



Environmental Crimes Case Bulletin

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

This bulletin summarizes publicized investigative activity and adjudicated cases conducted by OCEFT Criminal Investigation Division special agents, forensic specialists, and legal support staff. To subscribe to this monthly bulletin you may [sign up for email alerts](#) on our publications page. Unless otherwise noted, all photos are provided by EPA-CID.

February—March 2020

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Connecticut House Painting Company Sentenced for Illegally Removing Lead Paint

On February 19, 2020, John H. Durham, United States Attorney for the District of Connecticut, and Tyler C. Amon, Special Agent in Charge of EPA's Criminal Investigation Division in New England, announced that Collegiate Entrepreneurs, Inc., a Massachusetts-based house painting company, was sentenced by U.S. District Judge Robert N. Chatigny in Hartford for violating the Toxic Substances Control Act and subsequently falsifying records.

According to court documents and statements made in court, Collegiate Entrepreneurs, Inc., LLC, of Braintree, Massachusetts, provides house-painting services in Connecticut and other New England states. Some of the houses painted by Collegiate Entrepreneurs in 2015 contained lead-based paint. For those jobs, the company was subject to the lead-based paint requirements of the Toxic Substances Control Act and the Environmental Protection Agency's (EPA) Renovation, Repair and Painting (RRP) Rule.

Under the RRP Rule, Collegiate Entrepreneurs was required to ensure that its certified renovators complied with provisions governing training and supervision of painters, post-renovation cleaning, physical presence on-site, and preparation of required records. The company was also responsible for ensuring that all renovation activities were performed in compliance with RRP Rule work practice standards governing occupant protection, containment of the work area, prohibited and restricted practices, waste from renovations, cleanup of the work area, and post-renovation cleaning verification. Collegiate Entrepreneurs knowingly failed to ensure such compliance by its renovators during the 2015 painting season.

On October 13, 2015, in response to a federal grand jury subpoena, an employee of Collegiate Entrepreneurs produced records for 12 painting jobs in Connecticut that involved lead-based paint. Included in the production were records that appeared to have been prepared and signed by certified renovators to document that RRP Rule work practice standards and training requirements had been met at each lead paint job. Records for at least 10 of the 12 jobs were false. The signatures of the certified renovators were forged and the records falsely represented that the jobs were performed in compliance with the RRP Rule.

On November 19, 2019, Collegiate Entrepreneurs pleaded guilty to one count of falsification of records and one count of violating the Toxic Substances Control Act.

Collegiate Entrepreneurs was ordered to serve five years of probation and pay a fine of \$50,000. While on probation, Collegiate Entrepreneurs is prohibited from engaging in projects that involve the remediation of lead paint and are subject to the RRP Rule. Collegiate Entrepreneurs also will pay \$30,000 in restitution to a victim homeowner in West Hartford, Connecticut.

"Collegiate Entrepreneurs purposely violated the requirements of safely removing lead from homes and in doing risked the health of families whose houses were being renovated," said EPA-CID Special Agent in Charge Amon. "EPA remains focused on holding accountable companies and individuals that cut corners and fail to put public health and safety first."

This investigation was conducted by the U.S. Environmental Protection Agency, Criminal Investigation Division. The case was prosecuted by Assistant U.S. Attorney Ray Miller.



Former President/Owner Sentenced For Illegally Storing Hazardous Waste At New Jersey Drum Reconditioning Company

The former President and owner of a Glassboro, New Jersey, drum reconditioning company was sentenced in Camden, New Jersey Federal Court on February 5, 2020 to 30 days' imprisonment for illegally storing hazardous waste.

Thomas Toy, 75, of Elmer, New Jersey, previously pleaded guilty to one count of storing hazardous waste at Superior Barrel and Drum Company, Inc.'s Glassboro, New Jersey, facility, in violation of the Resource Conservation and Recovery Act (RCRA).

According to court documents filed in this case and statements made in court:

RCRA was enacted in 1976 to address a growing nationwide problem with industrial and municipal waste. RCRA was designed to protect human health and the environment and provided controls on the management and disposal of hazardous waste. RCRA prohibits the treatment, storage or disposal of any hazardous waste without a permit.

Superior received drums from various industrial customers, cleaned and processed those drums, and then resold them. As the President and owner of Superior, Toy's responsibilities included making decisions about the storage and disposal of waste, including hazardous waste, at Superior's facility. Superior did not have a permit to store hazardous waste at Superior's facility.



Between (on or about) September 27, 2013, and on or about September 25, 2014, the United States Environmental Protection Agency (EPA) conducted a removal action of waste stored at Superior's facility. In total, approximately 1,800 containers of waste were removed from Superior's facility. Much of the waste was found to be hazardous. The direct cost to EPA of the removal action was over \$4.2 million.

In addition to the prison term, Toy was also sentenced to three years of supervised release, with a special condition of 30 days' home confinement; Toy was also ordered to pay \$4.2 million in restitution.

The case was investigated by EPA's Criminal Investigation Division and prosecuted by a Department of Justice (DOJ) litigation team.

Pennsylvania Real Estate Developer Sentenced for Illegally Removing Asbestos from Former Westinghouse Facility

Vikas Jain, a resident of Mt. Lebanon, Pennsylvania, was sentenced in federal court on March 18, 2020 for violating the Clean Air Act. Jain, 48, was sentenced to one month of imprisonment, followed by three years of supervised release that will include nine months of home detention.

Jain controlled various business entities focusing primarily on residential and commercial real estate development and management. In approximately May 2012, Jain, through one such entity, purchased the George Westinghouse Research and Technology Park (the Westinghouse Facility), a multi-building commercial and industrial complex located on approximately 150 acres in Churchill, Pennsylvania. The Westinghouse Facility was built between approximately the 1950s and 1970s, and it comprised over one million square feet of testing, laboratory, and office space across more than a dozen buildings. Jain acknowledged he sought to redevelop the Westinghouse Facility and surrounding property for commercial and residential mixed-use purposes.

Jain further admitted that, prior to completing the purchase of the Westinghouse Facility, he obtained the results of an earlier environmental assessment of the property, which identified the presence of asbestos-containing materials (ACM) in, among other substances, floor tile and pipe insulation located throughout the complex. Between approximately May 2012 and February 2017, Jain, through entities he controlled, leased space at the Westinghouse Facility to third-party tenants, including television production companies. For the most part, however, the Westinghouse Facility remained unused and unoccupied.

In connection with one licensing agreement in approximately 2015, Jain obtained two asbestos-abatement permits from the Allegheny County Health Department (ACHD) allowing for the proper removal of ACM in portions of two of the buildings at the Westinghouse Facility. The removal was completed by a licensed abatement contractor. Later, in early 2017, Jain, through a contractor working on the redevelopment project, obtained a proposal from a different licensed abatement entity to inspect another building that he intended to demolish. The proposal was never consummated.

Rather, as Jain admitted, beginning no later than approximately February 1, 2017, and continuing until February 28, 2017, he directed various workers to remove previously unabated ACM from two buildings at the Westinghouse Facility, including large quantities of ACM floor tiles, mastic, and pipe insulation. Jain further directed a worker to rent floor grinders, which the workers then used to remove and pulverize ACM floor tiles and mastic. Jain did not apply for or obtain an ACHD permit for the abatement activity, and workers conducted the removal of ACM without proper protective clothing or adequate respirators. Once removed, ACM debris was placed in black trash bags and taken by workers via a pick-up truck to a dumpster located outside of one of Jain's residential rental properties. As the Jain admitted, the contents of the dumpster, including trash bags containing ACM, were subsequently taken to a local landfill that was not qualified to receive asbestos-contaminated waste.

Finally, Jain admitted that, after local Churchill authorities and ACHD investigators learned of the illegal asbestos abatement, he took steps to conceal the nature and extent of the removal activity, including by causing grinders to be removed from the Westinghouse Facility, cleaned, and, as to two grinders, returned to the

equipment rental company prior to inspection by ACHD. At no time did the defendant inform ACHD that the grinders he presented for subsequent inspection had been cleaned of ACM or otherwise were not the same ones that had been used in the Westinghouse Facility.

The case was investigated by EPA's Criminal Investigation Division and the Federal Bureau of Investigation. The case was prosecuted by a joint DOJ/EPA litigation team.

Lawrence, Kansas Developer Sentenced for Violating Asbestos Disposal Laws

Thomas S. Fritzel was sentenced on February 20, 2020 to three months imprisonment for disposing of asbestos in violation of the Clean Air Act. In addition, Fritzel, 54, was ordered to pay a \$55,000 fine. Fritzel was convicted for failing to notify authorities before removing asbestos, failing to keep asbestos wet during demolition to prevent air contamination, and failing to dispose of asbestos in leak-tight containers.

During trial, the government presented evidence that Fritzel violated federal laws for handling asbestos during demolition and renovations at the Alvamar Country Club in Lawrence. The government presented evidence to show that Fritzel knew that the roof of the country club contained 75 percent chrysotile asbestos. The previous owners, who sold the club to Fritzel in January 2016, had decided not to replace the roof because of the cost of abating the asbestos.

On October 19, 2016, the Kansas Department of Health and Environment told Fritzel to get a licensed asbestos contractor to remove asbestos from the site and dispose of it properly. On Oct. 25, 2016, KDHE inspected the site and determined asbestos debris had been removed and hauled to Hamm Landfill in Perry, Kan., which is not approved for asbestos disposal.

“The defendant was responsible for the safe – and legal – removal of material containing asbestos,” said Assistant Director Justin Oesterreich of EPA’s criminal enforcement program in Kansas. “The defendant ignored regulations on the safe management of asbestos, putting workers and the general public at risk.”

The case was investigated by EPA’s Criminal Investigation Division and prosecuted by a DOJ litigation team.

Atlanta, Georgia Man Pleads Guilty to Using Restricted Pesticide to Bait and Kill Coyotes

Terry Foster, 54, of Blairsville, Georgia, pleaded guilty and was sentenced to pay a \$1,000 fine on February 20, 2020 for one count of violating the Federal Insecticide, Fungicide, and Rodenticide Act (“FIFRA”) by lacing deer carcasses with a restricted, highly poisonous pesticide in order to bait and kill coyotes.

“Foster’s conduct threatened Georgia’s wildlife and environment for his own personal benefit,” said U.S. Attorney Byung J. “BJay” Pak. “But for the speedy response by federal and state law enforcement, Foster’s actions could have had much graver consequences.”

“The defendant knowingly misused an acutely toxic pesticide to poison wildlife,” said acting Special Agent in Charge Charles Carfagno of EPA’s Criminal Investigation Division in Atlanta. “This case shows that EPA and its law enforcement partners are committed to enforcing pesticide laws to protect public health and the environment.”

“Georgia is fortunate to have a robust and unique set of natural resources that Georgians enjoy every day from the mountains to the coast. This case and outcome are a testament to the universal commitment by all federal, state, and local parties involved to protect our natural resources. DNR is proud to have strong, working relationships with these partners, which help to serve as a constant deterrent to those who wish to act outside the rule of law,” said Mark Williams, Commissioner of the Georgia Department of Natural Resources.

According to U.S. Attorney Pak, the charges and other information presented in court: In December 2018, a private citizen contacted the Georgia Department of Natural Resources (“GA-DNR”) about a possible wildlife poisoning on a property in Cherokee County. Upon arriving, GA-DNR found two deer carcasses, which had been cut open and laced with a blue, granular substance, and several dead (and dying) animals lying nearby, including an opossum and two red tailed hawks. GA-DNR then immediately requested the assistance of the United States Fish and Wildlife Service (“USFWS”) to collect and analyze the dead animals. GA-DNR subse-

quently learned that Foster hunted on the property where the dead animals were found, and obtained a state search warrant for his truck, from which they recovered several hunting knives, a bucket containing the blue poison, blood swaths, and deer hair. Foster was also interviewed by law enforcement, and admitted that he had recently been on the property where the deer carcasses were found, wanted nothing more than to kill coyotes, and knew the blue substance lining the deer carcasses was a poison used to bait the coyotes.

USFWS thereafter completed a toxicology analysis and DNA-matching of the animals and items recovered from Foster’s truck. According to the DNA analysis, the deer hair found in Foster’s truck matched one of the deer found on the property, and the blood swabs as well as DNA from one of the knives recovered from Foster’s truck matched the

other deer. The toxicology analysis confirmed that the blue substance found in the two deer carcasses, one of the red-tail hawks, and Foster’s truck was a poison, methomyl, a common fly bait that is sold under the trade name “Golden Malrin.”

The EPA-approved labels for Golden Malrin Fly Killer state that it is “for use around the outside of food processing areas.” In particular, the labeling warns that: “It is illegal to use this product with the intention to kill raccoons, skunks, opossums, coyotes, wolves, dogs, cats, or any other non-target species.”

The EPA-approved labels for Golden Malrin Fly Killer state that it is “for use around the outside of food processing areas.” In particular, the labeling warns that: “It is illegal to use this product with the intention to kill raccoons, skunks, opossums, coyotes, wolves, dogs, cats, or any other non-target species.”

Foster admitted during his guilty plea that he had laced the deer carcasses with Golden Malrin for the purpose of killing coyotes. As a result, an opossum and two red-tailed hawks died after ingesting methomyl-laced deer.

The case was investigated by the Georgia Department of Natural Resources, EPA’s Criminal Investigation, and the U.S. Fish and Wildlife Service Office of Law Enforcement. The case was prosecuted by DOJ.

California Firm Pleads Guilty to Hazardous Waste Violations

Curtis Technology, Inc., a San Diego, California firm that makes specialized coatings, pleaded guilty in federal court on February 27, 2020, admitting that the company illegally transported hazardous waste from its facility without a manifest. In pleading guilty, Curtis Technology admitted that it conducted metal finishing operations at its location on Sorrento Valley Road, which generated various wastes, including ferric chloride, alka-line, waste filter cake, solvents and other chemicals.

The company admitted that between December 12, 2015 and August 22, 2019, CTI owner Alex Jvirblis (deceased) and a maintenance employee transported chemicals, including waste ferric chloride, waste filter cake, waste alkaline, waste solvents and other chemical wastes, from the CTI location on Sorrento Valley Road to three residences in San Diego owned by Jvirblis located on Wrelton Drive, Corte Morea, and Bourgeois Way. The chemicals were not accompanied by a hazardous waste manifest at the time of transportation.

The waste ferric chloride and waste alkaline are federally-regulated hazardous wastes having the characteristic of corrosivity. The waste solvents are federally-regulated hazardous wastes having the characteristic of ignitability. The waste filter cake is a federally-regulated listed hazardous waste, assigned waste code F006 for wastewater treatment sludges from electroplating operations. All of these wastes are required by regulation to be transported with a uniform hazardous waste manifest. The firm admitted that Alex Jvirblis acted knowingly, that is with knowledge that the chemicals transported to the three sites were not accompanied by a hazardous waste manifest and with knowledge that the chemicals were waste that had the potential or substantial potential to be harmful to others or to the environment.

Federal search warrants were conducted at the three sites in November, 2019, and the chemicals were recovered. At one of the residences, chemicals were discovered which were too unstable to safely transport for disposal. The area was evacuated, and the chemicals were detonated on site by the Sheriff's Department Bomb Squad.

"These kinds of violations have the potential to jeopardize public health and damage the environment," said U.S. Attorney Robert Brewer. "We will hold companies accountable when they take short cuts that put people and our environment at risk."

San Diego FBI Special Agent in Charge Scott Brunner stated, "Today's plea was made possible by extraordinary investigative effort expended in a compressed time frame by the San Diego Environmental Crimes Task Force. The FBI is grateful for the integral support of the San Diego Fire Department, San Diego Police Department, San Diego County Department of Environmental Health (HAZMAT) and the Environmental Protection Agency, in expeditiously locating and neutralizing these dangerous chemicals."

"The law protects our communities and the environment by requiring proper storage, transportation, and disposal of hazardous waste," said Acting Special Agent-in-Charge Scot Adair of EPA's Criminal Investigation Division in California. "This case demonstrates that EPA and its law enforcement partners are committed to holding knowing violators of those requirements accountable for their actions."

Sentencing is set for March 16, 2020.



Los Angeles, California Area Man Pleads Guilty to Smuggling Restricted Pesticides

Luis Alberto Vargas pleaded guilty in federal court on February 27, 2020, admitting that he illegally smuggled pesticides into the U.S. from Mexico.

In his plea agreement, Vargas admitted that on September 9, 2019, he entered the United States at the Otay Mesa Port of Entry as a passenger in a black Toyota Camry. He and the other occupants of the vehicle twice advised the primary inspector they were not bringing anything from Mexico. The primary inspector found three large suitcases in the trunk and referred the vehicle for secondary inspection.

Vargas acknowledged that the secondary inspector discovered two bottles of the Mexican pesticide Agroclor Clorpirifos Etil (1 liter each) and one 250 ml bottle of the Mexican pesticide Minartrin M Abamectina, concealed in a large suitcase in the trunk of the vehicle. Vargas admitted that he purchased the pesticides in Cu-liacan, Mexico, and smuggled the pesticides into the United States.

The pesticides imported by Vargas were labeled in Spanish and did not bear any EPA registration number, as required by law for pesticides intended for use in the United States. Pesticides with the active ingredients of those imported by Vargas are restricted use pesticides in the United States and may be purchased and applied only by certified pesticide applicators. Vargas admitted that he holds no such certificate. Moreover, the lawful importation of pesticides requires a Notice of Arrival to be provided to U.S. Customs pursuant to 19 CFR § 12.112. Vargas further admitted that he provided no such Notice of Arrival for the pesticides in question.

“Laws regulating pesticides are meant to protect the public and the environment,” said U.S. Attorney Robert Brewer. “We are aggressively prosecuting violators who don’t respect these important regulations.”

“The defendant knowingly smuggled unregistered pesticides into the country violating environmental regulations established to protect human health and the environment,” said Acting Special Agent-in-Charge Scot Adair of EPA’s Criminal Investigation Division in California. “Today’s guilty plea demonstrates that individuals who intentionally violate those laws will be held responsible for their crimes.”

“The smuggling and use of hazardous unregulated pesticide products is illegal and puts people's health, particularly young children, at risk,” said Cardell T. Morant, Acting Special Agent in Charge for Homeland Security Investigations (HSI) San Diego. “HSI will continue to work with Customs and Border Protection, the Environmental Protection Agency, the U.S. Attorney’s Office, and other partners to prosecute those who threaten the health and safety of our communities for their own personal gain.”

Sentencing for Vargas is set for June 5, 2020.

Fuel Company Assistant Operator Pleads Guilty to Illegally Dumping Industrial Wastewater in Stockton, California Sewer System

Jeremiah Young, 38, of El Dorado, California pleaded guilty on February 10, 2020, to unlawful discharge of industrial wastewater.

Young was an assistant operator for Community Fuels from 2014 to 2016. Community Fuels is registered in San Joaquin County by American Biodiesel Inc. and manufactured biodiesel fuel on property leased from the Port of Stockton

According to court documents, Young participated in a scheme to discharge hundreds of thousands of gallons of polluted wastewater by various unlawful means, including the discharge of wastewater directly into Stockton's sewer system after tampering with pH readings. Young also caused a discharge on a different date by using an improvised hose system into a floor drain that led to the city's sewer system.

Young's older brother and co-defendant, Christopher Young, 41, was charged with conspiracy, 12 counts of tampering with monitoring equipment, two counts of unlawful discharge of industrial wastewater, one count of false statements, and one count of witness tampering. Christopher Young was the Director of Operations at the Stockton plant. The charges against him are pending; he is presumed innocent until and unless proven guilty beyond a reasonable doubt.

On July 8, 2019, U.S. District Judge Kimberly J. Mueller sentenced American Biodiesel for violations of the Clean Water Act when it allowed the discharge of industrial wastewater into the City of Stockton sewer system. American Biodiesel admitted to tampering with monitoring devices and methods designed to detect such violations, and admitted that employees tampered with pH recordings and flow meters for the purpose of underreporting acid and pollutant levels and volumes that would have exceeded the figures allowed under the city's regulations.

This case is the product of an investigation by the EPA's Criminal Investigation Division, San Joaquin County District Attorney's Office, City of Stockton Municipal Utilities Department, San Joaquin County Environmental Health Department, Port of Stockton, and California Department of Toxic Substances Control. Assistant U.S. Attorneys Philip A. Scarborough and Paul Hemesath are prosecuting the case.

Young is scheduled to be sentenced on April 27. He faces a maximum statutory penalty of three years in prison and a fine of up to \$250,000 or more if the court finds that the offense resulted in a pecuniary loss. The actual sentence, however, will be determined at the discretion of the court after consideration of any applicable statutory factors and the Federal Sentencing Guidelines, which take into account a number of variables.

Jury Finds Los Angeles Businessman Guilty In \$1 Billion Biodiesel Tax Fraud Scheme

Four Members of Kingston Family, including the CEO and CFO of Washakie Renewable Energy, Previously Pleaded Guilty

A federal jury in Salt Lake City, Utah, convicted California businessman Lev Aslan Dermen, also known as Levon Termendzhyan, on March 16, 2020, of criminal charges relating to a \$1 billion renewable fuel tax credit fraud scheme.

The convictions were announced by Principal Deputy Assistant Attorney General Richard E. Zuckerman of the Justice Department's Tax Division, U.S. Attorney John W. Huber for the District of Utah, Don Fort Chief of Internal Revenue Service (IRS) - Criminal Investigation, Acting Special Agent-in-Charge Lance Ehrig of the Denver Area Office of Environmental Protection Agency (EPA) - Criminal Investigation Division, and Special Agent-in-Charge Michael Mentavlos of the Denver Area Office of Defense Criminal Investigative Service.

"Today's guilty verdict brings Lev Dermen and his coconspirators to justice. They created and implemented this massive biofuel scheme to fund their greed at the expense of all taxpayers," said Principal Deputy Assistant Attorney General Richard E. Zuckerman of the Justice Department's Tax Division. "The conviction should serve as clear notice that we will vigorously prosecute those criminals who engage in any form of tax fraud."



Jacob Kingston and Lev Aslan Dermen with Dermen's Bugatti and Kingston's Ferrari Exhibit 6-44.2, Admitted at Trial

"These guilty verdicts show that no amount of bank accounts, shell companies, burner phones, or transfers of millions of dollars to foreign countries will stop the Department of Justice, the U.S. Attorney's Office, and our law enforcement partners from tracking down money stolen from the government and holding criminals responsible for their wrongdoing," said U.S. Attorney John W. Huber for the District of Utah. "I also want to thank the investigators, prosecutors, and support professionals who have dedicated so much time to this important case."

"The defendants claimed both EPA Renewable Fuel Standard (RFS) program credits and IRS tax credits for biodiesel fuel that did not exist, defrauding taxpayers out of hundreds of millions of dollars," said Lance Ehrig, EPA Acting Special Agent in Charge. "With this action EPA and its enforcement partners are continuing to protect both the integrity of the RFS program and the American taxpayer."

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“The biofuel tax credit program was established by the government to promote a clean fuel alternative to traditional fuel options. Mr. Dermen used his company Noil Energy Group to conspire with the Kingston family to corrupt the biofuel tax credit program in an effort to steal over \$1 Billion from tax payers and launder the proceeds of this fraud,” said Don Fort, Chief of IRS Criminal Investigation. “This trial was the culmination of years of investigative effort that traced money through a variety of countries and states through a complicated fraud scheme to eventually put money in the pockets of Mr. Dermen. The complicated nature of the scheme shows the determination with which the defendants had to defraud the American public for the sole purpose of lining their own pockets.”

“The Defense Criminal Investigative Service (DCIS) will investigate all allegations of financial crimes impacting the Department of Defense,” stated Michael Mentavlos, Special Agent in Charge, DCIS Southwest Field Office. “DCIS, along with our investigative partners, will diligently pursue all appropriate criminal, civil and administrative actions against individuals who violate the taxpayer's trust for illicit financial gain.”

According to evidence presented at a seven-week trial, Dermen was the owner and operator of Noil Energy Group, a California-based fuel company; SBK Holdings USA, a Beverly Hills real estate investment company; and Viscon International, a Nevada fuel additive corporation. From 2010 to 2016, Dermen conspired with the owners and operators of Washakie Renewable Energy (Washakie), a Utah-based biodiesel company, including its Chief Executive Officer Jacob Kingston, his brother, Chief Financial Officer Isaiah Kingston, and others, including their mother, Rachel Kingston, and Jacob Kingston’s wife, Sally, to fraudulently claim more than \$1 billion in renewable fuel tax credits from the IRS.

The IRS administers refundable federal tax credits designed to increase the amount of renewable fuel used and produced in the United States. As part of their scheme, Dermen and Jacob Kingston shipped millions of gallons of biodiesel within the U.S. and from the U.S. to foreign countries and back again to create the appearance that qualifying renewable fuel was being produced and sold. They also doctored production and transportation records to substantiate Washakie’s fraudulent claims for more than \$1 billion in IRS renewable fuel tax credits and credits related to the EPA renewable fuel standard. To further create the appearance they were buying and selling qualifying fuel, the coconspirators cycled more than \$3 billion through multiple bank accounts.



Huntington Beach, California Home Purchased with Proceeds Exhibit 6-90, Admitted at Trial

As a result of the fraudulent claims, the IRS paid more than \$511 million to Washakie and the Kingstons that was distributed between them and Dermen. Jacob and Isaiah Kingston sent more than \$21 million in fraudulent proceeds to SBK Holdings USA, Inc., Dermen’s California-based company, and sent \$11 million to an as-

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sociate of Dermen's at his request. Jacob Kingston used \$1.8 million of the fraud proceeds to buy Dermen a 2010 Bugatti Veyron, and they exchanged gifts including a chrome Lamborghini and a gold Ferrari.

Dermen and Jacob Kingston also laundered \$3 million through Dermen's company, Noil Energy Group, to purchase a mansion in Sandy, Utah for Jacob Kingston and his wife Sally. Dermen also laundered \$3.5 million through his California company, SBK Holdings USA, Inc., to purchase a mansion in Huntington Beach, California.

Throughout the scheme, Dermen assured Jacob Kingston that he and the Kingstons would be immune from criminal prosecution because they would be protected by Dermen's "umbrella" of corrupt law enforcement personnel. Jacob and Isaiah Kingston transferred over \$134 million in fraudulent proceeds to companies in Turkey and Luxembourg at Dermen's direction, in purported payment for protection.

The jury found Dermen guilty of conspiracy to commit mail fraud, conspiracy to commit money laundering, and money laundering concealment money laundering, and expenditure money laundering.

The Kingstons, who are members of the Davis County Cooperative Society, also known as the "Order," each pleaded guilty on July 19, 2019 for their role in this scheme. Jacob Kingston pleaded guilty to crimes relating to the \$1 billion biofuel fraud, including conspiracy to commit mail fraud, aiding and assisting in the filing of false claims with the IRS, conspiracy to commit money laundering, and conspiracy to obstruct justice.



Sandy, Utah Residence of Jacob and Sally Kingston Exhibit 6-62.11, Admitted at Trial

In his plea agreement, he admitted to laundering fraudulent proceeds through Order-related entities and transferring millions in fraudulent proceeds to Order-related entities. Jacob Kingston admitted to conspiring to obstruct justice for attempting to bribe government officials, tamper with witnesses, and destroy evidence based on his agreeing with his family to hide evidence and replace computer hard drives once they learned of an impending search warrant. Under the terms of his plea agreement, Jacob Kingston faces a maximum of thirty years in prison. He also faces a period of supervised release and other monetary penalties. Sentencing has not yet been scheduled.

Isaiah Kingston pleaded guilty to his role in the scheme, including to conspiracy to commit mail fraud, aiding and assisting in filing false claims with the IRS, conspiracy to commit money laundering, and conspiracy to obstruct justice. Under the terms of his plea agreement, he faces a maximum of 20 years in prison. Rachel Kingston pleaded guilty to conspiracy to commit mail fraud, conspiracy to commit money laundering, money laundering, and obstruction of justice. In her plea agreement, she admitted to creating false invoices, back-

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dating documents, and concealing records in advance of a federal search warrant. She faces a maximum of 15 years in prison. Sally Kingston pleaded guilty to conspiracy to commit mail fraud and conspiracy to commit money laundering; she faces a maximum of 15 years in prison. They each also face a period of supervised release. As part of their plea agreements, the Kingstons will be ordered to pay \$511 million in restitution to the United States and to forfeit the proceeds of their crimes.

Jacob and Isaiah Kingston both testified at Dermen's trial.

U.S. District Judge Jill N. Parrish will set Dermen's sentencing at a later date. At sentencing, he faces a maximum sentence of 20 years in prison for conspiracy to commit mail fraud, conspiracy to commit money laundering and concealment money laundering, and 10 years in prison for expenditure money laundering. He also faces a period of supervised release, restitution, and monetary penalties.

Principal Deputy Assistant Attorney General Zuckerman and U.S. Attorney Huber commended special agents of IRS-Criminal Investigation, EPA's Criminal Investigation Division, and Department of Defense DCIS who conducted the investigation. They also thanked Trial Attorneys Richard M. Rolwing, Leslie A. Goemaat, and Arthur J. Ewencyk and Senior Litigation Counsel John E. Sullivan of the Tax Division, who are prosecuting the case. They also thanked the U.S. Department of Justice Criminal Division's Office of International Affairs, as well as law enforcement partners in the Grand Duchy of Luxembourg and the Republic of Malta for their assistance in the case.

Pennsylvania Man Charged with Violating Toxic Substance Control Act

On February 28, 2020, the United States Attorney's Office for the Middle District of Pennsylvania announced that Dennis Morgan, age 73, of Northumberland County, Pennsylvania, was indicted on February 27, 2020 by a federal grand jury on three violations of the Toxic Substances Control Act.

According to United States Attorney David J. Freed, the indictment alleges that Morgan, of Northumberland County, failed to provide a lead hazard pamphlet or warning and failed to retain records as required by the Code of Federal Regulations in violation of the Toxic Substances Control Act.

The investigation was conducted by EPA's Criminal Investigation Division. DOJ is prosecuting the case.

Indictments are only allegations. All persons charged are presumed to be innocent unless and until found guilty in court.