



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.

January 2014

In This Edition:

- **Upstate Laboratories, Inc. — Region 2**
- **John Mills, Terrance Allen — Region 2**
- **Charles L. Stinson, Ralph Dowell — Region 4**
- **Mohammed Hafeez Awan — Region 4**
- **James Jariv, Nathan Stoliar — Region 9**

Quick Links

[Defendant Summary](#)

[Sentencings](#)

[Plea Agreements](#)

[Indictments/
Informations](#)

Defendant Summary

Region	Defendants	Case Type/Status
Region 2	Upstate Laboratories, Inc.	Mail fraud related to falsification of lab results
Region 2	John Mills, Terrance Allen	CERCLA/Illegal removal, handling, and disposal of asbestos
Region 4	Charles L. Stinson, Ralph Dowell	SDWA/Conspiracy to inject fluids, without a permit, into sinkholes and wells
Region 4	Mohammed Hafeez Awan	CAA/Producing a fraudulent vehicle emissions certificate to undercover agents
Region 9	James Jariv, Nathan Stoliar	CAA/Conspiracy, wire fraud, false statements, obstruction of justice, conspiracy to engage in money laundering — all involving the federal renewable fuel program

New York Laboratory Sentenced for Mail Fraud -- On January 8, 2014, **UPSTATE LABORATORIES, INC.**, located in East Syracuse, New York, was sentenced following its guilty plea in federal district court for the Northern District of New York to committing mail fraud related to the falsification of over 3,300 laboratory results from 2008 through 2010. The company was fined \$150,000 and placed on probation for five years. Upstate has gone out of business but the Court ordered it to prepare an environmental compliance plan and permit government inspections should it ever resume business operations.

As set forth in the plea agreement and charge, Upstate Laboratories had been a certified laboratory in the business of performing chemical analysis of water and soil samples supplied by public and private clients. Samples for which chemical degradation was an issue required Upstate Laboratories to perform analysis within specified time-frames after the samples were obtained. Upstate Laboratories further promised to utilize required procedures to ensure that the samples did not degrade.

For samples that required a prompt turnaround time, Upstate Laboratories charged a fee greater than for samples that did not. For all samples, Upstate Laboratories represented to clients that analysis would be and was performed in accordance with required analysis standards. Upstate Laboratories submitted invoices for its analysis and was paid through use of the United States mail.

Notwithstanding representations of proper and timely sample analysis, from 2008 through 2010 Upstate Laboratories engaged in the routine “backdating” of samples results where employees changed the dates when the samples were analyzed to make it appear that analysis had occurred within the required time periods when in fact they had not. Upstate Laboratories thereafter prepared false and fraudulent analysis reports representing that samples were properly analyzed within required time frames and that the results were valid when they were not.

The case was investigated by EPA’s Criminal Investigation Division and Office of Inspector General. It was prosecuted by Assistant United States Attorney Craig Benedict.

[Back to Defendant Summary](#)



EPA Special Agents serving a search warrant at Upstate Laboratories.

Kentucky Oil Well Operators Sentenced for Safe Drinking Water Act Violations -- On January 16, 2014, **CHARLES L. STINSON**, of Horse Cave, Kentucky, and **RALPH DOWELL**, of Edmonton, Kentucky, operators of Logsdon Valley Oil Co. Inc., were sentenced in federal district court for the Western District of Kentucky to two years' probation. Stinson and Logsdon Valley Oil Co. Inc., were ordered to pay fines for the continued conspiracy to inject fluids, without a permit, into sinkholes and wells, located in Hart County, Kentucky, from March 13, 2008, through July 18, 2012, in violation of the Safe Drinking Water Act.

According to the plea agreement, Stinson and Logsdon Valley Oil Co. Inc., agreed to a fine of \$45,000 to be paid at sentencing. According to the terms, Stinson was to pay the fine personally, with \$25,000 paid to the Commonwealth of Kentucky, \$10,000 to EPA, and \$10,000 to the United States. Also, as part of the terms, Stinson agreed to provide adequate documentation to EPA that the Stinson #6 (the well used for illegal injection) is plugged and abandoned in such a manner that protects underground sources of drinking water from contamination.

Stinson and Dowell were charged in an eight count federal Superseding Indictment, on August 15, 2012, with conspiring to violate the Safe Drinking Water Act. They pleaded guilty to violating a requirement of an applicable underground injection control program. Specifically, they configured piping to inject produced brine water (fluids brought to the surface in connection with oil production) from the tank battery to sinkholes, and injected produced brine water into a sinkhole, and conveyed fluids into sinkholes, in violation of the Safe Drinking Water Act, Title 42, United States Code, Section 300h-2(b)(2) and Title 40, Code of Federal Regulations, Section 144.11.

In furtherance of the conspiracy, on May 24, 2010, the defendants improperly conveyed fluids into a sinkhole at the Carter-Cheney (McGee) lease; and on May 24, 2010, they improperly conveyed fluids into sinkholes on Payton #7 East lease, both located in Hart County, Kentucky.

The case was investigated by EPA's Criminal Investigations Division and the Kentucky Department of Environmental Protection. It was prosecuted by Assistant United States Attorney Joshua Judd.

[Back to Defendant Summary](#)

North Carolina Man Sentenced for Vehicle Emissions Fraud -- On January 23, 2014, **MOHAMMED HAFEEZ AWAN**, of Gastonia, North Carolina, was sentenced in federal district court for the Western District of North Carolina, to three years of supervised release, six months of which Awan will spend in home confinement. Awan was also ordered to perform 50 hours of community service and to pay a \$1,000 fine.

According to court records, Awan is the former owner of Prestige Car Care (Prestige), an automobile repair shop and state licensed vehicle emissions station in Charlotte. In 2005, as a result of a state investigation into illegal emissions inspections, it was determined that Awan and his employees conducted the fraudulent inspections, commonly referred to as “clean scanning,” by connecting Prestige’s emission testing equipment into a designated surrogate vehicle that would pass the state’s emission testing requirements. As a result of that investigation, the North Carolina Division of Motor Vehicles’ License and Theft Bureau suspended Prestige’s safety/emissions inspection license for a period of 11 years.

According to the sentencing hearing, in September 2011, while Awan’s shop was no longer able to conduct emissions inspections, Awan conspired with Jassim Juburi, a former employee of Central Auto Inspection and Repair in Charlotte to continue this practice. According to court documents, law enforcement agents working undercover paid Awan \$150 in exchange for a fraudulent vehicle emissions certificate and without ever producing a vehicle to be inspected. The fraudulent emissions test and certificate were generated by Awan’s co-conspirator, Jassim Juburi, a former employee of Central Auto Inspection and Repair in Charlotte. Juburi was previously sentenced to an 18-month prison term for conducting more than 530 illegal “clean scan” inspections.

The Clean Air Act requires vehicle emission inspections in geographic regions that exceed national ambient air quality standards. According to EPA, the Charlotte metropolitan area exceeds the 8-hour standard set for Ozone, a potent irritant that can cause lung damage and other types of respiratory problems.

In March 2012, Awan pleaded guilty to one count of conspiracy to violate the Clean Air Act by conducting false vehicle emissions inspections. Awan was ordered to self-report to the Federal Bureau of Prisons upon designation of a federal facility. All federal sentences are served without the possibility of parole.

The case was investigated by EPA’s Criminal Investigation Division, the North Carolina State Bureau of Investigation’s Diversion and Environmental Crimes Unit, and the North Carolina Division of Motor Vehicles’ License and Theft Bureau, with assistance from the North Carolina Division of Air Quality, Mobile Sources Compliance Branch. The prosecution was handled by Assistant United States Attorney Steven R. Kaufman of the U.S. Attorney’s Office in Charlotte.

[Back to Defendant Summary](#)

Plea Agreements

New York Property Owner and Maintenance Supervisor Plead Guilty To Illegal Handling and Disposal of Asbestos -- On January 22, 2014, **JOHN MILLS** and **TERRANCE ALLEN**, both of Malone, New York, pleaded guilty in federal court for the Northern District of New York to conspiracy to violate the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) and substantive CERCLA counts in relation to the illegal removal, handling, and disposal of asbestos from properties owned and operated by John Mills.



The asbestos containing materials found in the back of a U-Haul truck parked on property owned by John Mills. The truck was locked and EPA Special Agents got a warrant to search it.

environmental Response, Compensation, and Liability Act (CERCLA) and substantive CERCLA counts in relation to the illegal removal, handling, and disposal of asbestos from properties owned and operated by John Mills.

Mills and Allen were charged in an 11-count indictment alleging a conspiracy to impede the functions of EPA and the U.S. Department of Labor, Occupational Safety and Health Administration, and to violate the Clean Air Act and CERCLA, along with substantive violations of the Clean Air Act and CERCLA. The indictment further charged Mills and Allen with making false statements to law enforcement officers and Mills with retaliating against a witness. CERCLA requires that owners and operators of regulated facilities notify the National Response Center immediately after becoming aware of the release of more than one pound of asbestos into the environment.

Mills and Allen pleaded guilty to one count of conspiracy to violate CERCLA. Mills also pleaded guilty to two counts of knowingly violating CERCLA for failing to immediately report the release of more than a pound of asbestos from properties owned by Mills. In addition to the conspiracy, Allen pleaded guilty to one count of knowingly violating CERCLA.

In open court, Mills and Allen admitted that they knowingly failed to report to the National Response Center the release of asbestos, in the form of thermal system insulation, or "pipe wrap," that had been removed from the basement of buildings owned and operated by John Mills, as soon as they knew of the release. According to the indictment, the defendants illegally removed and disposed of more than 260 linear feet of pipe wrap containing asbestos. The defendants directed an employee to remove the asbestos containing pipe wrap without warning him or giving him adequate personal protective equipment. They transported and caused others to transport that pipe wrap, which was in open bags, in the open bed of a pickup truck.



Plea Agreements

They further admitted that they conspired together to violate CERCLA. The asbestos pipe wrap was deposited by the defendants in a U-Haul-style box truck owned by Mills and a shed maintained by the Malone Department of Public Works in an effort to conceal the material from authorities.

Conspiracy to violate CERCLA carries a maximum penalty of five years in prison and a \$250,000 fine. The defendants are scheduled to be sentenced by in Albany on May 12, 2014.

The investigation was conducted by EPA's Criminal Investigation Division and the New York State Department of Labor Asbestos Control Bureau with assistance from the New York State Department of Environmental Conservation, the Malone Police Department, and the Malone Department of Public Works. The case is being prosecuted by Trial Attorneys Gary N. Donner and Lana N. Pettus, paralegal Puja Moozhikkattu, and litigation support specialist Elga Ozols of the Environmental Crimes Section of the U.S. Department of Justice's Environment and Natural Resources Division.

[Back to Defendant Summary](#)

Two Men Charged in Nevada With Biofuels Fraud Scheme -- On January 16, 2014, **JAMES JARIV**, of Las Vegas, Nevada, and **NATHAN STOLIAR**, of Australia, were indicted by a federal grand jury in federal district court for the District of Nevada for offenses involving the federal renewable fuel program that allegedly netted them more than \$37 million. The 57-count indictment against them includes allegations of conspiracy, wire fraud, false statements under the Clean Air Act, obstruction of justice and conspiracy to engage in money laundering.

The Energy Independence and Security Act of 2007 created a number of federally-funded programs that provided monetary incentives for the production of biodiesel and to encourage biodiesel use in the United States. Biodiesel producers and importers could generate and attach credits known as “renewable identification numbers” or RINs, to biodiesel they produced or imported. Because certain companies need RINs to comply with regulatory obligations, RINs have significant market value. In addition, in order to create an incentive for biodiesel in the United States to be used in the United States, anyone who exports biodiesel is required to obtain these valuable RINs and provide them to EPA. The market price charged for exported biodiesel therefore includes the value an exporter is required to later spend to acquire these RINs.

The indictment alleges that beginning around June of 2009, Jariv and Stoliar, operated and controlled a company -- City Farm Biofuel in Vancouver, British Columbia, Canada -- that held itself out as a producer of biodiesel from “feedstocks” such as animal fat and vegetable oils. Jariv also operated and controlled a company based in Las Vegas, Nevada, called Global E Marketing. The government alleges that these defendants claimed to produce biodiesel at the City Farm facility, claimed to import and sell biodiesel to Global E Marketing, and then generated and sold RINs based upon this claimed production, sale and importation. In reality, little to no biodiesel produced at City Farm was ever imported and sold to Global E Marketing as claimed. The indictment alleges that the defendants’ scheme allowed them to generate approximately \$7 million in RINs that were fraudulent, which were then sold to companies that needed to obtain them.

The indictment also alleges that, beginning around the same time period and continuing through December 31, 2013, the defendants, using their company MJ Biodfuels, bought over 23 million gallons of RIN-less biodiesel that had been blended with small amounts of petroleum diesel, known as B99, from companies in the United States. The defendants sold some of this biodiesel to purchasers in the United States, claiming it was pure biodiesel, known as B100, produced at the City Farm facility and imported into the United States. By claiming this biodiesel was B100 and not RIN-less B99, the defendants were able to claim the fuel was eligible to be used to generate credits and incentives, and were able to sell the fuel for significantly more than they otherwise would have been able to. The defendants also exported the RIN-less B99 they bought in the United States to Canada. The defendants then sold the biodiesel in Canada, and conspired not to acquire and provide RINs for these exports to the United States as they were required to do, but instead to keep the money they received from the sales for themselves. The indictment alleges that, in doing so, the defendants failed to give to the United States RINs worth in excess of \$30 million, keeping this money for themselves instead.

The indictment alleges that the defendants created false records and made false statements to conceal their fraudulent claims of biodiesel production, importation, sale and fraudulent RIN generation. Finally, the indictment alleges that the defendants engaged in a conspiracy to launder the proceeds of their crimes, utilizing foreign banking institutions and complex financial transactions to conceal the illegal nature of the

funds they received, and to attempt to protect these funds from government enforcement. On January 16, 2014, the United States also seized and restrained the assets contained in a number bank accounts utilized by the defendants, as well as several pieces of real and personal property in Las Vegas.

An indictment is only a charge and is not evidence of guilt. All defendants are presumed innocent and are entitled to a fair trial at which the government must prove guilt beyond a reasonable doubt.

The collaborative investigation that led to the arrest and seizures was the result of work by the EPA's Criminal Investigation Division and the FBI, with assistance from the United States Secret Service and the Department of Homeland Security. The case is being prosecuted by Senior Trial Attorney Wayne D. Hettenbach of the Environmental Crimes Section of the Justice Department's Environment and Natural Resources Division, Assistant U.S. Attorneys Crane M. Pomerantz and Daniel D. Hollingsworth of the U.S. Attorney's Office in Nevada, and Trial Attorney Darrin L. McCullough of the Justice Department's Criminal Division, Asset Forfeiture and Money Laundering Section, with the assistance of the Justice Department's Office of International Affairs.

[Back to Defendant Summary](#)