



# 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. Unless otherwise noted, all photos are provided by EPA-CID.

July—August, 2022

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## Defendant Summary

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### **FCA US LLC Sentenced in Connection with Conspiracy to Cheat U.S. Emissions Tests Automaker to Pay Approximately \$300 Million in Criminal Penalties in Michigan**

FCA US LLC (FCA US), formerly Chrysler Group LLC, was sentenced on August 2, 2022 in federal court in Detroit and ordered to pay a fine of \$96,145,784; and a forfeiture money judgment of \$203,572,892. The court also imposed a three-year term of organizational probation.

The conviction results from the company's conspiracy to defraud U.S. regulators and customers by making false and misleading representations about the design, calibration, and function of the emissions control systems on more than 100,000 Model Year 2014, 2015, and 2016 Jeep Grand Cherokee and Ram 1500 diesel vehicles, and about these vehicles' emission of pollutants, fuel efficiency, and compliance with U.S. emissions standards.



"This case demonstrates the Criminal Division's dedication to prosecuting companies that seek to place profits above full candor, good corporate governance, and timely remediation," said Assistant Attorney General Kenneth A. Polite, Jr. of the Justice Department's Criminal Division. "The sentence shows that companies that engage in misleading U.S. regulators, or their own customers, will be held accountable."

"The sentence is an appropriate punishment for a company that schemed to defraud regulators and consumers," said U.S. Attorney Dawn N. Ison. "All corporations should be transparent and honest in dealing with the federal government and the public. This prosecution reflects how seriously my office takes this principle."

"The sentencing of FCA US, which includes a \$300M criminal penalty, is the result of an exhaustive three-year investigation," said Assistant Attorney General Todd Kim of the Justice Department's Environment and Natural Resources Division. This resolution shows that the Department of Justice is committed to holding corporate wrongdoers accountable for misleading regulators. My sincere thanks go to our investigative partners at EPA-CID and the FBI."

"The sentencing clearly demonstrates that the EPA and our federal partners will hold major corporations like FCA accountable for complying with vehicle emissions standards," said Acting Assistant Administrator Larry Starfield for the Environmental Protection Agency's Office of Enforcement and Compliance Assurance. "Stopping violations of environmental laws and the defrauding of consumers is paramount to the protection of clean air and human health."

According to the company's admissions and court documents, beginning at least as early as 2010, FCA US developed a new 3.0-liter diesel engine for use in FCA US's Jeep Grand Cherokee and Ram 1500 vehicles (the

Subject Vehicles) that would be sold in the United States. FCA US designed a specific marketing campaign to market these vehicles to U.S. customers as “clean EcoDiesel” vehicles with best-in-class fuel efficiency. However, according to court documents, FCA US installed software features in the Subject Vehicles and engaged in other deceptive and fraudulent conduct intended to avoid regulatory scrutiny and to fraudulently help the Subject Vehicles meet the required emissions standards, while maintaining features that would make them more attractive to consumers, including with respect to fuel efficiency, service intervals, and performance.

Specifically, FCA US purposely calibrated the emissions control systems on the Subject Vehicles to produce less NO<sub>x</sub> emissions during the federal test procedures, or driving “cycles,” than when the Subject Vehicles were being driven by FCA US’s customers under normal driving conditions. FCA US then engaged in deceptive and fraudulent conduct to conceal the emissions impact and function of the emissions control systems from its U.S. regulators and U.S. customers by (a) submitting false and misleading applications to U.S. regulators to receive authorization to sell the vehicles, (b) making false and misleading representations to U.S. regulators both in person and in response to written requests for information, and (c) making false and misleading representations to consumers about the Subject Vehicles in advertisements and in window labels, including that the Subject Vehicles complied with U.S. emissions requirements, had best-in-class fuel efficiency as measured by EPA testing, and were equipped with “clean EcoDiesel engine[s]” that reduced emissions.

For example, FCA US referred to the manner in which it manipulated one method of emissions control as “cycle detection” and “cycle beating.” Without the “cycle beating” use of this emissions control software, the Subject Vehicles were unable to pass the emissions portions of the federal test procedures while also receiving a fuel efficiency rating that could be marketed to FCA US’s potential customers as “best-in-class,” consistent with FCA US’s 3.0-liter diesel program’s goals, timing, and marketing strategy. Because FCA US knew that the decision to calibrate the emissions control system used on the Subject Vehicles to perform differently “on cycle” versus “off cycle” would be subjected to significant scrutiny by U.S. regulators, FCA US made false and misleading representations to regulators to ensure that it obtained regulatory approval to sell the Subject Vehicles in the United States.

Under the terms of FCA’s guilty plea, which has been approved by the Court, FCA has agreed to continue to cooperate with the Department of Justice in any ongoing or future criminal investigations relating to this conduct. In addition, FCA US has also agreed to continue to implement a compliance and ethics program designed to prevent and detect fraudulent conduct throughout its operations and will report to the department regarding remediation, implementation, and testing of its compliance program and internal controls.

The government reached this agreement with FCA US based on several factors including, among others, the nature and seriousness of the offense conduct, the company’s failure to voluntarily and timely disclose the conduct that triggered the investigation, and its failure to conduct sufficient, timely, or appropriate remedial action. FCA US received credit for cooperation with the department’s investigation and has enhanced, and committed to further enhance, its compliance program and internal controls.

In the related criminal prosecution, three FCA employees, Emanuele Palma, Sergio Pasini, and Gianluca Sabbioni were indicted for conspiracy to defraud the United States and to violate the Clean Air Act and six counts of violating the Clean Air Act. They await trial. An indictment is merely an allegation, and all defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

EPA's Criminal Investigations Division and the FBI conducted the investigation. Prosecution was handled by a DOJ litigation.



### Las Vegas Apartment Complex Manager Sentenced for Violating Clean Air Act Asbestos Regulations at Two Facilities

On July 20, 2022, Bobby Khalili was sentenced to one year and one day in prison and 36 months of supervised release for renovating two apartment complexes in violation of federal Clean Air Act regulations intended to prevent human exposure to toxic airborne asbestos fibers.

Bobby Khalili, 46, of Los Angeles, was indicted by a grand jury sitting in the District of Nevada in September 2019, in connection with asbestos-related Clean Air Act violations at a Las Vegas apartment complex. The grand jury later returned a superseding indictment against Khalili in July 2021, in connection with new Clean Air Act asbestos violations at a second apartment complex, which Khalili committed while on pretrial release for the first set of charges. Khalili pled guilty on March 11, to failing to safely remove asbestos prior to renovation at each complex.

As part of his guilty plea, Khalili acknowledged that, on behalf of Las Vegas Apartments LLC, he oversaw renovation activities at both apartment complexes. He further admitted that he was aware of asbestos-containing materials at both buildings, and that he hired untrained individuals to tear out those materials without following asbestos work-practice standards prescribed by the Clean Air Act. Those work practice standards require that asbestos-containing materials be safely removed prior to general renovation activity taking place. Asbestos-containing materials must be kept wet at all times to prevent dust escaping, sealed in leak-proof bags, and disposed of at facilities authorized to accept asbestos waste. At both apartment buildings, untrained laborers removed asbestos-containing drywall and ceiling texture without wetting or containment, releasing asbestos fibers into the surrounding atmosphere.



Khalili also admitted to taking steps to evade law enforcement at each site. At the first apartment complex, Khalili attempted to have a dumpster filled with asbestos waste removed from the site when inspectors from the Clark County Department of Air Quality discovered asbestos-related violations. At the second complex, where he oversaw illegal renovations while on pretrial release, he instructed the contractor in charge of the renovation to lie to inspectors about who owned and oversaw the project, in an attempt to blame another person for the Clean Air Act violations he knowingly committed. According to the government's sentencing memorandum filed with the court, Khalili also created a fake contract purportedly showing that other person's responsibility for the renovation; in truth, that person was deceased at the time of the project.

Inhalation of airborne asbestos fibers has been determined to cause lung cancer, asbestosis and mesothelioma, an invariably fatal disease. Congress and the EPA have determined that there is no safe level of exposure to asbestos.

"The sentencing demonstrates that cutting corners on asbestos abatement will not result in a slap on the wrist," said Assistant Attorney General Todd Kim of the Justice Department's Environment and Natural Resources Division (ENRD). "These are serious offenses with serious consequences, and we will continue to work with EPA and our partners in U.S. Attorneys' Offices to prosecute violations of the Clean Air Act's asbes-

tos safety regulations.”

“The defendant placed the public in danger of inhaling asbestos fibers when he failed to follow Clean Air Act regulations,” said U.S. Attorney Jason M. Frierson for the District of Nevada. “This sentence sends a deterrent message that the U.S. Attorney’s Office and our partners will hold accountable individuals who violate federal environmental laws that are designed to protect workers and our communities.”

“The defendant failed to provide for the required safe removal of material containing asbestos,” said Special Agent in Charge Scot Adair of EPA’s Criminal Enforcement Program in Nevada. “In addition, the defendant created an elaborate scheme in an effort to deceive law enforcement and regulators. The sentencing reflects our commitment to holding people like Khalili accountable for their criminal conduct.”

The case was investigated by EPA’s Criminal Investigation Division and Special agents of the EPA and the Clark County Department of Air Quality. Prosecution was handled by a DOJ litigation team.

## California Firm and Owner Sentenced in COVID-19 Fraud Scheme

On August 12, Eco Shield, LLC and its owner, Samir Haj, were sentenced in federal court in connection with the importation, shipping and sale of “EcoAirDoctor” during the pandemic.

Haj was sentenced to eight months in custody, and both defendants (Eco Shield and Haj) were ordered to forfeit \$427,689 in proceeds and pay restitution of \$86,754, while the company was ordered to pay a fine of \$42,000. EcoAirDoctor consisted of a small badge clipped to clothing that released chlorine dioxide into the air and was represented by the defendants to protect the user “from airborne infectious diseases” including COVID-19.

Products making these types of public health claims are regulated by the U.S. Environmental Protection Agency (EPA), which requires extensive testing to substantiate the claims of efficacy and safety prior to approving them for registration and sale in the United States. EcoAirDoctor was not registered with the EPA, and testing performed on behalf of the defendants revealed that the badge was not measurably effective “at killing off a useful number of microbes within the air.”

The EcoAirDoctor badge consisted of sodium chlorite and natural zeolite. When the product was opened, the zeolite contacted the sodium chlorite, releasing chlorine dioxide gas. The EPA has established a reference concentration for long-term continuous exposure to chlorine dioxide of 0.00007 parts per million (ppm). Risks from the inhalation of chlorine dioxide are a concern if the air concentrations people are exposed to exceed the reference concentration. The documentation provided by Eco Shield, LLC states that levels below 0.0001 do not kill viruses and claims that the concentration for viral inactivation should be between 0.0001 and 0.1 ppm. Based on these figures, if the defendants’ product emitted chlorine dioxide gas at levels deemed safe by the EPA, it would not be at levels sufficient to kill viruses.



Both sodium chlorite and chlorine dioxide (nonhydrate) fall into Hazard Class 5.1 under the U.S. Postal Service (“USPS”) rules and regulations, for which mailing is prohibited. Transportation of these materials via USPS is strictly prohibited, due to the danger of fire and explosion. Chlorine dioxide does not require air for it to burn and can cause coughing, wheezing, and respiratory distress. At very high exposure levels, it can be fatal. Records from Eco Shield, LLC indicated that 1,744 Air Doctor Portables were shipped via the USPS to purchasers across the United States between March 1, 2020, and April 18, 2020. At least 300 of those shipments occurred after the defendants received notice that shipping by mail was unlawful.

The defendants imported the EcoAirDoctor badge from Japan, falsely describing it as air purifiers rather than pesticides, which would have subjected the entry to inspection by the EPA. In addition to falsely describing the nature of the goods, the entry documents undervalued the shipment by over \$500,000, allowing the defendants to evade \$33,919 in Customs duties. The sentence imposed required the defendants to pay restitution of \$86,754 to U.S. Customs to cover the loss of duty and the cost of disposing of seized EcoAirDoctor badges.



The defendants profited handsomely from the sale of the illegally-imported pesticides. At the outset of the pandemic, the badges, purchased for \$6.25 each, were then sold to the public in the United States for \$20.95 each, plus shipping. During the first six months of 2020, the defendants pocketed \$1,132,950 from the sale of the badges, including sales occurring outside the United States. The Federal Trade Commission issued a warning letter, on April 27, 2020, advising the company not to make unsubstantiated claims for Coronavirus protection, and on July 24, 2020, the EPA issued a Stop, Sale, Use or Removal Order. The sentence requires the defendants to forfeit \$427,689 in proceeds from the sale of the badges within the United States.

“This product not only didn’t work, but it was even potentially harmful,” said U.S. Attorney Randy Grossman. “The defendant and his company will be held to account for cashing in on Covid fears during a global pandemic.” Grossman thanked the prosecution team and investigating agencies for their excellent work on this case.

“The defendants knowingly persisted in their false assertions that their product provided protection against COVID-19,” said Special Agent in Charge Scot Adair of EPA’s Criminal Investigation program in California. “EPA and its law enforcement partners are committed to holding responsible parties accountable for putting people’s health at risk.”

“Homeland Security Investigations (HSI) along with our government partners are committed to protecting the American public against criminal networks attempting to illegally import and sell products that could endanger lives of U.S. consumers for financial gain,” said HSI San Diego Special Agent in Charge Chad Plantz. “We remain vigilant and will use our broad legal authorities to disrupt and dismantle criminal networks seeking to exploit and benefit from the COVID-19 pandemic.”

“Postal Inspectors remain vigilant in protecting the US Postal Service and the communities we serve. Preventing the dangerous misuse of the nation’s mail system remains one of our top priorities,” stated Inspector in Charge Carroll N Harris.

This case was investigated by EPA’s Criminal Investigation Division, Homeland Security Investigations, the California Department of Toxic Substances Control, Office of Criminal Investigations, and the U.S. Postal Inspection Service. Prosecution was handled by a DOJ litigation team.

## Wasatch Railroad Contractors and CEO Sentenced on Wire Fraud and Knowing Endangerment Charges in Wyoming

On July 5, 2022, John Eldon Rimmasch and Wasatch Railroad Contractors (“Wasatch”) appeared before a Federal District Court Judge for sentencing after a federal jury found them guilty on five counts of wire fraud and one count of knowing endangerment for knowingly exposing employees to asbestos and placing them in imminent danger of death or serious bodily injury.

Headquartered in Cheyenne, Wyoming, Wasatch also operated a facility in Shoshoni, Wyoming. The company performed repair and restoration on freight cars and its Wasatch Railroad Contractors division purported to specialize in restoring historic railroad equipment. John Eldon Rimmasch is the founder and owner of Wasatch and served as its Chief Executive Officer.

This case arose after Wasatch and its owner, Rimmasch, entered a contract to restore a historic railcar owned by the National Park Service. Wasatch failed to complete the restoration, and in the process, Rimmasch knowingly placed 30 of his employees in imminent danger of death or serious bodily injury by exposing them to asbestos without proper safety measures. Through directives of its owner, Rimmasch, Wasatch invoiced the National Park Service certifying that it performed the asbestos abatement pursuant to the contract, knowing full well it had not.

At the sentencing hearing, Judge Johnson found that John Rimmasch attempted to obstruct justice by presenting a fraudulent exhibit at the jury trial and abused his position of trust during the commission of the crimes. Rimmasch was sentenced to a term of imprisonment of 30 months and three years of supervised release on each count to run concurrently. Rimmasch was also ordered to pay restitution in the amount of \$7,428 and a special assessment of \$600. Wasatch Railroad Contractors, now defunct, was ordered to pay a special assessment of \$2,400.00.



“Our office will vigorously prosecute those who commit environmental crimes or engage in fraud against the government,” said Acting U.S. Attorney Vassallo. “We appreciate the excellent investigative work performed in this case by the United States Department of the Interior, Office of the Inspector General and the United States Environmental Protection Agency.”

“The Department of the Interior Office of Inspector General will continue to aggressively root out attempts to defraud the U.S. government and taxpayers,” said Jamie DePaepe, Special Agent in Charge, Department of the Interior, Office of Inspector General’s Western Region. “We hope the sentencing will serve as a deterrent to others contemplating stealing federal funds for their own personal gain, as well as to those who would knowingly risk the lives and health of others in furtherance of their fraudulent scheme.”

The crimes were investigated by the United States Department of the Interior, Office of the Inspector General, and EPA’s Criminal Investigation Division. Prosecution was handled by a DOJ litigation team.

## DEM Technology, LLC and Corporate Vice President Plead Guilty to Selling Unregistered Virucide, Despite Repeated Warnings in Ohio

Ohio-based DEM Technology, LLC and its vice president pleaded guilty in federal court on August 4, 2022, to the illegal sale of antimicrobial products.

Evan Morgan and DEM Technology LLC of Dayton, Ohio, pleaded guilty to selling an unregistered “fogger,” which they claimed, without proof, could sanitize an entire room. According to the plea, beginning in 1996, DEM produced the surface-sanitizing product, SaniGuard. It was only authorized for use as a surface spray. However, since SaniGuard’s initial EPA registration, DEM has sold the product not only as a “Dry Sanitizing Surface Spray” but also as a “Total Release Fogger.” According to its marketing materials, the fogger product allowed for the entire can’s contents to be released into a room, supposedly disinfecting all surfaces in the room. It also claimed the fogger could “sanitize a room within 10 to 15 minutes”; is “effective against H1N1, E-Coli, Staphylococcus, MRSA and Salmonella”; and has a “99.99% kill rate of fungus, bacteria...and viruses.” DEM has never established efficacy nor safety data associated with SaniGuard’s use as a fogger as required by the Federal Insecticide, Fungicide and Rodenticide Act.

From 2004 to 2015, DEM received and acknowledged repeated correspondence from the EPA, directing the removal of language relating to fogging from the SaniGuard label. Additionally, on July 21, 2015, the EPA entered a consent order, which ordered DEM to pay a civil penalty based upon DEM’s sale of the fogger product. Nonetheless, DEM continued to produce and sell Total Release Fogger in 2015, 2016, 2017 and 2018.



“The defendants in this case made claims about the efficacy of their product with no supporting data, putting their customers at risk,” said Assistant Attorney General Kim. “Despite this danger and repeated notices by EPA, the defendants continued their unlawful conduct for years. The guilty pleas shows that the Department of Justice will not tolerate such violations of federal law.”

“In order to safeguard the environment, it is essential that the Environmental Protection Agency’s pesticide programs receive accurate and honest information from pesticide registrants and their employees,” said Special Agent in Charge Lynn. “This guilty plea sends a clear message that EPA and its law enforcement partners will continue to hold individuals and companies fully accountable for illegal conduct that jeopardizes the environment.”

This case was investigated by EPA’s Criminal Investigation Division and the Ohio Attorney General’s Office Bureau of Criminal Investigation. Prosecution is being handled by DOJ.

## Project Manager Pleads Guilty to False Statements Regarding Lead Contamination at City Park in Missouri

On July 28, 2022, Lynn Eich pleaded guilty in federal court to misleading federal authorities about lead contamination in a Granby, Missouri city park after he was hired to conduct remediation at the site.

“This defendant was responsible for cleaning up the contaminated soil at Granby City Park, but he deliberately made false statements and provided false information about the dangerous level of lead contamination that continued to threaten the health and safety of the community,” said U.S. Attorney Teresa Moore. “This unconscionable deceit cost taxpayers hundreds of thousands of dollars to correct, which we intend to recoup through fines or restitution.”

“The Environmental Protection Agency Office of Inspector General is committed to providing strong oversight for grants and contracts,” said Special Agent in Charge Garrett J. Westfall of the EPA OIG’s Western Division Field Office. “Recipients will be held accountable for ensuring that they use taxpayer funds in accordance with federal regulations and to support the health and safety of communities. In this case, a guilty plea by a formerly trusted contractor serves to help restore confidence in the EPA health and environmental programs the people of Newton County, Mo., deserve. The EPA OIG thanks our law enforcement and prosecutorial partners for their dedication to this investigation.”

“The guilty plea highlights the Department of Defense, Office of Inspector General, Defense Criminal Investigative Service’s commitment to protect the integrity of the DoD procurement process,” said Michael Mentavlos, Special Agent in Charge, DCIS Southwest Field Office. “DCIS, in concert with our federal law enforcement and prosecutorial partners, stand united in ensuring the safety and welfare of our communities.”



“The defendant intentionally provided false information to regulators regarding lead contamination in the Granby community,” said Special Agent in Charge Lance Ehrig of EPA’s criminal enforcement program in Missouri. “The guilty plea demonstrates that EPA and our law enforcement partners are committed to holding accountable individuals who choose to violate the law.”

Eich waived his right to a grand jury and pleaded guilty before U.S. Chief District Judge Beth Phillips to a federal information that charges him with one count of making a false statement relating to a federal environmental remediation contract.

Eich was employed by Environmental Quality Management as the project manager for a soil remediation project in Newton County, Mo. The remediation company was awarded a contract from the U.S. Army Corps of Engineers and the Environmental Protection Agency, which ultimately totaled nearly \$12 million, to perform mine waste remediation at the Newton County Mine Waste Remediation Superfund Site in and around Granby. This area had been previously contaminated with lead in the surface soil deposited through historical



mining and smelting operations in the area. The contract required the removal of contaminated soil and backfilling some areas, including Granby City Park, using clean fill material.

Approximately one month before being awarded the contract for the Newton County project, the remediation company was also awarded an EPA contract in Oronogo, Mo., to complete a similar but larger soil remediation project. The receipt of both contracts was not expected and caused Eich to request a personnel change to the Newton County project's Quality Assurance, Quality Control (QAQC) Manager in order to complete both contracts. Eich represented to the Corps of Engineers that the replacement for the QAQC Manager had comparable experience as the person listed on the original application and that the replacement was qualified to fulfill the duties of a QAQC Manager on the Newton County project. In fact, the replacement QAQC Manager was not qualified and had little to no experience testing soil for hazardous materials.

Between Sept. 12 and Oct. 19, 2016, the QAQC Manager failed to properly test fill material that was used to remediate Granby City Park.

On Oct. 14, 2016, the site superintendent, who reported to Eich, received laboratory analysis of two samples taken from the offsite borrow source. One sample indicated lead levels of 640 mg/kg and the other indicated a lead level of 720 mg/kg, both in excess of the contractual requirement of less than 100 mg/kg. The results of these samples were not reported to the EPA or the Corps of Engineers as required by federal environmental laws.

On June 4, 2018, Eich called the Corps of Engineers and indicated that a "hot spot" had been detected in Granby City Park. During the call, Eich misrepresented the scope of the area of contamination at the park by stating that it was less than 1,000 cubic yards. Eich also submitted a map of Granby City Park that showed a limited area of contamination when, as Eich knew, lead contamination was pervasive through the entire park.

By pleading guilty, Eich admitted that he intentionally made this false statement and provided false information regarding the scope and amount of lead contamination at Granby City Park.

EPA then conducted its own sampling of Granby City Park, including additional sampling by the National Enforcement Investigations Center, which found Granby City Park was still contaminated with lead in the soil. EPA was required to hire another remediation contractor to conduct a removal project of Granby City Park. The removal project required removal of the contaminated backfill and soil from the park to ensure the health and safety of the community. The removal project was completed in June 2021, resulting in additional costs to EPA.

Under federal statutes, Eich is subject to a sentence of up to five years in federal prison without parole and a fine up to \$250,000. The maximum statutory sentence is prescribed by Congress and is provided here for informational purposes, as the sentencing of the defendant will be determined by the court based on the advisory sentencing guidelines and other statutory factors. A sentencing hearing is scheduled for Jan. 18, 2023.

The case was investigated by EPA's Office of Inspector General and Criminal Investigation Division; DOD's Office of Inspector General, Defense Criminal Investigative Service; and the Army Criminal Investigative Division, Major Procurement Fraud Unit. Prosecution is being handled by a DOJ litigation team.

### Electroplating Company, President, and Vice President Plead Guilty to Clean Water Act Offenses in Michigan

ASP Plating Company, Gary Stephen Rowe, and Stephen Frederick Rowe pled guilty on August 15, 2022, to criminal violations of the Clean Water Act. The company and Gary Rowe, its president, pled guilty to a felony violation of the Clean Water Act, and Stephen Rowe, its vice president, pled guilty to a misdemeanor. The Court will set one or more dates for sentencing hearings.

According to public records, the individual defendants operated the corporate defendant, an electroplating company that held an industrial pretreatment permit issued by the Grand Haven-Spring Lake Sewer Authority. At least between 2015 and 2021, the company routinely violated the permit by dumping zinc in excess of the daily and monthly limitations, by releasing zinc in batches without notice, and by bypassing the mandatory pretreatment system entirely. The Sewer Authority periodically monitored the company's discharges, but Gary and Stephen Rowe instructed employees to make sure the monitor was absent before discharging wastewater containing excessive amounts of zinc.



“No resource is more precious in Michigan than our waters, which define the very boundaries of our state,” said U.S. Attorney Totten. “These defendants blatantly and repeatedly thwarted their obligation to properly treat and dispose of wastewater. As U.S. Attorney, I will do everything I can to protect our water. Individuals and businesses that commit environmental crimes will be held accountable.”

EPA's Criminal Investigation Division conducted the investigation and prosecution is being handled by DOJ.



### **Co-Owner of Gold Coast Commodities, Inc Pleads Guilty to Clean Water Act Violation in Mississippi**

The co-owner of Gold Coast Commodities, Inc., who serves as vice president of the Brandon, Mississippi-based fat and oil recycling business, pled guilty on August 31, 2021, for his part in illegally discharging industrial waste into the Jackson Sewer System.

During court, Robert David Douglas, 60, of Flowood, admitted authorizing payments on behalf of Gold Coast for the transportation and disposal of its industrial waste at a commercial entity in Jackson, which as a result of his negligence, caused the waste to be trucked and discharged to a facility which was not a legal discharge point designated by the Jackson Wastewater Treatment System to receive the waste.

Sentencing is scheduled for November 9, 2022. A federal judge will determine any sentence after considering the U.S. Sentencing Guidelines and other statutory factors.

The case was investigated by EPA's Criminal Investigation Division, the FBI, the Brandon Police Department, and the Mississippi Department of Environmental Quality, with cooperation from the City of Brandon and the City of Jackson municipal governments. The case is being prosecuted by DOJ.

## Former South Florida Resident Convicted of Smuggling Illegal Refrigerant from China to U.S.

On July 12, 2022, Jorge Murrillo pled guilty in federal district court in Miami to conspiring to violate the Clean Air Act (CAA) by importing over 300,000 kilograms of illegal hydrochlorofluorocarbon-22 (HCFC-22), worth over \$1.5 million, into the United States from China. HCFC-22 is a widely used refrigerant for residential heat pump and air-conditioning systems.

The CAA regulates air pollutants, including ozone depleting substances such as HCFC-22. The CAA and its implementing regulations established a schedule to phase out the production and importation of ozone depleting substances, with a complete ban starting in 2030. To meet its obligations under an international treaty to reduce its consumption of ozone depleting substances, the United States issued baseline consumption allowances for the production and importation of HCFC-22 to individuals and companies. To legally import HCFC-22, one must hold an unexpended consumption allowance.

According to court records and a Factual Statement filed in Court, Murrillo smuggled large quantities of HCFC-22 into the United States to sell on the black market. Murrillo and his co-defendant would negotiate with a Chinese manufacturer for the purchase of large quantities of HCFC-22 and then import them into South Florida ports. At no point did Murrillo or his companies or associates hold unexpended consumption allowances that would have allowed the legal importation of HCFC-22. Between June and August 2007, Murrillo conspired to, and otherwise smuggled, approximately 309,536 kilograms of HCFC with a market value of \$1,525,670, into the U.S. Murrillo resided outside the United States from the time of his indictment in 2012 until his arrest in Miami in May 2022.



Murrillo's co-defendant, Norberto Guada, was previously convicted, in 2012, of illegally importing HCFC-22, and served a federal prison sentence. Murrillo's sentencing hearing was scheduled for September 20, 2022. Murrillo faces up to five years in prison.

Juan Antonio Gonzalez, United States Attorney for the Southern District of Florida, Charles Carfagno, Special Agent in Charge, U.S. Environmental Protection Agency (EPA), Criminal Investigation Division, Southeast Area Branch and Anthony Salisbury, Special Agent in Charge, Homeland Security Investigations (HSI), Miami Field Office, announced the conviction.

The case was investigated by EPA's Criminal Investigation Division and Homeland Security Investigations – Miami with assistance from Customs and Border Protection. Prosecution is being handled by a DOJ litigation team.

### **Turkish Businessman Extradited from Austria to Face Money Laundering and Wire Fraud Charges—Allegedly Connected to \$1 Billion Washakie Biofuel Tax Credit Fraud**

A Turkish businessman was extradited On July 15, 2022, from Austria to face money laundering, wire fraud and obstruction charges.

Sezgin Baran Korkmaz arrived in Utah in the custody of the U.S. Marshals Service. Korkmaz was indicted in Salt Lake City, Utah, with laundering more than \$133 million in illegal proceeds through bank accounts he controlled in Turkey and Luxembourg. According to an April 2021 superseding indictment, the proceeds relate to a scheme orchestrated in Plymouth, Utah, by Jacob Kingston, Isaiah Kingston and Levon Termendzhyan to defraud the U.S. Treasury by filing false claims for more than \$1 billion in tax credits allegedly for the production and sale of biodiesel by their company, Washakie Renewable Energy LLC.

Korkmaz and his co-conspirators allegedly used the biofuel fraud proceeds to acquire luxury homes and assets, as well as businesses such as Biofarma, the Turkish airline Borajet, a yacht named the Queen Anne, a hotel in Turkey and a villa and apartment on the Bosphorus river in Istanbul. In coordination with authorities in Lebanon, the U.S. Marshals Service took the Queen Anne yacht into custody in July 2021 and sold it in early 2022 for \$10.11 million pursuant to an October 2021 order of U.S. District Judge Jill Parrish of the U.S. District Court for the District of Utah, who is presiding over the Korkmaz case. Other assets of Korkmaz-related companies in Turkey and Europe are the subject of forfeiture claims by the United States and Turkey.

According to the superseding indictment, Korkmaz also devised a scheme to defraud Jacob Kingston and Isaiah Kingston in early 2018 by falsely representing he could provide them with protection, through unnamed government officials, from a federal grand jury investigation and civil lawsuits. In exchange, the Kingstons sent him \$6 million over several months.

Additionally, Korkmaz allegedly made false statements to federal agents in an attempt to obstruct the pending criminal trial against Kingston and Termendzhyan. Among other misstatements, Korkmaz allegedly lied about \$38 million in wire transfers sent to a bank account controlled by Termendzhyan.

“The successful apprehension and extradition of Baran Korkmaz demonstrates the department’s commitment to working with our international partners to pursue, capture and return those who seek to defraud the American people,” said Acting Deputy Assistant Attorney General Stuart M. Goldberg of the Justice Department’s Tax Division. “Thanks to our law enforcement partners and their counterparts in Austria and Lebanon, we are now able to bring Korkmaz to trial on the pending charges, and have recovered significant forfeiture proceeds.”

“We commend our partners from the Tax Division and the Department of Justice for pursuing Sezgin Baran Korkmaz on behalf of the American taxpayers and ensuring his return to Utah to face justice in U.S. District Court,” said U.S. Attorney Trina A. Higgins for the District of Utah. “We are also thankful for the efforts of our foreign partners in Lebanon and Austria, and in particular, the Austrian Bundeskriminalamt Fugitive Active Search Team, for locating Korkmaz overseas.”

In July 2019 Jacob and Isaiah Kingston both pleaded guilty to federal charges, and in 2020 both men testified at the trial of Levon Termendzhyan in Utah. The federal jury convicted Termendzhyan of all charges. The

Kingstons and Termendzhyan all await sentencing.

If convicted, Korkmaz faces a maximum penalty of 20 years in prison for each count of money laundering conspiracy, wire fraud, and obstruction of an official proceeding. A district court judge will determine any sentence after considering the U.S. Sentencing Guidelines and other statutory factors.

IRS-Criminal Investigation, the Environmental Protection Agency Criminal Investigation Division and the Department of Defense DCIS are investigating the case.

The Justice Department's Office of International Affairs and FBI Legal Attaché in Vienna, Austria played key roles in securing the arrest and successful extradition of Korkmaz. Assistant U.S. Attorney Cy Castle for the District of Utah, Senior Policy Advisor Darrin L. McCullough of the Criminal Division's Money Laundering and Asset Recovery Section, and the U.S. Marshals Service provided significant assistance in the seizure of the Queen Anne yacht and its subsequent sale.

Trial Attorney Richard Rolwing and Senior Litigation Counsel John Sullivan of the Tax Division are prosecuting the case.

*An indictment is merely an allegation, and the defendant is presumed innocent until proven guilty beyond a reasonable doubt in a court of law.*

### Company Operating Aluminum Processing Facility in Oregon Charged with Clean Air Act Violations

On August 24, 2022, an Illinois-based company that operates an aluminum processing facility in The Dalles, Oregon was charged with violating the Clean Air Act by negligently releasing a hazardous air pollutant from its facility, endangering employees and nearby community members.

Hydro Extrusion USA (Hydro), a limited liability corporation based in Rosemont, Illinois, has been charged by criminal information with negligent endangerment under the Clean Air Act.

“Enforcing emissions standards for hazardous air pollutants is critical to protecting the air we breathe and ensuring companies play by the rules,” said Ethan Knight, Chief of the Economic Crimes Unit for the U.S. Attorney’s Office. “We will vigorously prosecute any company that risks the health and safety of its workers or our communities.”

“Our nation’s environmental laws are designed to protect our communities from hazardous pollutants,” said Special Agent in Charge Scot Adair of the Environmental Protection Agency’s (EPA) criminal investigation program in Oregon. “The criminal charge filed in this case demonstrates that companies that negligently violate those laws will be held responsible for their crimes.”

According to court documents, Hydro operates a secondary aluminum processing facility in The Dalles where it melts aluminum scrap in induction furnaces to produce reusable aluminum billets. While operating, air emissions from the company’s furnaces were open to the interior of the building and did not pass through any pollution control devices before reaching employees or being vented to ambient air.

Under the Clean Air Act, secondary aluminum production facilities are only permitted to use “clean charge,” aluminum scrap free of paints, coatings or lubricants. Despite this requirement, from July 2018 through June 2019, Hydro acquired and melted scrap aluminum coated in a mineral-oil based mixture that, when combusted, produced hazardous smoke. During this time, Hydro employees noticed excessive smoke in the facility. Despite being notified by inspectors from EPA and the Oregon Department of Environmental Quality (Oregon DEQ), Hydro continued melting the unclean charge.

Hydro has fully cooperated with the government’s investigation of this matter and agreed to plead guilty.

This case was investigated by the EPA Criminal Investigation Division (EPA-CID) with assistance from Oregon DEQ. It is being prosecuted by Ryan W. Bounds, Assistant U.S. Attorney for the District of Oregon.

*A criminal information is only an accusation of a crime, and a defendant is presumed innocent unless and until proven guilty.*