



# Enforcement News

## **Consultant, subcontractor fined for submitting inflated invoices to state's Underground Tank Cleanup Fund**

***Criminal activity alleged at multiple Southern, Central California sites***

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**SACRAMENTO** – A Tustin-based environmental consulting firm and subcontractor accused of submitting inflated invoices to the [Underground Storage Tank Cleanup Fund](#) has agreed to pay \$650,000 to the State Water Resources Control Board to resolve criminal charges and an [administrative civil liability complaint](#).

A State Water Board investigation into the billing practices of The Reynolds Group Inc., a consulting firm, and its subcontractor Mobi Dos Inc. led to suspicions of illegal criminal activity at multiple Southern and Central California locations, prompting the board's fraud prevention staff to engage the Department of Justice and Department of Toxic Substances Control's criminal investigations units.

The inquiry uncovered schemes of affiliated subcontractor markup, inflated subcontractor costs, concealed finance charges and inflated hours, along with evidence that The Reynolds Group fraudulently sought reimbursement of ineligible costs by misrepresenting the property where the costs were accrued.

"These are serious violations that take money away from legitimate petroleum cleanup projects," said Yvonne West, director of the board's enforcement unit. "This settlement imposes the appropriate remedies to deter contractors from taking advantage of state funds."

In addition to the \$50,000 the Reynolds Group paid to the state's tank cleanup fund to resolve the criminal proceeding last July, the company will deposit another \$250,000 in the fund, with an additional \$300,000 permanently suspended if the company spends that amount and completes the supplemental environmental project for vapor intrusion mitigation at a low-income residential duplex property in South Los Angeles.

The Juan Piche Residence Tetrachloroethylene Mitigation Project involves the installation and ongoing operation of a soil vapor extraction system to prevent toxic chemicals from migrating through the floor and into homes, reducing the health risk to occupants and nearby residences.



The consultant, who pleaded guilty to one criminal misdemeanor count, also agreed in the April 20 settlement to pay the Department of Toxic Substances Control \$18,000 for environmental project oversight costs and \$10,229 for enforcement costs incurred in the collection of electronic evidence during the investigation.

Mobi Dos pleaded guilty to one criminal felony county for submitting a false statement, material misrepresentation or false certification to the cleanup fund and was sentenced to two years of probation. To resolve the administrative civil liability complaint, the subcontractor will deposit \$50,000 in the underground tank cleanup fund.

Additionally, Mobi Dos is disqualified from participating in any of the board's financial assistance programs.

Since launching an enforcement initiative in 2011 to deter, investigate and prosecute fraud against the cleanup fund, which was made permanent in 2013, the board's [Fraud, Waste and Abuse Prevention Unit](#) has disqualified 12 businesses and 18 individuals from participating in the program in addition to administering penalties and initiating civil and criminal prosecutions.

In 2021, the Legislature expanded the board's authority to investigate and prosecute fraud related to all its financial assistance programs - either criminally or civilly - with assistance from the Attorney General's Office and other agencies.

For more information on the board's efforts to prevent, investigate and prosecute cases of fraud, waste and/or abuse, see the [fraud prevention fact sheet](#). An online [list of businesses and individuals](#) barred from working for the State of California also can be found on the website.

*The State Water Board's mission is to preserve, enhance and restore the quality of California's water resources and drinking water for the protection of the environment, public health and all beneficial uses, and to ensure proper allocation and efficient use for present and future generations.*