



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](#) on our publications page.

October—November, 2017

In This Edition:

- **Guido A. Cortes-Rodriguez—Region 1**
- **Sean P. Doctor—Region 2**
- **Terminix—Region 2**
- **Premier Aviation Overhaul Center—Region 2**
- **David C. Weiss—Region 3**
- **Philip Michael Huddleston —Region 4**
- **Gregory Schnabel—Region 5**
- **Kenneth Johns—Region 9**
- **Jason A. Halek, Nathan R. Garber—Region 6**
- **James Findlay—Region 10**
- **David Joseph Wirsing—Region 9**

Quick Links

[Defendant Summary](#)

[Sentencing](#)

[Plea Agreements](#)

[Indictments/
Informations](#)

Defendant Summary

Region	Defendants	Case Type/Status
1	Guido A. Cortes-Rodriguez	Sentencing
2	Sean P. Doctor	Sentencing
2	Terminix	Sentencing
2	Premier Aviation Overhaul Center	Plea Agreement
3	Lance A. Charen	Sentencing
4	Philip Michael Huddleston John Thomas Hatfield	Plea Agreement
5	Gregory Schnabel	Plea Agreement
6	Kenneth Johns	Indictment
6	Jason A. Halek Nathan R. Garber	Sentencing
10	James Findlay	Sentencing
9	David Joseph Wirsing	Sentencing

PA Man Sentenced For Environmental Crimes in Wilmington

Lance A. Charen, a resident of Blue Bell, Pennsylvania, was sentenced on October 12, 2017 to one year and one day incarceration for environmental crimes.

According to court documents and statements made in court, from September 2010, through January 2013, Charen was the branch manager of an oil recycling facility, located at 505 South Market Street in Wilmington, Delaware. International Petroleum Corporation of America ("IPC") owned and operated the facility, which processed used oil and hydrocarbon-containing waste water and then sold the reprocessed petroleum to various companies for reuse. The facility had two components: oil recovery and waste water treatment. The facility's petroleum processing activities generated waste water, which the company treated at its waste water portion of the facility prior to discharge into a sewer along Market Street owned by the City. It issued IPC a federally-enforceable Clean Water Act pretreatment permit which governed the types and concentrations of pollutants which IPC could discharge into the City's sewer system. The pretreatment permit required IPC to take "representative" samples of its waste water on a monthly basis, to determine if it was complying with its permit limitations, and report its sampling results to the City every six months.

On June 22, 2017, Charen pled guilty to tampering with monitoring methods associated with IPC's monthly samples. More specifically, Charen admitted that on sampling days he caused the facility to significantly reduce the volume of wastewater treated, because slowing the treatment process rendered it more effective. Additionally, Charen pled guilty to violating the Resource Recovery and Conservation Act ("RCRA") by transporting hazardous waste without a hazardous waste manifest. In June and July 2012, Charen caused to be transported for disposal in South Carolina approximately 27 truck-loads or 500,00 pounds of sludge ("tank bottoms") which had been removed from the facility's storage tanks. The tank bottoms contained concentrations of benzene, barium, chromium, cadmium, lead, tetrachloroethene (also known as "PCE"), and trichloroethene (also known as "TCE"), which each served to classify the material as RCRA regulated hazardous waste.



IPC facility in Delaware

IPC pled guilty to similar charges and was sentenced by Judge Sleet, on February 2, 2017, to a \$1,300,000 fine and \$2,200,000 in restitution to the City of Wilmington.

"Industrial wastewater can pose serious threats to public health and the environment, so it's imperative that managers of companies, especially ones providing environmental services, honestly treat and dispose of it properly and sample and report pollutant concentrations honestly," said Acting U.S. Attorney Weiss. "Likewise, company managers must handle hazardous waste properly to ensure its proper treatment

and disposal. The Department of Justice and EPA are committed to protecting human health and the environment for all Americans through strong enforcement of environmental laws. This conviction and sentence ensures that the defendant, the facility's highest on-site manager, is held accountable.

"By falsifying sampling results and hiding the fact that he was shipping ignitable and hazardous waste, the defendant put public safety and the health of the environment at risk," said Jennifer Lynn, Assistant Special Agent in Charge of EPA's criminal enforcement program in Delaware. "This case demonstrates that EPA and its law enforcement partners are serious about protecting the health of our communities."

This case was investigated by EPA's Criminal Investigation Division. The City of Wilmington Department of Public Works and the DNREC Solid & Hazardous Waste Management Section assisted in the investigation.

The case was prosecuted by the Special Assistant U.S. Attorney, EPA Region 3, and DOJ Assistant U.S. Attorney.

Environmental Training Instructor Who Falsely Certified Asbestos Abatement Courses is Sentenced

Guido A. Cortes-Rodriguez, of West Haven, was sentenced on November 15, 2017, to two years of probation, the first six months of which Cortes must serve in home confinement, for falsely certifying the completion of asbestos abatement courses. Cortes was also ordered to perform 160 hours of community service while he is on probation.

According to court documents and statements made in court, Cortes was a training instructor at North Star Center for Human Development ("North Star"), an organization that offered a variety of training courses and certification to individuals working with lead paint and asbestos. Cortes was the training manager and a primary instructor for those courses.

North Star's lead and asbestos training courses were subject to regulation under the training provider accreditation requirements of the federal Toxic Substances Control Act (TSCA). TSCA allowed states to obtain U.S. EPA authorization to administer and enforce the standards, regulations and other requirements of the TSCA's lead and asbestos programs, including the approval of training courses. The State of Connecticut received such authorization for asbestos and lead programs. Individuals in Connecticut who perform or supervise asbestos abatement activities must be certified by the Connecticut Department of Public Health (CT DPH). To obtain certification, an individual must successfully complete an approved 40-hour asbestos abatement supervisor initial training course. North Star applied for and received approval from CT DPH to offer a wide range of lead and asbestos training courses, including asbestos abatement supervisor initial and refresher courses.

On December 16, 2015, Cortes sent notice to the CT DPH that an asbestos abatement supervisor initial training course would be conducted at North Star's facility in Hartford from December 27, 2015 to January 2, 2016. Further, he advised that a 32-hour lead abatement worker initial course would be conducted from January 3 to January 6, 2016, at the same location. Cortes was identified as the training manager and primary course instructor for both courses.

An undercover FBI agent attempted to attend the second course under a fictitious identity, seeking a lead abatement worker initial course completion certificate. The agent skipped the first three days of the course, and attempted to attend on January 6, 2016. Upon arrival at the facility, the agent learned that no course was being conducted at North Star that day, and further, that no classes had been conducted for weeks.

The agent called the instructor, Cortes, who agreed to meet him at the North Star facility the following day. When the agent met with Cortes on January 7, 2016, the agent indicated he was interested in trying to get work as soon as possible. Cortes provided him with a list of items he would need from the agent, including his name, mailing address, Social Security number, passport-type photos and \$1,260.

Later that day, the agent returned to Cortes' office with the listed items and Cortes met with him in a cubicle. Cortes asked various biographical questions of the agent, filled out paperwork, and provided the agent with three certificates issued to A.R.: A 40-Hour Asbestos Abatement Supervisor Initial Certification, a 32-Hour Lead Abatement Worker Initial Certification, and an OSHA 10-Hour Construction Safety Training

Course. Cortes accepted \$1,260 cash in payment from the agent. The agent attended no classes conducted by Cortes at North Star, received no training from Cortes in these subject areas, and did not take any examinations. The false certificates issued by Cortes to the agent were signed by Cortes, bore an individual certificate number, and otherwise appeared to meet the requirements of Connecticut's approved lead and asbestos accreditation programs, and therefore, the federal accreditation requirements. Subsequent investigation determined that Cortes provided fraudulent training certificates on multiple occasions.

"Asbestos and lead removal training providers are entrusted with keeping safe the supervisors, workers and the public that hire them," said Tyler C. Amon, Special Agent in Charge of EPA's Criminal Investigation Division in New England. "Trainers who cheat and provide false certificates will continue to be a focus for EPA enforcement since they pose too great a risk to the public health."

On December 21, 2016, Cortes pleaded guilty to one count of making a false statement to the federal government.

This case was investigated by EPA's Criminal Investigation Division and Office of Inspector General, FBI, and Homeland Security Investigations. The case was prosecuted by DOJ.

Buffalo Man Sentenced For Violations Of Clean Air Act Involving Asbestos

Sean P. Doctor, of Buffalo, NY, who was convicted of making a false statement under the Clean Air Act, was sentenced on November 1, 2017 to one year probation, and fined \$2,000.

The Assistant U.S. Attorney who handled the case stated that CEM, an environmental consulting company located at 1815 Love Road on Grand Island, provided consulting services to Doctor and his asbestos abatement company, S.D. Specialty Services, LLC. Pursuant to federal regulations, all owners or operators of an asbestos abatement project regulated under the Clean Air Act, must maintain a waste shipment manifest to include the name of the owner/operator; the name of the generator; and the date the asbestos was transported. The information enables the Environmental Protection Agency, which enforces the Clean Air Act and associated regulations, properly and timely to investigate suspected violations of the Clean Air Act.

From December 2009, to January 2010, employees of S.D. Specialty performed asbestos abatement work at the Roosevelt Park Shelter in Buffalo, which was subject to regulations of the Clean Air Act. During the project, S.D. Specialty employees removed asbestos from the Roosevelt Park Shelter and transported the material to a waste container at CEM on Grand Island.



On March 11, 2010, Doctor and CEM executed an asbestos waste manifest which falsely indicated that asbestos had been transported to CEM from the Roosevelt Park Shelter on that date. In truth and in fact, such asbestos had been transported to, and stored at, the Grand Island location prior to March 11, 2010. As such false statement was included in the shipping manifest created when a local waste disposal company retrieved the waste container at CEM on March 11, 2010, such false statement became part of a record required to be maintained under the Clean Air Act.

In addition, on April 28, 2011, an inspection of the Roosevelt Park Shelter revealed asbestos was improperly left behind by employees of S.D. Specialty. CEM owner Raj Chopra and the company have both been convicted and are awaiting sentencing.

The investigation was conducted by EPA's Criminal Investigation Division, the New York State Department of Environmental Conservation Police, BECI. Additional assistance was provided by the New York State Department of Labor, Asbestos Control Bureau.

Terminix Companies Sentenced for Applying Restricted-Use Pesticide to Residences in the U.S. Virgin Islands

Terminix International Company LP (Terminix LP) and U.S. Virgin Islands operation Terminix International USVI LLC (Terminix, USVI) were sentenced on November 20, 2017 for violations of the Federal Insecticide, Fungicide, and Rodenticide Act in the U.S. Virgin Islands, announced the Department of Justice and the Environmental Protection Agency.

The Virgin Islands pest control company illegally applied fumigants containing methyl bromide in multiple residential locations in the U.S. Virgin Islands, including the condominium resort complex in St. John where a family of four fell seriously ill in March 2015 after the unit below them was fumigated. According to the plea recommendation, Terminix LP and Terminix, USVI are to pay a total of \$9.2 million in criminal fines, community service, and restitution payments. Under the agreed recommendation, Terminix, USVI will pay \$4 million in fines and \$1 million in restitution to the EPA for response and clean-up costs at the St. John resort. Terminix LP will pay a fine of \$4 million and will perform community service related to training commercial pesticide applicators in fumigation practices and a separate health services training program.

“The sentences in this case reflect the serious nature of the defendants’ illegal actions and the unacceptable consequences of those actions,” said EPA Administrator Scott Pruitt. “This case should serve as a stark reminder that pesticides must be applied as intended and that those who ignore laws that protect public health will be held accountable by EPA and our law enforcement partners.”



“The tragic incident at issue in this case shows the extreme danger posed by the improper use of toxic pesticides,” said Acting Assistant Attorney General Jeffrey H. Wood of the Justice Department’s Environment and Natural Resources Division. “Businesses using these products must take appropriate cautions to safeguard the public, or else the consequences can be devastating. We trust that the result in this case shows how imperative it is that users of these products take the time to review, understand, and employ appropriate techniques and uses.”

“This case demonstrates how critical it is to comply with environmental laws and regulations,” said Acting United States Attorney Joycelyn Hewlett for the District of the Virgin Islands. “An entire family suffered horrendous and life-altering injuries. We will continue to aggressively enforce environmental laws to help prevent something like this from ever happening again.”

In 1984, the EPA banned the indoor use of methyl bromide products. The few remaining uses are severely restricted and largely limited to commodity applications for quarantine and pre-shipment purposes. Pesticides containing methyl bromide in the U.S. are restricted-use due to their acute toxicity, meaning that they may only be applied by a certified applicator. Health effects of acute exposure to methyl bromide are serious and include central nervous system and respiratory system damage. Pesticides can be very toxic and it is critically important that they be used only as approved by EPA.

According to the information filed in federal court in the U.S. District Court of the Virgin Islands, the defendants knowingly applied restricted-use fumigants at the Sirenusa resort in St. John for the purpose of exterminating household pests on or about October 20, 2014, and on or about March 18, 2015. The companies were also charged with applying the restricted-use pesticide in 12 residential units in St. Croix and one additional unit in St. Thomas between September 2012 and February 2015.

According to the factual basis of the plea agreement, Terminix, USVI provided pest control services in the Virgin Islands including fumigation treatments for Powder Post Beetles, a common problem in the islands. These fumigation treatments were referred to as “tape and seal” jobs, meaning that the affected area was to be sealed off from the rest of the structure with plastic sheeting and tape prior to the introduction of the fumigant. Customers were generally told that after a treatment, persons could not enter the building for a two- to three-day period.

On or about March 18, 2015, two employees of Terminix, USVI, performed a fumigation pesticide treatment at the lower rental unit of Building J at Sirenusa in St. John. The upper unit in Building J was occupied by a Delaware family of four. Via various means, methyl bromide from the lower unit migrated to the upper unit of Building J, causing serious injury to and hospitalization of the entire family.

EPA regional staff responded immediately to the incident in St. John, securing the scene, performing testing, and addressing the contamination. Within days, the EPA sent out a pesticide use warning to pesticides applicators in Puerto Rico and the U.S. Virgin Islands, followed by a broader pesticide notice to regulators in all states, the British Virgin Islands, and to other Caribbean and Latin American countries.

After the government began its investigation, Terminix LP voluntarily ceased its use of methyl bromide in the U.S. and in U.S. territories. The government has notified the district court that the defendants have made full restitution to the Esmond family. The family is satisfied with the criminal resolution and has asked that their privacy be respected.

The case was investigated by EPA’s Criminal Investigation Division, working cooperatively with the Virgins Islands government and the Agency for Toxic Substances and Disease Registry. The case was prosecuted by DOJ and EPA attorneys.

Saltwater Disposal Well Operators Sentenced on Multiple Felony Charges in Connection With Operation of Well

Two saltwater disposal well operators were sentenced on November 27, 2017 in federal court in Bismarck, North Dakota, on felony charges stemming from the operation of a saltwater disposal well near Dickinson, in Stark County, North Dakota, the Justice Department announced.

Jason A. Halek, 44, of Southlake, Texas, was sentenced to three years supervised release and ordered to pay a fine of \$50,000. Halek will also be placed in a halfway house for up to one year as a result of today's sentencing. Halek previously pleaded guilty, on April 12, 2017, to three counts of violating the Safe Drinking Water Act.

Nathan R. Garber, 48, of Kalispell, Montana, was sentenced to three years supervised release. Garber previously pleaded guilty, on September 26, 2014, to one count of conspiracy to violate the Safe Drinking Water Act and defraud the United States. He also pleaded guilty to five counts of violating the Safe Drinking Water Act, two counts of making false statements, two counts of falsification of records, and one count of concealment or cover up of a tangible object.

Restitution for both defendants will be addressed at a future hearing.

"By illegally discharging contaminated wastewater, the defendants threatened the safety of drinking water and public health in North Dakota," said Acting Assistant Administrator Larry Starfield for EPA's Office for Enforcement and Compliance Assurance. "EPA and its law enforcement partners are committed to holding accountable those who break laws that protect clean water and that ensure natural resources are developed in a safe and responsible manner."



"This case is a great example of state and federal authorities working shoulder to shoulder to ensure that our precious natural resources in North Dakota and the Citizens of North Dakota are protected," said U.S. Attorney Christopher C. Myers for the District of North Dakota. "Those individuals who seek to exploit and damage our natural resources to increase their own personal wealth will be held accountable."

The saltwater disposal well, named the Halek 5-22, received brine and other wastes commonly referred to as "saltwater" from oil and gas operations. In the oil and gas context, "saltwater" covers a wide array of drilling waste fluids, including waste workover, completion, stimulation and pigging fluids, as well as enhanced recovery waters. Underground injection into a saltwater disposal well is prohibited without a permit, which imposes requirements on the well's operations to help ensure that the saltwater does not impact underground sources of drinking water.

According to an agreed upon factual statement previously filed in court, Halek admitted to injecting saltwater into the well without first having the state of North Dakota witness a test of the well's integrity. Such tests protect groundwater by focusing on whether there are any significant leaks or fluid movement in the

well. Although the well's permit required that fluids be injected through the tubing, Halek also admitted to injecting fluids down the "annulus" or "backside" of the well thereby violating the permit. Finally, Halek also admitted to failing to provide written notice to the state of the date of first injection into the well.

According to an agreed upon factual statement previously filed in court, Garber admitted to conspiring with others in a number of coordinated and illegal acts. For instance, Garber injected saltwater into the well without first having the state of North Dakota witness a test of the well's integrity, causing a regulator to determine that there was no assurance as to the integrity of the well and that "the fluid could be going anywhere." Garber also violated a February 2012 order from the state to stop injecting until a well integrity test was done. When questioned by the state about these injections, Garber made false statements by denying that these injections occurred. After the well failed a pressure test in February 2012 Garber continued to inject saltwater even though he knew that the well did not have integrity and thus posed an increased risk of contaminating groundwater.

Further, Garber moved a device called a "packer" up the wellbore in violation of the well's permit, without first getting approval from the state. A properly placed packer is an essential device to maintaining integrity of the well and ensuring wastewater does not escape into surrounding soil and groundwater. Garber then gave false information to a state inspector regarding the depth of the packer. Despite illegally moving the packer, Garber continued to inject saltwater into the well until about March 2012, when a state employee shut the well in.

The case was investigated by the U.S. Environmental Protection Agency's Criminal Investigation Division. Significant cooperation was provided by the State of North Dakota and the North Dakota Industrial Commission (NDIC). The case is being prosecuted by the United States Attorney's Office for the District of North Dakota and the Environmental Crimes Section of the Justice Department's Environment and Natural Resources Division.

Boise Man Sentenced for Clean Water Act Violation

James Findlay of Boise, Idaho, was sentenced on November 21, 2017 to one year of probation for negligent discharge of waste in violation of the Clean Water Act.



EPA mobile command post at apartment

On August 28, 2017, Findlay pleaded guilty to unlawfully discharging waste into the Boise sewage system between April 2012 and October 2014. According to Findlay's plea agreement, he operated an entity called Sawtooth Fusion, LLC, which was based out of his rental apartment. Findlay obtained and stored quantities of depleted uranium and uranium powder. He had obtained some large chunks of depleted uranium from an aircraft salvage company. In his apartment, Findlay also chemically extracted uranium from various items he had acquired. He did this by soaking the items in muriatic acid. At the end of the process, he discharged the materials and acid mixture into the sink in his apartment, which was connected to the Boise Public Works

sewage system. Due to their low pH and corrosive properties, the discharged materials violated Boise's sewage system's EPA-approved requirements and, as a result, the Clean Water Act. Findlay's actions required a significant governmental response to address any potential public safety concerns. No widespread danger to the community was discovered.

"This case shows that EPA, along with our law enforcement partners, will vigorously pursue criminal behavior in order to protect our communities," said Jeanne Proctor, Special Agent in Charge of EPA's Criminal Investigation Division in the Pacific Northwest.

The case was investigated by the Environmental Protection Agency, the Department of Transportation, the Nuclear Regulatory Commission, the United States Postal Inspection Service, and the Federal Bureau of Investigation. Boise Fire Department and Boise Police were the first responders to the apartment complex where Findlay's activities were discovered.

Former Santa Clara Waste Water Company Transportation Manager Sentenced

David Joseph Wirsing, of Ventura, was sentenced on October 31, 2017, to serve seven months in jail and placed on formal probation for three years for his role in causing a 2014 explosion at Santa Clara Waste Water Company (SCWWC). Wirsing was the former transportation manager for SCWWC. The case was jointly prosecuted by the Ventura County District Attorney's Office and the California Attorney General's Office.



On November 18, 2014, an explosion occurred at the SCWWC facility located at 815 Mission Rock Road in Santa Paula. Numerous employees as well as first responders were injured either by the initial explosion or by inhaling a toxic cloud of chlorine gas generated by the illegal disposal of hazardous chemicals that were present on site. In July 2014, Wirsing and other SCWWC employees negotiated a lease for an off-site storage yard located near Palm Avenue in Santa Paula. Wirsing was involved in a criminal conspiracy to impede inspections by Ventura County Environmental Health officials through arranging for the hazardous chemicals to be moved to the off-site

storage yard before inspections occurred.

In addition to the jail sentence, Wirsing was ordered to pay victim restitution in an amount to be determined by the Court. Under the terms of his formal grant of probation, Wirsing is prohibited from employment in any capacity involving the transportation of hazardous waste.

Owner and Employee of Metal Plating Government Contractor Plead Guilty to Hazardous Waste Crimes—

Defendants Illegally Stored Hazardous Wastes and Falsified Labels to Deceive Environmental Inspectors

Phillip Michael Huddleston pleaded guilty on October 17, 2017, to violating the federal Resource Conservation and Recovery Act (“RCRA”) by illegally storing hazardous waste without a permit at Protech Metal Finishing, LLC, a metal plating facility he owned and operated in Vonore, Tennessee.

John Thomas Hatfield, Protech’s production manager, pleaded guilty on October 2, 2017, to being an accessory after-the-fact to Protech’s illegal storage of hazardous waste. In order to hinder an investigation of Protech’s compliance with the RCRA, Hatfield represented that containers of hazardous waste were accurately labeled when he knew that they were not.

“These guilty pleas are the result of notable efforts undertaken by multiple law enforcement agencies to enforce provisions in government contracts and the RCRA that protect human health and the environment,” said Acting Assistant Attorney General Jeffrey H. Wood. “In this case, what was at stake was the health and safety of Protech employees and the community of Vonore, Tennessee.”

When congress passed RCRA, it determined that the disposal of, and inadequate controls over hazardous waste “will result in substantial risks to human health and the environment.” To that end, RCRA imposes “cradle-to-grave” tracking, handling, and reporting controls to ensure that companies like Protech properly manage the generation, storage, transport, and disposal of hazardous wastes. The maximum penalty for each felony RCRA count is five years in prison and a fine of \$250,000. The maximum penalty for this accessory-after-the-fact count is one year in prison and a fine of \$25,000.

Defendants Hatfield and Huddleston are scheduled to be sentenced by Senior District Court Judge Leon Jordan on January 10 and January 8, 2018, respectively.

The prosecution is the result of an investigation by the IRS, EPA’s Criminal Investigation Division, TVA-OIG, the Department of Defense, and the Department of Energy. This case is being prosecuted by DOJ.

Premier Aviation Pleads Guilty to Environmental Crime

Premier Aviation Overhaul Center, an airplane maintenance and painting company with a facility in Rome, New York, pled guilty on November 1, 2017, to omitting material information regarding hazardous waste on a trash compactor label, and was sentenced to pay a fine of \$40,000.

Premier Aviation admitted that in February 2014, one or more of its employees placed large sheets of plastic containing hazardous chromium waste into a large trash compactor without updating the labels on the trash compactor to disclose the presence of hazardous waste inside. The chromium waste was generated when Premier Aviation stripped paint from older airplanes, and it remained stored in the trash compactor – which was not an appropriate means of disposal for the hazardous waste – for approximately two weeks prior to

being seized by law enforcement. Subsequent tests revealed that the levels of chromium on the plastic sheets in the trash compactor were approximately 23 times higher than the legal limit. Premier Aviation admitted that it failed to report that one or more of its employees had stored and maintained chromium illegally in the trash compactor. Premier Aviation pled guilty to being an accessory after the fact to this environmental crime.



The PAOC leased trash compactor

Premier Aviation was sentenced to pay a \$40,000 fine. In its plea agreement the company also agreed to provide the EPA with quarterly statistics specifying the hazardous waste generated, stored, and disposed at its facility, to provide specific waste and emergency response training to all of its employees who handle paint, paint stripping processes, or

any other hazardous waste materials, and to abide by a Hazardous Waste Reduction Plan, which was drafted by Premier Aviation and approved by EPA and DEC prior to the plea hearing. In addition, Premier Aviation agreed to allow EPA-CID and DEC to inspect its facility in Rome, and its compliance with the terms of the plea agreement and with all applicable laws and regulations, at any time, and without notice, until September 30, 2018.

This case was investigated by EPA's Criminal Investigation Division and DEC, and prosecuted by DOJ.

Renewable Fuel Trader Pleads Guilty to Conspiracy

The owner of a company that buys and sells renewable fuel and fuel credits pleaded guilty on October 23, 2017 in U.S. District Court for the Southern District of Ohio to conspiracy for his role in a scheme that generated over \$47 million in fraudulent EPA renewable fuels credits, and over \$12 million in fraudulent tax credits connected to the purported production of renewable fuel.

According to his plea, Schnabel, owner of GRC Fuels of Oneonta, New York, engaged in a scheme with other co-conspirators to fraudulently claim EPA renewable fuels credits (also known as “RIN” credits) and tax credits on fuel that did not qualify for the credits, on fuel that had already been used to generate credits, and on fuel that was exported or otherwise used contrary to EPA and IRS regulations.

Schnabel bought and sold fuel from several individuals who have already pleaded guilty for their roles in the scheme, including:

- Fed Witmer and Gary Jury, formerly of Triton Energy, who pleaded guilty in the Northern District of Indiana to conspiracy, fraud, and false statements;
- Malek Jalal, formerly of Unity Fuels, who pleaded guilty in the Southern District of Ohio to conspiracy and obstruction of justice; and
- Dean Daniels, William Bradley, Ricky Smith, and Brenda Daniels, of New Energy Fuels and Chieftain Biofuels, who pleaded guilty in the Southern District of Ohio to conspiracy.

These tax credits were created in support of the production of various renewable fuels and fuel mixtures, **they were not created to be a slush fund for thieves and fraudsters.**

- SAC Korner

“The defendant helped orchestrate a massive scheme to defraud the U.S. government, American taxpayers and his company’s competitors,” said EPA Administrator Scott Pruitt. “This case shows that EPA and its law enforcement partners are serious about ensuring a level playing field for businesses that follow the law and punishing those who break the rules in the name of personal gain.”

“The Department of Justice vigorously prosecutes those who defraud the federal government through unlawful RFS schemes like the one at issue in this case,” said Acting Assistant Attorney General Wood. “We applaud the work of the DOJ and EPA law enforcement team that sought and obtained justice in this case.”

“This case is another example that environmental programs are not immune from fraud,” U.S. Attorney Glassman said. “We will continue to catch and hold accountable those who attempt to defraud

government programs of any sort.”

“Today’s charges send a strong message that there are serious consequences for activity that defrauds the economy and taxpayers,” said Special Agent in Charge Abbott. “I commend the excellent cooperation between the prosecutors, agents and other investigators who worked tirelessly to uncover this fraudulent

scheme and expose the perpetrators who were manipulating the system for their own gains.”

“Gregory Schnabel pleaded guilty to participating in a conspiracy relative to a massive fraudulent fuel tax credit scheme for which he has agreed to pay over \$13 million in restitution to the IRS,” said Special Agent in Charge Korner. “These tax credits were created in support of the production of various renewable fuels and fuel mixtures, they were not created to be a slush fund for thieves and fraudsters.”

This case is being prosecuted by a DOJ litigation team and is the result of an investigation by the IRS, EPA’s Criminal Investigation Division, and the FBI.

Texas Man Charged with Conspiracy to Obstruct Justice and Making False Documents, and False Statements in Relation to Blowout Preventer Testing on Oil Platform in Gulf of Mexico

Kenneth Johns, age 45, of Rosharon, Texas, was charged on October 12, 2017, in a three-count indictment in relation to the veracity of blowout preventer testing on an offshore oil and gas platform located at Ship Shoal 225 positioned on a federal mineral lease in the Gulf of Mexico. Specifically, Johns was charged with one count of conspiracy to obstruct justice and make false documents, and two counts of making false statements to agencies or departments of the United States.

According to court documents, on or about November 27, 2012, production and well workover operations were being conducted on the platform and the blowout preventer system had to be tested. A blowout preventer system is designed to ensure well control and prevent potential release of oil and gas and possible loss of well control.

On or about November 28, 2012, Johns and another worker created a false blowout preventer test. The next day when Bureau of Safety and Environmental Enforcement (BSEE) inspectors conducted a routine compliance inspection of the platform, the fabricated blowout preventer pressure test chart was presented to the BSEE inspectors with the expectation that it would be a passing test and the inspectors would not find the platform to be in non-compliance for failing to properly test the blowout preventer system. Johns signed the fabricated pressure chart and a schematic of the testing sequence as if he had actually been involved in the BOP testing.

During subsequent investigation of the veracity of the blowout preventer test by the Department of Interior, Johns lied and told investigators the BOP chart with his signature was pre-signed and that he had been testing a pump when he made the chart.

If convicted, Johns faces a maximum term of imprisonment of 5 years per count and/or a maximum fine of \$250,000 per count.

The Acting U.S. Attorney praised the work of the Department of Interior-Office of Inspector General (Energy Investigations Unit) with assistance from the Investigations and Review Unit, Bureau of Safety and Environmental Enforcement and the Environmental Protection Agency's Criminal Investigation Division in investigating this matter. DOJ's Assistant United States Attorney, National Security Unit is in charge of the prosecution.