently resides in California, had signed the resolution.

The false submissions caused the agency to spend nearly 400 hours considering and investigating facts known to the defendant to be false, and responding to submissions from the defendant that he knew to be false, resulting in \$23,426 of lost EPA man hours.

The case was investigated by EPA’s Criminal Investigation Division, EPA’s Office of Inspector General, and the FBI.

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South Carolina Project Manager Sentenced for CWA Violation -- On September 3, 2015, **ALBERT DICKSON**, of Red Bank, New Jersey, was sentenced in federal district court for the District of South Carolina to making a false statement under the Clean Water Act. Dickson was sentenced to 2 years of probation and 3 months electronic monitoring. The judge felt based on Dicksons current medical conditions and recent heart surgery that a sentence of probation was appropriate.

Evidence presented at the change of plea hearing established that Dickson was the project manager overseeing renovations of the L. Mendel River Federal Building in Charleston in the spring and early summer of 2011. The South Carolina Department of Health and Environmental Control inspectors visited the site in June 2015 and noticed asbestos violations, including sweeping asbestos-containing materials down open drains. When questioned, Dickson indicated that a filtration system had been in place at the time of the inspections. Evidence indicated that it had not been installed until after June 6, 2011, when the violations were observed.

The case was investigated by EPA's Criminal Investigation Division and the South Carolina Department of Health and Environmental Control. It is being prosecuted by Assistant United States Attorney Winston David Holliday, Jr.

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Washington Oyster Processing Company and Its President Plead Guilty to CWA Violation -- On September 25, 2015, **WIEGARDT BROTHERS, INC.** (WBI), an Ocean Park, Washington, oyster processing company, and the company's president and majority owner **FREDERIC "FRITZ" WIEGARDT**, pleaded guilty in federal district court for the Western District of Washington, to violating the Clean Water Act. The company admits that from at least 2012 to 2014, it violated its permit to discharge effluent into Willapa Bay. Specifically, the company president knew that the company's general manager was not properly performing the required monthly effluent sampling as required by the permit.

As part of its guilty plea Wiegardt Brothers Inc., agreed to pay a \$100,000 fine, make a \$75,000 community service payment, implement an EPA approved environmental management system to insure future compliance, and publish a public apology in the Pacific Coast Shellfish Growers Association's quarterly newsletter. As part of his plea agreement, Wiegardt is jointly responsible for payment of the \$100,000 criminal fine and must complete 75 hours of community service.

According to the plea agreement the oyster processing company has a National Pollution Discharge Elimination System (NPDES) permit which requires monthly testing to ensure the wastewater discharged from the plant does not have harmful levels of pollutants such as fecal coliform. The water samples are to be taken from the discharge pipe with the lab analysis and data submitted to the Washington State Department of Ecology. At some point before 2012, Wiegardt became aware that the general manager at the plant was not taking the samples from the discharge pipe because some of the equipment was not working properly. In 2012, Wiegardt was informed by the general manager that the samples were being taken from the "bubbler," a water and air based cleaning system. Sampling from this location is not representative of the facility's waste stream and is not authorized by the facility's NPDES permit. Indeed, sampling from the bubbler – the location where shucked oysters are cleaned – failed to account for the vast majority of wastewater components that were discharged from the facility during hours of operation.

After being notified about the improper sampling and reporting, Wiegardt took no action for more than a year. On August 22, 2014 the company reported the violations of the NPDES permit to the Department of Ecology and has been working with environmental regulators on a remediation plan. Given the company's practices, regulators were unable to assess whether the violations resulted in any environmental harm.

The case was investigated by EPA's Criminal Investigation Division. It is being prosecuted by Assistant United States Attorney James Oesterle and Special Assistant United States Attorney Karla Perrin.

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Washington State Man Pleads Guilty to CWA Violations -- On September 21, 2015, **JAMES STAEHELI**, a Washington state resident, plead guilty in federal district court for the District of Alaska for Clean Water Act violations and for submitting false information. He was an employee of XS Platinum, Inc., a Delaware Corporation. The company and five of its officers and employees, including Staeheli, were indicted on November 18, 2014. The indictment charged XS Platinum, Inc. (XSP), and Staeheli with knowingly violating the terms of XSP's CWA permit in 2011.



Turbid process water from placer mining at the Platinum Creek mine was illegally discharged into Platinum/Squirrel Creek.

According to the indictment, XSP held 159 placer mining claims and 36 hard-rock claims totaling more than 4,000 acres at the Platinum Creek Mine, which was situated along the Salmon River and its tributaries. The mine contains placer deposits of platinum metal, along with smaller amounts of gold and palladium. All but 21 of the claims were on land managed by the BLM, with the remaining (undeveloped) claims lying within the Togiak National Wildlife Refuge.

The Salmon River is an anadromous fish stream that is important for the spawning of all five species of Pacific salmon (chinook, chum, coho, pink, and sockeye), and the rearing of coho and sockeye salmon. After flowing through BLM land, the Salmon River crosses the Togiak National Wildlife Refuge before entering the Pacific Ocean at Kuskokwim Bay. The CWA prohibits discharges of industrial wastewaters from mining operations in violation of CWA permits which govern those discharges. According to the indictment, beginning in 2010 and continuing through 2011, XSP and the individual defendants knowingly discharged industrial wastewaters from XSP's mechanical placer mining operation at the Platinum Creek Mine into the adjacent Salmon River in violation of the terms of XSP's CWA General Permit.

According to the indictment, XSP told federal regulators in its mining and CWA permit applications that the operation of the mine would recycle all of its wastewater and result in "zero discharge" of mine wastewater to the Salmon River. The indictment alleged that XSP and the individual defendants conspired to violate the CWA by concealing the 2010 and 2011 mine wastewater discharge violations from federal officials, and submitting material false statements to federal agencies. The indictment further alleged that the industrial wastewaters discharged from XSP's operation of the Platinum Creek Mine included large amounts of sediment, turbidity, and toxic metals. It is further alleged that these discharges exceeded the CWA General Permit limits for those pollutants and that the defendants failed to report the violations as they were required. According to the indictment, XSP and its corporate officers submitted an annual report in 2011 to federal and state agencies which indicated that the mine had "zero discharge" during the 2010 mining season, when XSP's own monitoring data showed that it had numerous discharges to the Salmon River.

The case was investigated by EPA's Criminal Investigation Division and the U.S. Department of Interior, Bureau of Land Management, Office of Law Enforcement and Security. It is being prosecuted by First Assistant U.S. Attorney Kevin Feldis of the U.S. Attorney's Office for the District of Alaska, Trial Attorney Todd S. Mikolop of the U.S. Justice Department's Environmental Crimes Section, and U.S. Environmental Protection Agency Regional Criminal Enforcement Counsel Dean Ingemanson.

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