

Environmental Crimes Case Bulletin



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

November 2013

This bulletin summarizes publicized investigative activity and adjudicated cases conducted by OCEFT Criminal Investigation Division special agents, forensic specialists, and legal support staff.

Defendants in this edition:

- **Edward Palmer — Region 2**
- **Gene Cornell Smith — Region 3**
- **Jerome Clarence Barnes, Jr., Jared F. Walker — Region 4**
- **Brad Foote Gear Works, Inc. — Region 5**
- **Khalil Mahmoud Saad — Region 5**
- **Frank Scaccia, Theresa Neubauer — Region 5**
- **Slade E. Barnett, Jr. — Region 8**
- **Norman Teltow — Region 8**

DEFENDANT SUMMARY:

REGION	DEFENDANTS	CASE TYPE/STATUTES
Region 2	Edward Palmer	CAA/Illegal asbestos removal and disposal
Region 3	Gene Cornell Smith	CAA/Illegal asbestos removal
Region 4	Jerome Clarence Barnes, Jr., Jared F. Walker	CAA/Fraudulently issuing automobile emission certificates
Region 5	Frank Scaccia, Theresa Neubauer	SDWA/Lying to environmental regulators about using well water to supplement drinking water supply

DEFENDANT SUMMARY:

REGION	DEFENDANTS	CASE TYPE/STATUTES
Region 5	Brad Foote Gear Works, Inc.	CWA/Illegal discharge of industrial waste water into public sewer system
Region 5	Khalil Mahmoud Saad	CAA/Illegal removal and treatment of asbestos materials
Region 8	Slade E. Barnett, Jr.	CWA/Knowingly introducing pollutant into city sewer system
Region 8	Norman Teltow	CAA/Unlawfully treating hazardous waste

Quick Links:

- [Sentencings](#) p. 4 - 10
- [Plea Agreements](#) p. 11 - 13

Sentencings ([Back to Quick Links](#))

New York Businessman Sentenced for Illegal Asbestos Removal -- On November 12, 2013, **EDWARD PALMER**, of Phoenix, New York, was sentenced in federal district court for the Northern District of New York to serve six months of home detention as part of a two year term of probation for a felony violation of the Clean Air Act related to the illegal removal and land disposal of asbestos. He was also ordered to pay a criminal fine of \$25,000 and to perform 50 hours of community service.

Palmer is the owner of Carbonsted, LLC, a company that owns the former Nestles Plant in Fulton, New York. The plant contains pipes with more than two thousand feet of friable asbestos insulation. Palmer engaged in asbestos renovation activities without filing a notification with EPA. He directed unlicensed individuals to perform asbestos removal without wetting the asbestos and keeping it wet and without properly disposing of the asbestos at a state-approved landfill.

The case was investigated by EPA's Criminal Investigation Division and the New York State Department of Environmental Conservation, with assistance from inspectors with the New York State Department of Labor. Prosecution is being handled by Assistant U.S. Attorney Craig A. Benedict.

[Back to Top](#)



The pipe room where employees were directed to store pipes containing asbestos contaminated materials after illegally taking them down.

New Jersey Man Gets 42 Month Jail Time for Illegal Asbestos Removal That Put the Public and Workers Health at Risk

-- On November 20, 2013, **GENE CORNELL SMITH**, of Lumberton, New Jersey, was sentenced in federal district court for the Eastern District of Pennsylvania to 42 months in prison for violating the Clean Air Act. Smith bought a warehouse, in the Logan section of Philadelphia, and got a quote for the cost of removing asbestos from the site. Instead of paying to remove or stabilize the asbestos-containing material, Smith enlisted his co-conspirator, Clarence Cole, to hire unqualified day laborers, who ripped out the asbestos illegally, without taking the precautions, required by federal regulations, to keep asbestos out of the air. Cole pled guilty in January 2013, and was sentenced to 24 months in prison in June. In addition to the prison terms, Smith and Cole were ordered to serve three years of supervised release and to pay restitution of \$451,936.80

Smith and Cole did not provide any safety equipment to the workers. When a conscientious citizen tipped off the Asbestos Control Unit of the City Public Health Department's Air Management Services, city



Bags of illegally abated asbestos left in front of Smith's warehouse in Philadelphia, PA. Smith had Cole illegally remove the asbestos from the HVAC system and leave these bags on the street for regular trash collection. Residential housing is directly across the street. EPA's Superfund program ultimately remediated the site due to extreme asbestos contamination, at a cost of approximately \$450k.

inspectors ordered all work to stop. Instead of closing up the site, however, and hiring a qualified contractor to remediate the building as he was ordered to do, Smith continued to dispose of asbestos-containing material illegally, and to allow emission of asbestos to the outside air. Eventually, Superfund money had to be used to clean the contamination caused by the illegal work Smith and Cole had ordered.

The case was investigated by EPA's Criminal Investigation Division. It was prosecuted by Assistant United States Attorney Elizabeth Abrams and Special Assistant United States Attorney Thomas Moshang III.

[Back to Top](#)

Owner of Colorado Aircraft Painting Company Sentenced for Unlawfully Treating Hazardous Waste

-- On November 12, 2013, **NORMAN TELTOW**, owner of Gold Metal Paint Co. LLC (GMP), was sentenced to serve six months home confinement with electronic monitoring, pay a \$10,000 criminal fine, and serve two years of probation. Teltow pleaded guilty in March 2013 to illegally treating hazardous waste at the company's facility. Teltow operated GMP out of a hangar near the Front Range Airport in Watkins, Colorado. GMP was primarily in the business of painting small aircraft. During the course of its business, GMP created hazardous waste in the form of spent methylene chloride-based solvents mixed with



Gold Metal Paint Co. stripper hangar showing methylene chloride stripper waste drain.

paint waste. GMP was required to use a licensed waste management company to transport the hazardous waste to a licensed facility for disposal, however to avoid the costs associated with proper disposal, Teltow directed GMP employees to store the spent solvents in an underground tank below the facility knowing that it was illegal to store the waste in that manner. When the Colorado Department of Public Health and Environment (CDPHE) became aware of the situation, it conducted an inspection and ordered Teltow to hire a licensed waste management company to pump the waste out of the tank and dispose of it properly. CDPHE further ordered that the tank be cleaned, that the trench drain leading to the underground tank be sealed, and that GMP use a licensed waste management company to transport all hazardous waste in the future. In response to CDPHE's orders, Teltow hired a licensed waste management company to pump out the tank, and sealed off the trench drain to the underground tank. However, rather than hire a licensed waste management company to clean out the tank, Teltow ordered subordinate employees to clean out the tank without the benefit of any personal protective equipment, exposing them to haz-

ardous waste containing methylene chloride, and suffered from headaches, dizziness, and nausea as a result. Teltow then devised a new plan for treating the hazardous waste by "evaporating" it into the atmosphere. Teltow ordered his employees to pour the hazardous waste onto the floor of the hangar at the end of the work day and then leave the hangar doors ajar to allow the waste to evaporate. When Teltow's "evaporation" method was unsuccessful at treating all of the waste that GMP accumulated, Teltow drilled open the trench drain ordered sealed by CDPHE so that the waste could again flow into the underground tank.

[Back to Top](#)

Michigan Man Sentenced for Criminal Clean Air Act Violations -- On November 19, 2013, **KHALIL**

MAHMOUD SAAD, from the Dearborn, Michigan, area, was sentenced in federal district court for the Eastern District of Michigan, to fourteen months incarceration, to be followed by two years supervised release for criminal violations of the Clean Air Act. According to documents filed with the court, in November 2011, Saad was hired as a demolition contractor to tear down a vacant commercial warehouse building and dispose of the demolition debris. An asbestos consultant hired by the defendant inspected the building before the demolition began, and identified more than one-thousand linear feet of asbestos-containing pipe insulation, as well as asbestos-containing insulation on a large boiler. The asbestos consultant advised Saad of the asbestos materials that had been found in the building. Federal law required that all of the asbestos materials had to be removed properly before any activity began that would break up, dislodge or similarly disturb the material. Rather than pay for the removal of the asbestos, Saad hired workers in approximately April 2012 to tear down the



warehouse building, which resulted in bricks and large pieces of concrete falling onto asbestos insulation that had been removed and left scattered in a room on the floor of the structure. Saad also left dry asbestos insulation heaped in at least two piles on the ground floor of the building, and scattered in the room on the second floor, and failed to have any of this asbestos debris wetted down. The failure to remove the asbestos materials before the demolition work began, and the failure to wet the asbestos insulation debris, violated the Clean Air Act's asbestos regulations.



In around July 2012, when an inspector from the Michigan Department of Environmental Quality contacted Saad and questioned him about the demolition work and the asbestos debris in the building, Saad falsely told the inspector that he had not started any demolition work, and also falsely stated that "anywhere there was asbestos, nothing was touched."

Saad pleaded guilty on August 6, 2013, to knowingly failing to remove all regulated asbestos-containing materials from

a facility being demolished before any activity began that would break up, dislodge, or similarly disturb the material; and to knowingly failing to adequately wet regulated asbestos-containing material and ensure that it remained wet until collected and contained or treated in preparation for disposal, both violations of the Clean Air Act's asbestos regulations.

The case was investigated by EPA's Criminal Investigation Division. It was prosecuted by Assistant United States Attorney Jennifer Blackwell of the United States Attorney's Office in the Eastern District of Michigan and Special Assistant United States Attorney James Cha.

[Back to Top](#)

Former Illinois Village Water Officials Sentenced for Concealing Village's Use of Well in Drinking Water Supply

-- On November 21, 2013, **FRANK SCACCIA**, a retired certified water operator, and **THERESA NEUBAUER**, former water department clerk and supervisor and, later, police chief of the southwest suburban village of Crestwood, Illinois, were each sentenced in federal district court for the Northern District of Illinois, to two years' probation for lying repeatedly to environmental regulators for



more than 20 years about using a water well to supplement the village's drinking water supply. The defendants, effectively thwarted the government from implementing the federal Safe Drinking Water Act's notice and testing requirements designed to ensure the safety of municipal water supplies.

In addition to probation, Scaccia, of Crestwood, was ordered to serve the first six months in home confinement. He pleaded guilty on April 11 this year to making false statements. Neubauer, also of Crestwood,

was fined \$2,000 and ordered to perform 200 hours of community service. She was convicted by a jury on April 29 of 11 counts of making false statements after a week-long trial.

Both defendants concealed the village's use of its well from the government and the citizens of Crestwood to save money. By doing so, the village didn't properly monitor for contaminants that could have been introduced to Crestwood's water supply, avoided having to fix its leaking water distribution system, or paying the neighboring village of Alsip more money for water drawn from Lake Michigan.

According to court records and the evidence at trial, since at least 1973, the substantial majority of Crestwood's drinking water came from Lake Michigan and was purchased from neighboring Alsip, which, in turn, had purchased the water from the city of Chicago after it was treated and tested pursuant to state and federal environmental regulations. Since 1982, Crestwood regularly supplemented the Lake Michigan water with water drawn from an underground aquifer through a well located on Playfield Drive, known as Well #1. Crestwood found it necessary to supplement the Lake Michigan water with water pumped from Well #1, in part, because of substantial leakage in its water distribution system, which Crestwood officials failed to adequately repair.

Between 1987 and 2008, Scaccia, Neubauer were among a small circle of trusted village employees — directed by Crestwood's longtime former mayor, Chester Stranczek, who was not charged — who concealed that Crestwood was supplementing its Lake Michigan water with water drawn from Well #1. Scaccia was responsible for ensuring that water distributed by Crestwood met all federal and state regulations, including filing annual Consumer Confidence Reports (CCRs); obtaining the raw data that was used to complete the Monthly Operation and Chemical Analysis Reports (MORs); transmitting raw data for the MORs to Neubauer so that she could



The pump that the Village of Crestwood used to draw water from an underground aquifer, which was used to supplement their drinking water drawn from Lake Michigan. This picture was taken after the pump was already disconnected from the well and taken out of service.

complete them and submit them to the IEPA; and serving as a point of contact for IEPA with respect to drinking water compliance issues. Neubauer prepared the CCRs for signature by Stranczek, arranged for the CCRs to be issued to Crestwood's water customers, prepared MORs for distribution to the IEPA based upon information obtained from Scaccia, and distributed completed MORs to IEPA. All the while, Neubauer and Scaccia knew that water pumped from Well #1 was being distributed to the village's water customers. Neubauer also helped prepare and submit various false reports stating that Well #1 was on standby status and that the sole source of Crestwood's drinking water was Lake Michigan water purchased from Alsip.

Under the federal Safe Drinking Water Act of 1974, EPA created regulations to ensure the safety of drinking water distributed by public water systems by requiring testing and establishing maximum contaminant levels for various contaminants. EPA delegated the primary responsibility for enforcement to the Illinois EPA, which established its own state regulations that implemented the federal statute and regulations. Because the city of Chicago tested and treated Lake Michigan water for contaminants, Crestwood, like other municipalities that purchased water directly or indirectly from Chicago, was excused from monitoring its Lake Michigan water for certain contaminants. Due to Crestwood's use of Well #1, an unmonitored and unreported water source, the village should have periodically tested its drinking water for organic contaminants, inorganic contaminants, and radiological contaminants beginning in the 1970s.

Crestwood was also required to submit an Annual Water Use Audit form, known as an LMO-2 form, to the Illinois Department of Natural Resources and, previously, to the Illinois Department of Transportation. This form required Crestwood to report the amount of water it had drawn from Lake Michigan and from Well #1, and to account for the amount of water distributed and lost by its water system annually. From at least 1982 to 2008, Crestwood officials filed LMO-2 forms that neither reported the amount of water drawn from Well #1, nor accurately accounted for the amount of water distributed and lost by its water system.

The case was investigated by EPA's Criminal Investigation Division. It was prosecuted by Assistant U.S. Attorneys Erika Csicsila and Timothy Chapman, and Special Assistant U.S. Attorney Crissy Pellegrin, criminal enforcement counsel for the U.S. EPA Region V.

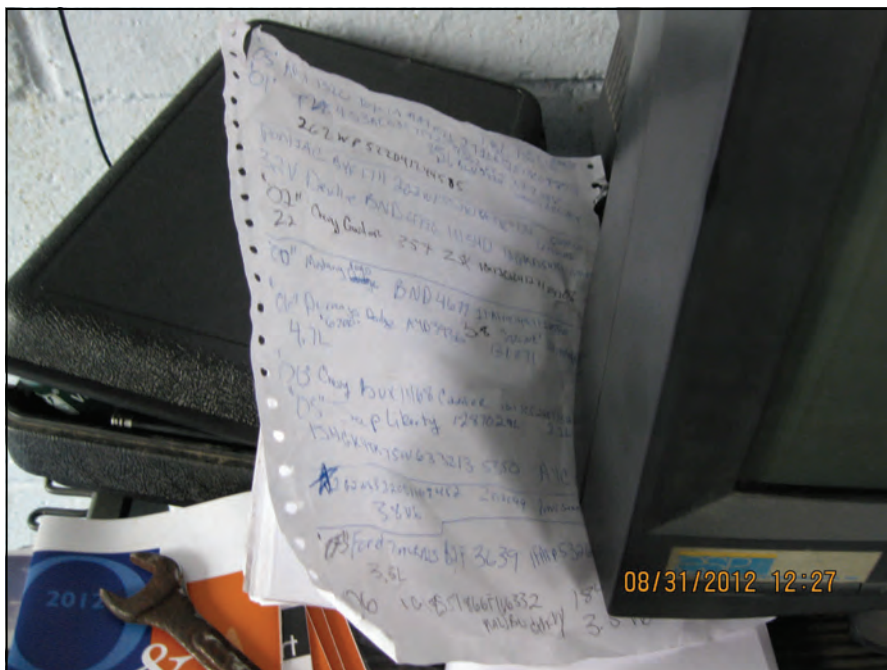
[Back to Top](#)

Georgia Emissions Inspectors Sentenced to Federal Prison -- On November 22, 2013, **JEROME CLARENCE BARNES, JR., and JARED F. WALKER** were sentenced in federal district court for the Northern District of Georgia for their roles in a scheme to fraudulently issue emissions certificates for cars that would have failed the emissions inspection required by law. According to the charges and other information presented in court, Barnes, of Lithia Springs, Georgia, was responsible for issuing over 4,000 fraudulent emissions certificates to car owners in Georgia from September 2011 to September 2012, falsely stating that the owners' cars passed the required emissions test. Barnes worked with other individuals to open emissions inspection stations in their names that he would then use to issue fraudulent emissions certificates. Opening stations in others' names helped conceal Barnes' involvement in the fraudulent activity. He wanted to avoid detection because he previously owned two inspection stations that state authorities had shut down for fraud. When authorities would discover emissions fraud occurring at one of the inspection stations, Barnes continued the fraud at another station that was opened under the name of a different owner. During the scheme, Barnes used On Time Emis-



Inside Elite Emissions, one of the inspection stations used by Barnes.

sions in Fulton County, All Clean Emissions in Cobb County, BDH Emissions in Dekalb County, Elite Emissions in Fulton County, and Cleaner Atlanta Emissions in Cobb County, to conduct fraudulent emissions testing.



Walker, of Austell, Georgia, owned All Clean Emissions. He and co-defendants Ieka N. Jones, of Winston, Georgia, and Seretha Franklin, of Villa Rica, Georgia, were licensed emissions inspectors who worked with Barnes to issue passing emissions certificates to car owners whose cars would have otherwise failed the emissions test. Instead of connecting the owners' real cars to the emissions equipment, the defendants connected different cars they knew would pass the test. During the tests, the computer system automatically transmitted emissions testing data to a statewide database accessible by the Georgia Environmental Protection Division. The defendants

A handwritten note containing the year, make, model and vehicle identification number of the vehicles that received false tests.

manually entered other information into the system, such as the make, model, and vehicle identification number, to make it appear that they were testing the owners' real cars, many of which had already failed an emissions test or showed equipment malfunctions. The defendants charged \$100 to \$125 for a fraudulent emissions test, far more than the usual amount charged for a legitimate inspection. Georgia law prohibits inspection stations from charging more than \$25 for an emissions test. Barnes was sentenced to four years and six months in federal prison and three years of supervised release. Walker was sentenced to six months in federal prison and one year of supervised release. On September 6, 2013, Barnes pleaded guilty to one count of conspiring to commit wire fraud by depriving the State of Georgia and its citizens of their right to his honest services as a licensed emissions inspector. That same day, Walker pleaded guilty to one count of violating the Clean Air Act. On September 30, 2013, Jones and Franklin each pleaded guilty to one count of violating the Clean Air Act. Sentencing for Jones and Franklin is scheduled for December 20, 2013.

The case was investigated by EPA's Criminal Investigation Division and the Georgia Department of Natural Resources, Environmental Protection Division. It was prosecuted by Assistant United States Attorney Stephen H. McClain.

[Back to Top](#)

Illinois Gear Manufacturing Firm Pleads Guilty to Violating Clean Water Act and Agrees to Pay \$1.5 Million Fine

-- On November 13, 2013, **BRAD FOOTE GEAR WORKS, INC.**, a suburban Cicero, Illinois, gear manufacturing company, pleaded guilty to illegally discharging industrial wastewater into the public sewer system and agreed to pay a \$1.5 million fine. The defendant company began cooperating and taking remedial water treatment measures after federal environmental agents executed a search warrant in February 2011. Sentencing is set for February 19, 2014.



Acid etch tank containing nitric acid

Brad Foote Gear Works pleaded guilty to one count of violating the federal Clean Water Act on at least 300 separate days between April 2007 and February 2011. The company, which manufactures precision gear parts for wind turbines, among other things, admitted illegally discharging spent acid wastewater and spent alkaline wastewater, industrial rinse waters, acidic solutions, oil, grease, and metal-bearing wastewater into the Metropolitan Water Reclamation District of Greater Chicago sewer system without a permit. The wastewater was received at the

MWRDGC's Stickney Water Reclamation Plant in southwest Chicago, where it was treated and discharged into the Chicago Sanitary and Ship Canal.

Under the terms of a plea agreement, which remains subject to court approval, Brad Foote will pay a \$1.5 million fine in three \$500,000 installments over three years. The fine is based on a mandatory minimum fine of \$5,000 per day of violation, for a total of \$1.5 million. The company faces a statutory maximum penalty of five years' probation and a maximum fine of \$500,000, twice the gross gain or loss, or \$50,000 per violation, whichever is greater. The Court must impose a reasonable sentence under federal statutes and the advisory United States Sentencing Guidelines.

Following the search of its premises in February 2011, the company began cooperating and implementing protocols to ensure the proper discharge and disposal of industrial wastewater from its facility. As a result, the government did not seek a court-imposed corporate compliance agreement.

According to the plea agreement, Brad Foote's manufacturing operations included a nitral etch line, in which finished parts were dipped into a series of tanks containing caustic cleaners, rinse waters, and nitric acid and hydrochloric acid solutions. The etching acids and caustic cleaners of the nitral etch line generally exhibited impermissibly low acidic solutions and impermissibly high alkaline solutions and, over time, those solutions and rinse waters became "spent," meaning they lost their effectiveness and needed to be replaced.

Beginning in 2004, the company's then chief executive officer and the manager of the nitral etch line created a piping system that allowed un-



Plastic totes that were filled with Superfinish etch waste which, once full, were taken out to a storm drain in the facilities courtyard and drained to the combined sanitary sewer.

treated wastewater to be discharged into the public sewer system. The discharged wastewater from acid and alkaline tanks generally exhibited a pH of less than 2.0 or greater than 10.5. A second source of illegal discharge involved the company's "Superfinish" process that used chemicals and abrasive sand-like material to smooth and polish gear parts. As a significant industrial user, Brad Foote was required to have a valid discharge authorization permit to discharge these wastewaters into the sewer system. Brad Foote knew that it did not have, and never applied for, a discharge authorization permit.

The case was investigated by EPA's Criminal Investigation Division. It is being prosecuted by Assistant U.S. Attorney Peter Flanagan. The case was investigated by the EPA's Criminal Investigation Division.

[Back to Top](#)



Pipes and valves located behind the nital etch tanks plumbed to a roof storm drain which was connected to a combined sanitary sewer.



The location where Brad Foot Gear Works cut the concrete floor and installed piping to connect the nital etch tank drains to the combined sewer.

Washington Man Pleads Guilty to dumping Pollutant into Utah City Sewer System -- On November 2, 2013, **SLADE E. BARNETT, JR.**, of Camano Island, Washington, pleaded guilty in federal district court for the District of Utah to introducing a pollutant into a sewer system that he knew would cause property



A screen capture from a sewer inspection video depicting evidence of discharges in the collection line, downstream of the Denali facility.

damage. He faces up to three years in prison for the conviction. Sentencing is set for January 16, 2014. Barnett was charged with knowingly introducing a pollutant into a sewer system that he knew or should have known would cause property damage and making a false statement in a document in an indictment returned by a federal grand jury on July 11, 2012. At times relevant to the charges, Barnett was the principal agent for Denali Industries, LLC, in American Fork, Utah. As a part of the plea agreement, the United States and Barnett agreed that he should pay \$15,000 in restitution for the damage his crimes caused to the sewer system.

Denali Industries, LLC, was located within the Lakeside Planned Industrial Park in American Fork. The building in which Denali did business had a trench drain that ran

the length of the indoor shop. This trench, according to court documents, connected to a grease trap, which discharged into a gravity-fed sewer line that Lakeside owned. Through a series of pumps and lift stations, Lakeside's pressurized sewer line connected into the gravity-fed sewer line that formed part of American Fork's municipal sewer system. This sewer line of American Fork connected into the publicly owned treatment works of the Timpanogos Special Services District, according to the plea agreement.

Barnett admitted that on three dates in March and June of 2008, he was the responsible corporate officer at Denali. He stipulated that he had knowledge that others working at Denali introduced pollutants such as waste vegetable oil and tallow, among other things, into the sewer system. He agreed that he reasonably should have known that these pollutants could cause damage to the sewer system's pipes and lift-station pumps. Although he had the authority to stop these acts, he admitted he failed to do so. He acknowledged that the introduction of the pollutants into the sewer system knocked out the lift station pumps, which required their replacement on March 24, 2008, and June 4, 2008. On about June 25, 2008, these pollutants clogged approximately 300 feet of sewer system pipe, which required the evacuation and replacement of parts of the sewer system.

The case was investigated by EPA's Criminal Investigation Division.

[Back to Top](#)



A photo provided by the property owner depicting a pipe that discharged wastes from Denali to the ground at the facility.