



# 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 at <http://www2.epa.gov/enforcement/criminal-enforcement-policy-guidance-and-publications>.

August 2016

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# Defendant Summary

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# Sentencings

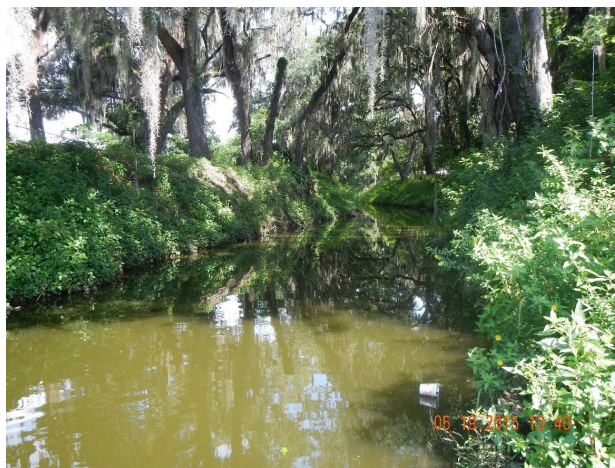
**Florida Man Sentenced for Disposing Human Waste Into A Stream** -- On August 10, 2016, **MERLANDO CORLIS**, of Tampa, Florida, was sentenced in federal district court for the Middle District of Florida to three years of probation for unlawful discharge of a pollutant. He was ordered to pay a fine of \$25,000 and to make a community service payment of \$25,000 to the National Fish & Wildlife Foundation. Corlis pleaded guilty on May 4, 2016.

According to court documents, from at least June 2012 through December 2013, at a property that he owned in Tampa, Corlis and others acting at his direction used a vacuum tank to remove human waste from a septic tank and then unlawfully discharged the sewage into a stream, which ran from the East Lake to the Palm River.

The case was investigated by EPA's Criminal Investigation Division, the Hillsborough County Sheriff's Office, and the Environmental Protection Commission of Hillsborough County. It was prosecuted by Assistant United States Attorney Megan K. Kistler.



*Vacuum tank Corlis used to discard waste.*



*Stream into which waste was discharged. The stream connects to the Palm River.*

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**Indiana Contractor Sentenced for Illegal Asbestos Removal** -- On August 10, **PAUL WALKER**, of Indianapolis, Indiana, was prosecuted in federal district court for the Southern District of Indiana for illegally removing asbestos from an inhabited apartment building. Walker was charged with negligent endangerment under the federal Clean Air Act. He pleaded guilty and was sentenced to four months of house arrest, two years of probation, and a \$2,000 fine.

Walker was an Indianapolis-based contractor who performed maintenance and renovation work on an apartment building in Indianapolis. In mid-2015, Walker agreed to a renovation project that involved removing asbestos insulation from piping and a boiler in the building's basement. He told the building owner that the abatement work would be subcontracted to a licensed asbestos abatement company so that "all permits and all proper paperwork [would] be submitted to the state and everyone concerned." He even obtained and sent the building owner a quote for the work from a licensed abatement company.



Regulated asbestos-containing material on floor.

In July 2015, Walker removed the asbestos himself. Doing so saved him the expense of hiring the professional abatement firm, but it also put the residents of the building at risk for exposure to harmful asbestos fibers. Asbestos insulation, when left undisturbed, generally does not pose a risk. Removing asbestos, however, can release asbestos fibers into the air. Federal law describes in detail how asbestos must be safely removed, such as by wetting the asbestos material and carefully removing and disposing of it. Walker failed to follow these rules, and as a result, allowed asbestos fibers to be released.

Later testing revealed that although the asbestos fibers did not reach the inhabited floors of the building, Walker's actions placed the residents at risk of exposure to asbestos fibers. The asbestos was eventually properly removed by a professional abatement firm, at Walker's expense. Nevertheless, because Walker's misconduct put residents at risk for exposure, he faced prosecution for Negligent Endangerment.

The case was investigated by EPA's Criminal Investigation Division and the Indiana Department of Environmental Management. It was prosecuted by Assistant United States Attorney Nick Linder.

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# Sentencings

**Former Owner of South Carolina Company Sentenced for Illegal Dumping** -- On August 12, 2016, **TIMOTHY HOWARD**, former owner of American Waste, Inc., of Greer, South Carolina, was sentenced in federal district court for the District of South Carolina to 18 months in prison, fined \$10,000, and put on one year of supervised release for violating pretreatment standards of the Clean Water Act.



Evidence presented at the change of plea hearing established that April 2, 2011, and June 18, 2013, Howard illegally dumped waste at unauthorized locations connected to the Renewable Water Resources and Town of Lyman sewage systems, respectively. Evidence presented at the sentencing hearing also established that during the course of the investigation, Howard made false

statements to local law enforcement and submitted hauling log records to South Carolina Department of Health and Environmental Control (DHEC) which omitted over 85 percent of his septage handling activities, thereby obstructing the investigation.

The case was investigated by agents of EPA's Criminal Investigation Division, South Carolina Department of Health and Environmental Control, Greenville County Sheriff's Office, Lyman Police Department, and Duncan Police Department. It was prosecuted by Assistant United States Attorney Jamie Lea Schoen of the Greenville office.

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**New York Village Employee Sentenced for Illegally Dumping Sewage into Creek** -- On August 16, 2016, **ANDREW THOMPSON**, of Westfield, NY, who was convicted of violation of the Clean Water Act, was sentenced in federal district court for the Western District of New York to six months' probation and given a \$10,000 fine.

Thompson was the chief operator of the waste water treatment plant for the Village of Westfield, N.Y. On June 12, 2014, a malfunction occurred at the West Side Pump Station located in the Village. The pump station was unable to pump the untreated sewage flowing through the station, which resulted in untreated sewage being discharged into Chautauqua Creek. Based on an alarm that was triggered due to the sewage overflow, Thompson was aware of the discharge of sewage into the creek.

The following day on June 13, 2014, as workers were attempting to fix the pump station, the defendant directed them to discharge the untreated sewage pumped out of the pump station into Chautauqua Creek. Thompson did not have a permit issued under the Clean Water Act for the discharge of the untreated sewage, a pollutant, into the creek and acted negligently in allowing the untreated sewage to be discharged in such a manner.

...as workers were attempting to fix the pump station, the defendant directed them to discharge the untreated sewage pumped out of the pump station into Chautauqua Creek.

The case was investigated by EPA's Criminal Investigation Division and the New York State Department of Environmental Conservation. It was prosecuted by Assistant U.S. Attorney, Aaron J. Mango.

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**Federal Fugitive Sentenced After Eight Years on the Run** -- On August 11, 2016, **YOUSEF ISHAQ ABUTEIR**, who conspired to evade more than \$3.3 million in federal fuel excise taxes, has been ordered to federal prison after eight years on the run. He was ordered to serve 60 months in federal prison and ordered to pay \$3,328,459 in restitution.

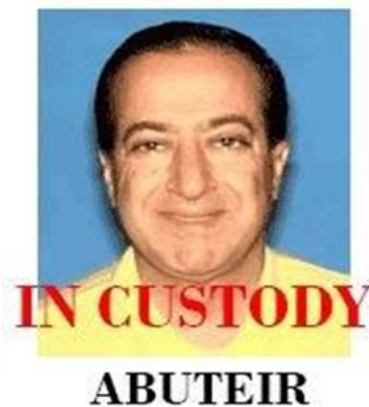
Abuteir was originally charged with the conspiracy on July 9, 2007. He pleaded guilty April 14, 2008. He was also charged and convicted in state court on charges related to the same scheme. However, prior to sentencing in both cases, he fled the country. Authorities issued a federal arrest warrant in February 2009, followed by an Interpol Red Notice. In 2014, Abuteir was located in Israel and subsequently extradited to the United States.

Abuteir is the sixth and final defendant to be sentenced on related fuel tax investigations. The original 2007 indictment charged Abuteir, Sidney Berle Baldon II and Tracy Dale Diamond with conspiring in a multi-million dollar fuel excise scheme executed in Texas and Louisiana between October 2001 and November 2003. The indictment alleged that the fuel excise tax scheme involved the acquisition of more than 13 million gallons of kerosene from Calcasieu Refinery in Lake Charles, Louisiana, without paying federal excise taxes. The defendants were able to avoid paying the excise tax by falsely stating the fuel was for export, as opposed to for on-road use. The kerosene was then allegedly trucked to Houston, where it was blended with middle distillate oil, a by-product of asphalt production. The resulting blend was eventually sold to various retail g

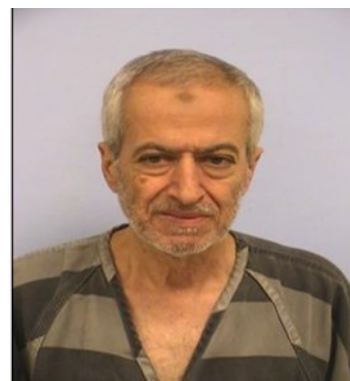
as stations in and around the Houston area, where it was sold to consumers as diesel fuel. The retail stations collected the federal diesel fuel excise tax from their customers at the filling pump.

Baldon and Diamond subsequently pleaded guilty and, in 2009, were sentenced to 60 months in prison and 12 months and one day in prison, respectively. Additionally, they were also ordered to pay more than \$3 million in restitution to the IRS.

In a related investigation, Assad Boulos, Talaat Boulos and Youssef Georges were charged in 2011 with a similar fuel excise tax scheme involving Calcasieu Refinery. The charging instrument alleged they and others obtained tax-free kerosene from Calcasieu during 2004 by falsely claiming the fuel would be used only for agricultural and other off-road uses. Instead, the kerosene was trucked to Houston, blended with other agents and sold at stations controlled by Assad Boulos and Talaat Boulos as diesel fuel. The stations allegedly involved in the fraud included Normandy Truck Stop, Cobra Shell, Channelview Conoco and Wayside Conoco. In 2013, Assad Boulos, Talaat Boulos and Youssef Georges pleaded guilty and received probationary



*Original fugitive photo with custody label added after capture.*



*After federal arrest—7 years later.*

sentences. Assad Boulos and Talaat Boulos were ordered to pay \$650,000 in restitution to the IRS.

In 2010, Abuteir had been added to the EPA's Most Wanted List. His capture in Israel was the result of collaborative efforts on the part of EPA's Criminal Investigation Division, the IRS-CI, Immigration and Customs Enforcement, Department of Transportation, U.S. Marshals Service, Travis County District Attorney's Office and the state of Texas Comptroller's Agency. Assistant U.S. Attorney Joe Magliolo prosecuted the case.

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**Ohio Air Conditioner Thief Sentenced for CAA Violations** -- On August 10, 2016, **SHANNON WAYNE HARROLD**, of Glenford, Ohio, was sentenced in federal district court for the Southern District of Ohio to 54 months in prison and ordered to pay \$29,045 in restitution for violating the Clean Air Act by cutting the tubing on air conditioning units he was stealing, which released a regulated refrigerant into the environment.

According to court documents, in August and September 2015, Harrold engaged in a scheme to steal air conditioner units in order to sell the copper and parts from the units at scrap yards. He targeted suburbs in Central Ohio, stealing several units and dismantling them on site. Harrold was arrested on September 18, 2015 following a high-speed chase with the police, during which Harrold drove through several residential neighborhoods at more than 90 miles per hour.

The case was investigated by EPA's Criminal Investigation Division, the Ohio Bureau of Criminal Investigation, Franklin County Prosecutor's Office, Franklin County Sheriff's Office, Westerville Police Department, Whitehall Police Department, Gahanna Police Department, Ohio EPA and Columbus Division of Police. It is being prosecuted by Assistant United States Attorney J. Michael Marous and Special Assistant U.S. Attorneys Heather B. Robinson and Brad J. Beeson.



*Copper tubing in air conditioning unit (stock photo)*

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## **Delaware Real Estate Developer Sentenced To 21 Months For Bank Fraud and Environmental Violation --**

On August 31, 2016, **JOSEPH L. CAPANO**, of Middletown, Delaware, was sentenced in federal district court for the District of Delaware to 21 months of incarceration followed by 12 months of home confinement, after pleading guilty in March 2016 to one count of bank fraud and one count of knowingly violating the Clean Water Act. Capano was also ordered to pay restitution of \$685,419.32 to Cecil Bank, and to pay a fine of \$50,000.00 for the environmental violation.

According to the charging document and statements during the sentencing hearing, both charges relate to Capano's conduct during construction of the Riverbend at Old New Castle development located in New Castle, Delaware ("Riverbend Development"). Capano knowingly filled wetlands at the Riverbend Development without a permit. Capano directed employees and contractors of his company to expand the entrance road to the development, even though the entrance road contained wetlands. Capano also directed contractors and employees to place a water main pipe through the entrance road wetlands, even after the Army Corps of Engineers instructed Capano to stop performing construction in the wetlands and issued Capano a Cease and Desist letter to that effect. Capano then lied to the Army Corps of Engineers, verbally and in a sworn affidavit, about the timing of that illegal work in the wetlands.

The Riverbend Development was funded in part by a \$1.5 million commercial line of credit from Cecil Bank, headquartered in Elkton, Maryland. Capano submitted fraudulent draw requests in which he sought the release of loan funds from Cecil Bank, claiming that the money would be spent on the Riverbend Development. After Cecil Bank loaned the money to Capano, he then spent the proceeds on personal expenses or his other businesses rather than using the funds for the requested purposes. On one occasion, Capano used Cecil Bank's money to pay for a \$63,000 jewelry purchase. In total, Capano misused approximately \$420,000 in loan proceeds.

Capano also sent a letter to Cecil Bank falsely claiming that nine homeowners were under contract for homes at the Riverbend Development, when in reality no such contracts existed. Cecil Bank continued to lend Capano money under the line of credit based on those false representations. Capano defaulted on the line of credit, leaving the bank with significant losses and forcing the bank to foreclose on the Riverbend Development.

The case was investigated by EPA's Criminal Investigation Division, the Federal Bureau of Investigation, and the Office of the Special Inspector General for the Troubled Asset Relief Program. The prosecution was handled by Assistant United States Attorney Jennifer K. Welsh, District of Delaware.

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**Federal Grand Jury in Louisiana Indicts Six Explo Company Officials for Offenses Related to Camp Minden, Louisiana, Ammunition Disposal** -- On August 31, 2016, a federal grand jury in federal district court for the Western District of Louisiana, returned a 32-count indictment charging six company officials of **EXPLO SYSTEMS INC.** of defrauding the federal government and committing federal offenses relating to a munitions demilitarization contract with the U.S. Army.



*M-6 Propellant (Photo from Louisiana State Police).*

Explo owner David Perry Fincher, of Burns, Tenn.; owner David Alan Smith, of Winchester, Ky.; Vice Present of Operations William Terry Wright, of Bossier City, La.; Program Manager Kenneth Wayne Lampkin, of Haughton, La.; Traffic and Inventory Control Manager Lionel Wayne Koons, of Haughton; and Director of Engineering and Environmental Control Charles Ferris Callihan, of Shreveport, were all charged with one count of criminal conspiracy. The indictment also charges multiple counts of making false statements to a federal agency or official and wire fraud.

Explo Systems Inc. is a private company whose primary business operations involved the demilitarization of military munitions and the subsequent resale of the recovered energetic materials for mining operations. According to the indictment, the U.S. Army awarded Explo a contract on March 24, 2010 to dispose of 450,000 155 mm artillery propelling charges designated as M119A2 for \$2,902,500. The Army and Explo officials later amended the contract on March 6, 2012 to dispose of 1,350,000 charges for \$8,617,500. Once Explo demilitarized the propelling charge, ownership of the residual components (M6 propellant or M6) transferred to Explo. The contract required Explo to properly store and dispose of the demilitarized M6. The contract also required Explo to document the sale of the demilitarized M6 by completing an End User Certificate (EUC). On the EUC, the purchaser of the demilitarized M6 certified the purchase and compliance with applicable federal laws. Once the EUCs were certified, Explo submitted the EUCs to the Army.

On October 15, 2012, an explosion occurred at a munitions storage igloo on Camp Minden. The explosion contained approximately 124,190 pounds of smokeless powder and a box van trailer containing approximately 42,240 pounds of demilitarized M6. The damage destroyed the igloo and trailer, shattered windows of dwellings within a four-mile radius, and derailed 11 rail cars near the storage igloo.

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The indictment alleges that the defendants made false statements to the Army's Joint Munitions Command (JMC) to procure and maintain the M6 demilitarization contract; caused the improper and unsafe storage of demilitarized M6 propellant and other explosive material on Explo's Camp Minden facility; obstructed and impeded government inspections and examinations of areas of the facility where the explosive materials were improperly stored; caused third parties to sign off on EUCs as purchasers when in fact no sales had occurred; caused false EUCs containing forged and fabricated signatures to be submitted to the JMC; caused the improper storage and subsequent transportation of reactive hazardous waste to unpermitted non-hazardous waste landfills in Louisiana and Arkansas to make room for storage of M6 propellant at Camp Minden; and made false statements after the October 15, 2012 explosion to government officials and others in order to conceal their illegal conduct and prevent discovery of improperly stored M6.

The defendants face five years in prison for the conspiracy count, five years in prison for each false statement count, and 20 years in prison for each wire fraud count. They also face a \$250,000 fine and three to five years of supervised release for each count.

The case was investigated by EPA's Criminal Investigation Division, U.S. Army Criminal Investigation, Department of Defense Criminal Investigative Service, FBI, and the Louisiana State Police-Emergency Service Unit investigated the case. It is being prosecuted by Assistant U.S. Attorney Earl M. Campbell.

An indictment is merely an accusation and a defendant is presumed innocent unless and until proven guilty beyond a reasonable doubt.

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