



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.

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Defendant Summary

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Defendant Summary

Region	Defendants	Case Type/Status
Region 6	William “Bill” Lafon Musgrove	CAA/Probation Violation— Negligent release of extremely hazardous substance (returning to unpermitted operations)
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Region 9	Dunes Edge Storage, Kyle Vestermark	SDWA/Conspiracy to illegally dispose of sewage underground

Two Florida Men Sentenced to Over Ten Years in Prison for Multi-State Biodiesel Fraud Scheme

On November 7, 2016, **Thomas Davanzo**, of Estero, Florida, and **Robert Fedyna**, of Naples, Florida, were sentenced to 121 months and 135 months in prison, respectively, for their participation in a multi-state scheme to defraud biodiesel buyers and U.S. taxpayers by fraudulently selling biodiesel credits and fraudulently claiming tax credits, announced Assistant Attorney General John C. Cruden of the Justice Department's Environment and Natural Resources Division and U.S. Attorney A. Lee Bentley III of the Middle District of Florida. Both defendants were also ordered to forfeit ill-gotten gains from the conspiracy of over \$46 million and other items to the government, including gold coins, jewelry and Rolex watches, thoroughbred horses, vehicles and properties.

Davanzo and Fedyna operated several shell companies that were used to facilitate the scheme. As part of the scheme, Davanzo and Fedyna operated entities that purported to purchase renewable fuel, on which credits had been claimed and which was ineligible for additional credits, produced by their co-conspirators at **Gen-X Energy Group (Gen-X)**, headquartered in Pasco, Washington, and its subsidiary, **Southern Resources and Commodities (SRC)**, located in Dublin, Georgia. They then used a series of false transactions to transform the fuel back into feedstock needed for the production of renewable fuel, and sold it back to Gen-X or SRC, allowing credits to be claimed again. This cycle was repeated multiple times.

"In their pursuit of personal gain, the defendants perpetrated a multi-state conspiracy that defrauded and undermined a federal program intended to further the energy independence of our nation," said Assistant Attorney General Cruden. "Today's sentence is a just punishment for these serious crimes against the American people."

RINs Fraud

"We are proud to work with our federal law enforcement partners to identify and investigate individuals that manipulate and utilize federal government programs to line their pockets by fraud," said Kim Lappin, IRS Criminal Investigation, Special Agent in Charge of the Tampa Field Office. "Today's sentencings mark the successful result of an investigation that uncovered a complicated fraudulent scheme that generated tens of millions of dollars through false biodiesel tax credits. IRS-Criminal Investigation will continue to work with the United States Attorney's Office to prosecute all those involved."

In addition, both Davanzo and Fedyna laundered the proceeds of the scheme through various shell entities. Davanzo and Fedyna established bank accounts in the names of shell entities. Funds were cycled through these shell companies' bank accounts to perpetuate the fraud scheme and conceal its proceeds.

Davanzo and Fedyna also directed and participated in the generation of false paperwork designed to create the façade that the renewable identification number (or RIN, a serial number used to track biodiesel credits) created and claimed by co-conspirators were legitimate. The paperwork included false invoices from Gen-X or SRC to shell entities, which purported to show sales of renewable fuel, false invoices from shell entities to Gen-X and SRC, which purported to show the purchase of feedstock and false bills of lading, which purported to show the transportation of fuel and feedstock by tanker truck.

From March 2013 to March 2014, the co-conspirators generated at least 60 million RINs that were based on

fuel that was either never produced or was merely re-processed at the Gen-X or SRC facilities. The co-conspirators received at least \$42 million from the sale of these fraudulent RINs to third parties. In addition, Gen-X received approximately \$4,360,724.50 in false tax credits for this fuel.

This case was investigated by the U.S. Secret Service, the Environmental Protection Agency -Criminal Investigation Division, and the Internal Revenue Service-Criminal Investigation. It was prosecuted by Assistant United States Attorneys Sara C. Sweeney and Megan Kistler and Trial Attorney Adam Cullman of the Environment and Natural Resources Division of the Department of Justice.



Pennsylvania Man Sentenced for Criminal Violation of Clean Water Act

On November 21, 2016, a resident of Sharpsville, Pennsylvania, was sentenced in federal court to 6 months in jail and 12 months home detention on his conviction of violating the Clean Water Act by tampering with required monitoring methods and submitting false statements, United States Attorney David J. Hickton announced. United States District Judge David S. Cercone imposed the sentence on **Mark Ventresca**, 52, of Sharpsville, Pennsylvania.

According to information presented to the court, from December 2008 to December 2012, Ventresca engaged in violations of the Clean Water Act and a National Pollutant Discharge Elimination System (NPDES) permit by providing false information on the Discharge Monitoring Reports submitted to the Pennsylvania Department of Environmental Protection. Ventresca, who was a certified wastewater operator licensed by the Commonwealth of Pennsylvania, was employed by the Lake City Borough Wastewater Treatment Plant as the operator of the Plant until he gave up his wastewater operating license on March 25, 2014 and resigned as the Plant operator. The Lake City Borough Wastewater Treatment Plant (the Plant) is located at 1150 Maple Avenue, Lake City, Erie County, Pennsylvania. The Plant operated pursuant to a National Pollutant Discharge Elimination System (NPDES) permit, effective December 1, 2009 through November 30, 2014. Subject to specific discharge limitations, the permit allowed direct wastewater discharge into the Elk Creek, a water of the United States, which flows 2.08 miles into Lake Erie, an interstate waterway and a navigable-in-fact water of the United States. The Presque Isle State Park and swimming beaches are approximately six miles downstream from the Plant's outfall. The Erie County Health Department conducted inspections of the Plant in August 2012 and January 2013 and found discrepancies between the water sampling test results which were reported by Ventresca and the actual sample test results obtained from a contracted laboratory. The matter was referred to the Pennsylvania Department of Environmental Protection for further inquiry, and a criminal investigation referral was made to the EPA.

The plant permit set discharge limits for pollutants, including, for example, Total Suspended Solids (TSS), Fecal Coliform, Total Phosphorus, pH, Dissolved Oxygen (DO), and Total Residual Chlorine (TRC). During the timeframe between December 2008 and December 2012, Ventresca engaged in violations of the Lake City Borough Wastewater Treatment Plant NPDES permit, in part, by:

- 1) Failing to treat the wastewater by not adding adequate amounts of chemical reagents to disinfect the pollutants;
- 2) Failing to properly test for pH, Dissolved Oxygen (DO) and/or Total Residual Chlorine (TRC) by taking a daily grab sample as required under the permit;
- 3) Falsifying sampling results for pH, DO and TRC when no daily samples were collected;
- 4) Falsifying analytical laboratory results for the weekly 24-hour composite sample for phosphorus;
- 5) Failing to use a required sampling method by substituting an 8-hour composite sampler for the required 24-hour composite sampler to collect phosphorus samples;



Sentencings

- 6) Falsifying analytical laboratory results for the weekly grab sample for fecal coliform;
- 7) Falsifying weekly 24-hour composite sample for Total Suspended Solids (TSS); and
- 8) Discharging pollutants into waters of the United States in violation of numerical permit limits.

To cover up his failure to properly operate and maintain the Plant in accordance with the permit, Ventresca routinely submitted false sampling results in monthly Discharge Monitoring Reports (DMRs) to the Pennsylvania Department of Environmental Protection. The NPDES permit required submission of monthly DMRs which were supposed to contain sampling results representative of the monthly discharges. The criminal charge to which Ventresca pleaded guilty specifically identified examples of Ventresca's false statements concerning the testing results for Fecal Coliform and Phosphorus. Based upon the violations of the Lake City Borough Wastewater Treatment Plant NPDES permit, PADEP issued a Consent Order and Agreement (CO&A) to Ventresca. On March 25, 2014, Ventresca signed his CO&A and surrendered his wastewater operator's license. At the same time, he resigned as the Plant operator.

Prior to imposing sentence, Judge Cercone stated that the felony conviction along with six months in prison followed by twelve months home detention recognized the seriousness of the offense and should serve as a deterrent to other people who are required to comply with the reporting and discharge requirements of the Clean Water Act.

Assistant United States Attorney Marshall J. Piccinini prosecuted this case on behalf of the government.



Florida Keys Boat Lift Installation Company and South Florida Resident Sentenced in Connection with Rivers and Harbors Act Violations

On November 30, 2016, a Florida Keys boat lift installation company and a South Florida resident pled guilty and were sentenced in connection with the installation of illegal boat lifts without the requisite federal permits from the United States Army Corp of Engineers (ACOE).

Wifredo A. Ferrer, United States Attorney for the Southern District of Florida; Colonel Jason Kirk, District Engineer, United States Army Corps of Engineers, Jacksonville District; John F. Khin, Special Agent in Charge, Defense Criminal Investigative Service (DCIS), Southeast Field Office; Frank Robey, Director, United States Army Criminal Investigation Command, Major Procurement Fraud Unit; and Andy Castro, Special Agent in Charge, United States Environmental Protection Agency (EPA), Criminal Investigation Division, Atlanta Area Office.

Florida Keys company **Kevin P. Mason Builder, LLC (Mason)** and **Jennifer Ashlee Davis**, 32, of Tavernier, pled guilty and were sentenced in federal court in Key West before United States District Court Judge Jose E. Martinez. Mason and Davis pled guilty for their involvement in the building of approximately twelve boat lifts and associated structures without federal permits issued by the ACOE, in violation of Title 33, United States Code, Sections 403 and 406. Mason was sentenced to five years of probation, ordered to pay a \$15,000 fine, and required to implement and enforce an Environmental Compliance Plan. Davis was sentenced to one year of probation and ordered to pay a \$2,000 fine.

According to court records, including a joint factual statement, the Rivers and Harbors Act prohibits commencing building any structure in any navigable water of the United States without authorization from the ACOE. Mason was in the business of installing boat lifts and other associated structures in navigable waters and was subject to ACOE permitting. Davis was the permitting agent, acting on behalf of Mason and the individual property owners. Both Mason and Davis were responsible for applying for and obtaining all necessary authorization including, but not limited to, ACOE permits. Mason and Davis knew that permits were required, prior to commencing all work. Between February 1, 2015 and September 30, 2015, the Mason and Davis commenced and/or completed 12 boat lift installations knowing no ACOE authorization had been granted.

U.S. Attorney Wifredo Ferrer stated, "It is imperative that companies and their agents abide by all compliance programs, including permit regulations, to ensure the protection of our environment."

"The United States Army Corps of Engineers, Department of Defense, is charged with managing the Intra-coastal Waterways to protect vital resources," said Special Agent in Charge John F. Khin, Defense Criminal Investigative Service (DCIS) Southeast Field Office. "DCIS will investigate those who defraud the Government by circumventing United States law intended to protect our waterways, and hold them accountable for their actions. This resolution sends a clear message that preserving the environment of the Florida Keys is taken very seriously."

"The United States Army Corps of Engineers, is responsible for regulating construction activities, which affect the navigable waters of the United States," said Director Frank Robey, Major Procurement Fraud Unit (MPFU), United States Army Criminal Investigation Command (USACIDC). "USACIDC will investigate those who defraud the Government to circumvent United States laws intended to protect our navigable waters,



and hold them accountable for their actions. This resolution sends a clear message that preserving the environment of the Florida navigable waters is a priority for the United States Army.”

Mr. Ferrer commended the investigative efforts of the U.S. Army Corps of Engineers, DCIS, U.S. Army Criminal Investigation Command’s, Major Procurement Fraud Unit, and EPA. The case was prosecuted by Special Assistant U.S. Attorney Jodi A. Mazer of the Economic & Environmental Crimes Section.



Webster County Kentucky, Business Owner Sentenced for Negligent Violation of the Clean Air Act

On November 30, 2016, a Webster County, Kentucky business owner was sentenced in United States District Court, by Magistrate Judge H. Brent Brennenstuhl to serve a 90-day sentence plus two years probated with the condition that he not commit additional environmental offenses, for the negligent violation of the Clean Air Act, which is a Class A Misdemeanor, announced United States Attorney John E. Kuhn, Jr.



Asbestos containing debris from demolition activities

Timothy J. Smith, of Providence, and owner of **S&S Salvage, LLC**, admitted in court Wednesday, November 30, 2016, to failing to follow regulations during the demolition of the former Goodyear Tire plant located in Madisonville, Kentucky.

“These federal safety guidelines for hazardous materials exist to protect us – to protect workers and protect the community,” stated United States Attorney John Kuhn. “Mr. Smith repeatedly disregarded these guidelines, thereby putting the safety and health of others at risk. Our fervent hope is that 90 days of incarceration will encourage Mr. Smith and others to think long and hard before once again violating regulations that ensure worker and community safety,”

and informed a manager for S&S Salvage that any demolition activities at the facility required a ten-day notice to the City because the building contained asbestos. On February 19, 2014, the same inspector returned to find employees of S&S Salvage conducting demolition activities consisting of destruction of a



Asbestos containing debris in dumpster

According to details of the plea agreement, in January 2014, a Madisonville City Inspector observed demolition activities at the tire plant, located at 200 Commerce Drive,

boiler and pipes with acetylene torches and placement of the insulation in dumpsters. None of the employees were wearing any kind of respirator nor did the inspector observe employees wetting insulation materials, as required by regulations established for this purpose. Kentucky Environmental officials, also present at the scene, took samples of the suspected asbestos containing materials. The samples were positive for asbestos ranging in content from 10 to 20%.

Smith had on two prior occasions been involved in enforcement actions with the Kentucky Department of Environmental Protection involving demolition projects for which he had failed to provide notice or provide

On May 25, 2016, EPA/CID Agents met with Smith.



an environmental survey prior to conducting demolition projects. Smith admitted that he was “guilty” in not performing these tasks prior to engaging in cutting up and removing the boilers and pipes from the 200 Commerce Drive location in Madisonville on or about February 19, 2014.

This case was prosecuted by Assistant United States Attorney Randy Ream. The case was investigated by the Kentucky Division of Air Quality and the United States Environmental Protection Agency - Criminal Investigation Division.



Judge Revokes Probated Sentence of Manager of Metal Recovery Business

On November 15, 2016, a 61-year-old Quinlan, Texas man, who had originally received a probated sentence for negligently releasing an extremely hazardous substance into the air, has been sentenced to three months in prison to be followed by three months of home confinement, announced Acting U.S. Attorney Brit Featherston.

U.S. Magistrate Judge Kimberly C. Priest-Johnson imposed the sentence November 15, 2016 on **William “Bill” Lafon Musgrove**, 61, after finding that Musgrove had violated the conditions of his probation by returning to the metal recovery business without the proper equipment or a permit. Musgrove originally pleaded guilty on August 7, 2013 to the offense of Negligent Release of an Extremely Hazardous Substance. On June 21, 2013, the United States Attorney’s Office for the Eastern District of Texas filed an information charging Musgrove with the offense. Musgrove admitted that in June of 2011, as the vice president and operations manager of Industrial Precious Metals Recovery Incorporated (IPMR), in Royse City, Texas, he allowed their metal recovery process to release Nitrogen Oxides, or “NOx” into the ambient air at ground level, through an

open doorway, instead of utilizing the company’s air scrubber which was broken at the time.

Musgrove admitted that he should have known that releasing NOx in that manner would place people in imminent danger of death or serious bodily injury. Fortunately, no actual injuries occurred.

Federal environmental regulations characterize Nitrogen Oxides as an “extremely hazardous substance.” At the time, the IPMR facility in Royse City was adjacent to other commercial facilities with employees that were present during the NOx emissions. The facility has since closed.

This case was investigated by the United States Environmental Protection Agency, Criminal Investigations Division, Region VI, Dallas, Texas, and the Texas Commission on Environmental Quality (TCEQ) Environmental Crimes Unit and prosecuted by Assistant U.S. Attorney Jim Noble.



IPMR Facility: Nitrogen Oxides (NOx) from metals recovery process were released into ambient air

Environmental Protection Agency, Criminal Investigations Division, Region VI, Dallas, Texas, and the Texas Commission on Environmental Quality (TCEQ) Environmental Crimes Unit and prosecuted by Assistant U.S. Attorney Jim Noble.

Plea Agreements

Former Long Beach Firefighter Pleads Guilty to Underground Disposal of Sewage

On November 10, 2016, a former Long Beach firefighter pleaded guilty in federal court to conspiring to illegally dispose of sewage underground, in violation of the Safe Drinking Water Act.

Kyle Vestermark admitted that he and the company he owned, Dunes Edge Storage, illegally discharged sewage from recreational vehicles (RVs) stored at Dunes Edge Storage in Brawley, California, as well as another location, Dunes Toy Storage in Holtville, California, without a permit from June of 2004 through April of 2015.

Vestermark acknowledged that he and his company obtained a permit in 2004 for a 10,000 gallon holding tank for RV sewage at the Dunes Edge location from the Imperial County Public Health Department, which specifically prohibited the installation of underground leach lines (an issue which Vestermark had raised during the permitting process). Vestermark further admitted that he also obtained a Conditional Use Permit from the Imperial County Planning Department in 2005 from the Imperial County Planning Board for the Dunes Toy Storage location in Holtville, which also specifically prohibited the installation of underground leach lines for the disposal of the RV sewage. The permits required Vestermark to hire a septage firm to pump out the RV sewage from the holding tanks and dispose of it at a wastewater treatment plant.

In spite of the specific prohibitions, Vestermark admitted that he used heavy equipment in 2005 and 2006 to install underground leach lines at both locations which would permit the RV sewage to leach out underground for disposal. Vestermark admitted that he used heavy equipment himself to install the leach lines, and hit the water table when installing the dump station at the Dunes Edge location – meaning that the sewage would contaminate the local water supply. The leach lines were removed in 2015 after Vestermark’s actions were discovered by Imperial County authorities. Vestermark also agreed to forfeit up to \$200,000, if determined by the court to be the proceeds of the offense.

U.S. Magistrate Judge Barbara L. Major set a sentencing hearing for February 17, 2017.



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Plea Agreements

Duke Energy to Plead Guilty to Clean Water Act Crime and Pay \$1M Fine for 2014 Oil Spill

On November 22, 2016, representatives of **Duke Energy Beckjord LLC** agreed to plead guilty in federal court to negligent discharge of oil, in violation of the Clean Water Act. The filed plea agreement includes a \$1 million fine in addition to restitution.

Benjamin C. Glassman, United States Attorney for the Southern District of Ohio, John K. Gauthier, Acting Special Agent in Charge, U.S. Environmental Protection Agency (EPA) criminal enforcement program, Craig W. Butler, Director, Ohio EPA, Ohio Attorney General Mike DeWine, Ohio Bureau of Criminal Investigation and Captain Michael B. Zamperini, Commander, Sector Ohio Valley, U.S. Coast Guard announced the plea and sentence to take place in U.S. District Court.

According to court documents, on August 18, 2014, Duke Energy caused a spill of approximately 9,000 gallons of diesel fuel from its Walter C. Beckjord generating station facility in New Richmond, Ohio to the Ohio River. The oil sheen on the Ohio River from the discharge extended for approximately 15 miles.

A Duke Energy operator transferring fuel from three 705,000-gallon capacity tanks ran the forwarding pump too long and over-filled the two 30,000-gallon capacity above-ground fuel tanks. Diesel fuel spilled from the tank overfill vents into a concrete secondary containment area. A valve on the secondary containment area had been improperly left open by other Duke employees, causing the spilled diesel fuel to escape the containment area and enter directly into the Ohio River.



Duke Energy's Walter C. Beckjord facility—Aerial view of oil sheen on Ohio River from diesel fuel spill

The Ohio River is a source of drinking water for residents of both Kentucky and Ohio. As a result of the spill, the Northern Kentucky, Greater Cincinnati and Louisville water supply intakes were closed on August 19, 2014. Water intakes were reopened the next day, after water samples did not detect the diesel fuel in the drinking water.

Significant resources were expended by at least 35 government and private sector agencies in the emergency response and clean-up related to the discharge. Duke Energy's prompt clean-up efforts resulted in the recovery of only a small portion of the discharged oil. To date, Duke Energy has reimbursed more than \$1.2 million to those entities for costs incurred in connection with the spill. Further, Duke Energy has deconstructed the bulk fuel oil storage tanks involved in the spill and no longer stores bulk fuel oil at the Beckjord facility.



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As part of the plea agreement, Duke Energy has agreed to also pay \$100,000 to the Foundation for Ohio River Education, a non-profit organization dedicated to preserving the cultural, ecological and economic value of the Ohio River through community education. Duke Energy will also issue a written public apology in an advertisement published in the Cincinnati Enquirer.

“We will continue to take environmental violations seriously to ensure the safest living conditions for the residents of our District,” U.S. Attorney Glassman said.

“This case underscores the need for companies to have proper measures in place to prevent and respond to fuel spills so they don't impact our water resources,” said John K. Gauthier, Acting Special Agent in Charge of EPA's criminal enforcement program in Ohio. “Had Duke Beckjord, LLC taken measures to ensure that valves were closed to contain fuel spills, this incident would not have occurred. Their lack of these measures resulted in a large fuel spill to the Ohio River which required substantial environmental response efforts.”

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-SAC John Gauthier

“This unfortunate incident risked the drinking water for hundreds of thousands of people. Simply following required procedures would have prevented this incident,” Ohio EPA Director Craig W. Butler said. “Today’s announcement should be a call to action for everyone along the river to be diligent about protecting this vital resource – the Ohio River.”

“This contribution will not only help get over 4,000 students on the Ohio River conducting water monitoring through our River REACH floating classroom program, but will also provide teachers hands-on training and materials that can be used in the classroom and at local streams,” said Heather Mayfield, Director of Foundation for Ohio River Education. “We are so glad that FORE can be a silver lining in this agreement and look forward to supporting Duke’s commitment to STEM education and water quality through our award-winning program.”

U.S. Attorney Glassman commended the cooperative investigation by the U.S. EPA, Ohio EPA, Ohio Attorney General’s Bureau of Criminal Investigation Environmental Enforcement Unit and the U.S. Coast Guard, as well as Assistant United States Attorney Kyle J. Healey who is representing the United States in this case.



**SUMMARY
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Louisiana Man Pleads Guilty to Conspiring to Sell Devices to Cheat Vehicle Emissions Tests

On November 16, 2016, **Darren Kattan** 31, of Baton Rouge, Louisiana, pled guilty in Federal Court in Syracuse to one felony count of conspiracy to commit mail fraud in connection with a violation of the Clean Air Act, announced United States Attorney Richard S. Hartunian, and Vernesa Jones-Allen, Special Agent in Charge, EPA-CID, New York Area Office. Kattan will be sentenced by Senior District Judge Norman A. Mordue on March 16, 2017.

In pleading guilty, Kattan admitted that between 2010 and 2013 he designed, built, and sold “simulator devices” which were programmed to fraudulently by-pass motor vehicle emissions inspection tests. In total, members of the conspiracy distributed one hundred and seventy (170) of the simulator devices throughout the United States. Kattan was arrested by Special Agents of the Environmental Protection Agency-Criminal Investigation Division (“EPA-CID”) during a sting operation in Louisiana after he provided the source codes for his devices in exchange for a \$10,000 payment.



Simulator device

This case is being investigated by EPA-CID, the New York State Department of Environmental Conservation, and it is being prosecuted by Assistant U.S. Attorney Michael F. Perry and Senior Trial Attorney Todd Gleason, United States Department of Justice, Environmental Crimes Section.

Plea Agreements

Asheville Area Cattle Farm and Owner Plead Guilty to Clean Water Act Violation for Discharging Cow Feces into French Broad River

On November 9, 2016, **Crowell Farms, Inc.** located in Asheville, and its owner pleaded guilty in federal court to criminal violations of the Clean Water Act, announced Jill Westmoreland Rose, U.S. Attorney for the Western District of North Carolina.

U.S. Attorney Rose was joined in making the announcement by Special Agent in Charge Andy Castro of the U.S. Environmental Protection Agency, Criminal Investigation Division (EPA-CID), Atlanta Area Office, and Judy Billings, Special Agent in Charge of the State Bureau of Investigations' Diversion and Environmental Crimes Unit (SBI/ DECU).

A criminal bill of information filed in U.S. District Court on October 4, 2016, charged Crowell Farms, Inc. (Crowell Farms) and **Michael Alexander Crowell**, 65, of Asheville, with one count of violation of the Clean Water Act, in connection with the discharging of cow feces into the French Broad River. According to filed documents and statements made in court, Crowell Farms is in the beef cattle farming business maintaining more than 150 cows and manages many acres of agricultural fields. In the annual course of its operations, Crowell Farms disposes of thousands of pounds of solid and liquid animal waste, which are considered pollutants under the Clean Water Act. Michael Crowell is the Operator Responsible-in-Charge (ORC) for the permitted waste disposal system at Crowell Farms. As the ORC, Michael Crowell is responsible for ensuring that animal waste is properly disposed into the farm's waste management system, namely in solids waste lagoons.



Bypass hose at Crowell Farms discharging liquid animal waste into a tributary of the French Broad River

Michael Crowell admitted in court that from on or about November 2015 through at least December 2015, he had installed bypasses at the farm's waste lagoons that were discharging liquid animal waste into a tributary of the French Broad River. Michael Crowell also admitted that he had trouble managing Crowell Farms' waste management system and that he had installed the bypasses himself. Filed documents show that Michael Crowell previously told inspectors he was aware that he had done "the wrong thing." Crowell Farms does not have a permit to discharge liquid waste to waters and it is only permitted to discharge it to an on-site land application system. State inspectors further discovered that Crowell Farms does not own the proper land application equipment.

In addition to pleading guilty to violating the Clean Water Act, Crowell Farms has also agreed: 1) to pay a fine



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of \$40,000 (reduced by the \$27,000 fine paid to the State of North Carolina), which will be directed to entities that safeguard the French Broad River and other environmental concerns in the Southeast; 2) to serve a probationary term of three years during which regulators and investigators can inspect their records and facilities without notice and without a warrant; and 3) to design and implement a compliance plan subject to approval by the EPA. At sentencing, Michael Crowell faces a maximum prison term of three years and an additional fine of \$5,000 to \$50,000. A sentencing date has not been set yet.

The Clean Water Act is a federal law enacted to prevent, reduce and eliminate pollution, and to restore and maintain the chemical, physical, and biological quality of the Nation's waters for the protection and propagation of fish and aquatic life and wildlife, for recreational purposes, and for the use of such waters for public drinking water, agricultural, and industrial purposes. The French Broad River supplies drinking water to more than one million people and is frequently used for recreational water activities, such as swimming and kayaking. It is also protected because it supports secondary recreation, including fishing, fish consumption, and agriculture.

The investigation was led by the EPA's Criminal Investigation Division and SBI's DECU. Assistant United States Attorney Steven R. Kaufman of the U.S. Attorney's Office in Charlotte is prosecuting the case.



Employee of Biofuel Feedstock Company Pleads Guilty to Conspiracy

On November 30, 2016, an employee of a New Jersey feedstock collector and processor pleaded guilty to conspiracy for his role in a scheme to alter and destroy documents following the company's receipt of a subpoena issued by a federal grand jury sitting in the Southern District of Ohio.

William Letona, 49, pleaded guilty before U.S. District Magistrate Judge Norah McCann King for the Southern District of Ohio, announced Assistant Attorney General John C. Cruden for the Department of Justice's Environment and Natural Resources Division, Acting U.S. Attorney Benjamin C. Glassman for the Southern District of Ohio and Acting Special Agent in Charge John Gauthier of Environmental Protection Agency's (EPA) Criminal Enforcement Program in Ohio.

documents were falsified and destroyed in order to hide the fact that fuel purchased from a broker... was sold back to the broker as "Recycled Vegetable Oil Blend."

Letona admitted to conspiring with others to obstruct a grand jury investigating the fraudulent generation of EPA renewable fuels credits (RIN credits) and Internal Revenue Service (IRS) tax credits connected to the purported production of renewable fuel. Specifically, documents were falsified and destroyed in order to hide the fact that fuel purchased from a broker by Letona's employer, Unity Fuels, was sold back to the broker as "Recycled Vegetable Oil Blend." This maneuver enabled RIN credits and IRS credits to be claimed multiple times on the same material.

"Lies and deceit intended to thwart federal investigations will not be tolerated," said Assistant Attorney General Cruden. "This case

demonstrates that the Department of Justice will vigorously prosecute those who act dishonestly in responding to federal Grand Jury subpoenas."

Conspiracy is punishable by up to five years in prison. U.S. District Judge James L. Graham will determine Letona's sentence following a pre-sentence investigation by the court.



Sumner Man Pleads Guilty to Unlawfully Disposing of the City of New Hampton's Sewage Sludge

On November 17, 2016, a northern Iowa man pled guilty, in federal court in Cedar Rapids, to unlawfully disposing of the City of New Hampton's sewage sludge.

Donald James Warnke, 64, from Sumner, Iowa, was convicted of one count of unlawfully disposing of sewage sludge from a publically owned treatment works.

At the plea hearing, Warnke admitted that, on June 19, 2015, he knowingly disposed of sewage sludge from a publically owned treatment works. More specifically, Warnke dumped domestic sewage from the City of New Hampton Wastewater Treatment Plant in a field, which violated federal regulations governing the disposal of such sewage sludge.

Sentencing before United States District Court Chief Judge Linda R. Reade will be set after a presentence report is prepared. Warnke remains free on certain conditions of release pending sentencing. Warnke faces up to three years' imprisonment, a fine of not less than \$5,000 but not more than \$50,000 per day of violation, a \$100 special assessment, and one year of supervised release following any imprisonment.

The case is being prosecuted by Assistant United States Attorneys Tim Vavricek and Matt Cole and was investigated by the Environmental Protection Agency, Criminal Investigations Division.

