



Enforcement News

Central Valley Environmental Firm To Pay the State \$75,000 to Settle Allegations of Fraud

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SACRAMENTO – The Sacramento County Superior Court has entered an order against E2C Remediation, Inc. (E2C) in which E2C agrees to pay the State of California \$75,000 in penalties as settlement of alleged violations of a February 26, 2010 judgment. The 2010 judgment prohibited E2C from submitting fraudulent invoices to the State Water Board's Underground Storage Tank Cleanup Fund (Cleanup Fund).

E2C is an environmental engineering and consulting firm with offices in Bakersfield and Roseville. The firm, which is owned by husband and wife Philip Goalwin and Debbie Carrasco Goalwin, provides environmental cleanup and consulting services to more than 50 gas stations throughout central California.

"E2C is paying the \$75,000 penalty out of its own pocket," said Cris Carrigan, Director of the State Water Board's Office of Enforcement. "The Cleanup Fund is not allowing E2C to pay the penalty by adjusting monies owed. The State Water Board will continue to take enforcement action against all consultants doing business with the Cleanup Fund who submit fraudulent information."

The requirement for E2C to pay directly is a departure from how E2C was allowed to pay penalties in the February 26, 2010 judgment; when penalties were allowed to be off-set or deducted from existing, unpaid eligible invoices submitted for other work on the same cleanup projects.

On August 21, 2012, the California Attorney General's Office, on behalf of the State Water Board, filed a motion to enforce the 2010 judgment. The motion alleged that, after the 2010 judgment was entered, E2C continued to submit false or misleading invoices to the Cleanup Fund.

The motion alleged that invoices in question included attempts by E2C to receive double payment for a \$1,167 utility invoice from Southern California Edison for a Tulare gas station and a \$6,168 invoice for well installation at a Chico gas station. In addition, the motion alleged that E2C billed the Cleanup Fund for at least \$7,620 for operating a treatment system for fifty-six days without approval at a Reedley gas station.

The Cleanup Fund, which is financed by a two-cent per-gallon gasoline storage fee, is used to



reimburse up to \$1.5 million per site for cleanup of petroleum releases at underground storage tank facilities. As of Fiscal Year 2011-2012, there are approximately 3,700 active claims to the Cleanup Fund for reimbursement. The Cleanup Fund has reimbursed \$2.9 billion for eligible costs since 1992; including approximately \$255 million in FY 2010-2011. Approximately 6,500 Cleanup Fund sites have been cleaned up and closed since the program's inception in 1989.

The February 26, 2010, civil judgment for \$1.2 million came on the heels of a 2007 criminal case. In the criminal case, brought by the Attorney General's Office, Philip Goalwin pled no contest to one misdemeanor count of submitting fraudulent claims to the state. He paid \$9,586 in restitution, received three years of probation, and was ordered to serve 354 hours of community service.

This is the latest enforcement action based on audits and investigations by the State Water Board's Fraud, Waste, and Abuse Prevention Unit. The Unit was formed in 2010 after the \$1.2 million judgment was entered against E2C.

A copy of the order is on the State Water Board's website at:
http://www.waterboards.ca.gov/water_issues/programs/enforcement/orders_actions.shtml

A copy of the 2010 judgment entered by the Sacramento County Superior Court is at:
http://www.waterboards.ca.gov/water_issues/programs/enforcement/docs/e2c_judgment2.pdf

A fact sheet on the State Water Board's efforts to prevent, investigate, and prosecute cases of fraud against the Cleanup Fund is on the State Water Board's website at:
http://www.waterboards.ca.gov/publications_forms/publications/factsheets/docs/fraud_efforts_factsheet.pdf

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