

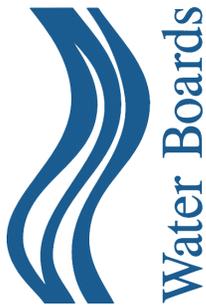


## State Water Resources Control Board

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### FOR IMMEDIATE RELEASE

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### \$1.2 Million Judgment Entered Against E2C Remediation In Underground Storage Tank Cleanup Fund Fraud Case

**SACRAMENTO** – Judgment of \$1.2 million has been entered against E2C Remediation, Inc. (E2C), an environmental engineering and consulting firm headquartered in Bakersfield, to settle allegations of submitting fraudulent reimbursement requests to the Underground Storage Tank Cleanup Fund (Fund) between 2005 and 2008. Specifically, the State Water Board alleged that E2C submitted inflated invoices while performing investigation and remediation consulting services at gas stations related to employee time, equipment costs, water disposal, and markup on affiliated companies. The enforcement action is the first of its kind by the State Water Board. The State Water Board was represented by the California Attorney General's Office.

"This case should serve as a message to other claimants and consultants that the Water Board is actively identifying, investigating, and prosecuting those who commit fraud against the Cleanup Fund," said Reed Sato, Director of the Water Board's Office of Enforcement. "Rooting out those who submit improper claims for reimbursement from the Fund not only protects fee payers who pay into the Fund, but also ensures that money is available for groundwater cleanups at a critical time when Fund balance is low," said Mr. Sato.

Under the terms of the judgment, the Fund will retain just over \$465,000, which was withheld from E2C during the Water Board's investigation, and E2C will pay the Fund \$450,000 through withholdings from future reimbursement requests. In addition, E2C will pay \$50,000 in penalties for engaging in unfair business practices. The settlement suspends an additional \$250,000 in penalties for three years, which will become due if E2C violates specifically enumerated water quality protection laws, or submits any further fraudulent claims to the Fund.

The civil case comes on the heels of a criminal case against the President of E2C, Philip Goalwin, brought by the Attorney General's Office in 2007. In that case, Mr. Goalwin pleaded no contest to one misdemeanor count of submitting fraudulent claims to the state and paid \$9,586.69 in restitution. Mr. Goalwin also received three years of informal probation and was ordered to serve 354 hours of community service.

Though the UST Cleanup Fund laws allow for debarment of a site from further participation in the Fund, the laws do not allow for debarment of a third party such as

E2C. In February 2010, the State Water Board established a Fraud, Waste and Abuse Prevention team, a one year pilot project within the Office of Enforcement, to root out, prosecute, and make recommendations on procedures to prevent the improper use of State Water Board monies.

A copy of the complete judgment, which was entered by the Sacramento County Superior Court, can be found on the State Water Board's website at:

[http://www.waterboards.ca.gov/water\\_issues/programs/ust/enforcement/index.shtml](http://www.waterboards.ca.gov/water_issues/programs/ust/enforcement/index.shtml)