



Media Release

Chevron, State Water Board Reach \$1.66 Million Settlement on Underground Storage Tank Allegations

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The State Water Resources Control Board (State Water Board) has entered into a \$1.66 million settlement agreement with Chevron Corporation to resolve Chevron's alleged violation of regulations that prohibit companies from double billing for underground storage tank (USTs) cleanup costs.

The settlement follows a series of legal actions begun when a third party filed a complaint alleging that Chevron defrauded the State Water Board's UST cleanup fund by seeking reimbursement from the fund for leaking UST remediation work, after already being reimbursed for cleanup costs at the same sites through other means.

The State Water Board, working with the State Attorney General's Office, reviewed company records, invoices and other documents, and determined that false or misleading statements appeared to have occurred involving claims Chevron made to the UST cleanup fund.

"The State Water Board protects public health, safety, and welfare through its administration of the UST Fund," said Cris Carrigan, Chief of the State Water Board's Office of Enforcement. "It is imperative that claimants not engage in bad faith or fraud in accessing these vitally important public-benefit funds by submitting false or misleading statements."

Background on Allegations

On April 6, 2010, a third party filed a complaint in Sacramento Superior Court against Chevron that asserted a cause of action for fraud under the California False Claims Act. The complaint asserted that when Chevron submitted applications to the State Water Board's Division of Financial Assistance for reimbursements for expenses associated with the cleanup of petroleum from leaking USTs at sites in California, Chevron failed to disclose that it had also received proceeds from a series of insurances claims, litigation, and settlements relating to the same USTs.



The complaint asserted that Chevron's failure to accurately report to the State Water Board the sources of other payments constitutes a violation of the California False Claims Act. The complaint sought treble damages, penalties, attorneys' fees, and costs against Chevron.

After the third party complaint was filed, the Attorney General's office investigated the complaint to determine whether to intervene in the lawsuit and sought guidance from the State Water Board. The State Water Board's Office of Chief Counsel and Division of Financial Assistance investigated Chevron's UST records, analyzed the applicable law, and provided an evaluation to the Attorney General's Office.

The UST Fund was created by the Barry Keene Underground Storage Tank Cleanup Fund Trust Act of 1989 and is administered by the State Water Board. The Act establishes a general program governing the cleanup of leaking petroleum USTs and a special fund to reimburse owners and operators (claimants) of leaking tanks for cleanup costs. Claimants are prohibited from receiving UST Fund reimbursement for cleanup costs that have been or will be reimbursed from another source. Such duplicative compensation is commonly referred to as the prohibition against double payments.

When the Attorney General's office and Chevron commenced settlement discussions, the State Water Board joined, adding its claim for receipt of double payments. The parties thus entered into global settlement discussions to address resolution of the complaint and the State Water Board's independent administrative and civil remedies.

Under the terms of the settlement agreement, Chevron will pay \$592,670 to the State Water Board and \$416,130 to the Attorney General's office. In addition, Chevron will pay \$252,200 to the third party plaintiff as its share of the award under the False Claims Act and \$400,000 for attorney fees and costs.

A copy of the settlement agreement, approved by the Sacramento County Superior Court on August 5, 2014, can be found on the State Water Board website [here](#).