



Monthly

# Bulletin

## Environmental Crimes Section

January 2017

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Send your federal case updates to:



Caribbean Princess



Star Princess



Grand Princess



Coral Princess



Golden Princess

*“The pollution in this case was the result of more than just bad actors on one ship,” said Assistant Attorney General Cruden. “It reflects very poorly on Princess’s culture and management. This is a company that knew better and should have done better. Hopefully the outcome of this case has the potential not just to chart a new course for this company, but for other companies as well.” [From [press release](#) of plea taken in this case.]*

District/Circuit	Case Name	Case Type/Statutes
District of Colorado	<a href="#"><u>United States v. Willmax Capital Management, Inc.</u></a>	Building Renovation/CAA, Endangerment
District of Connecticut	<a href="#"><u>United States v. Guido A. Cortes-Rodriguez</u></a>	Training Certification/False Statement
Southern District of Florida	<a href="#"><u>United States v. Princess Cruise Lines, Ltd.</u></a>	Vessel/Multi-District, APPS, Conspiracy, Obstruction
Northern District of Illinois	<a href="#"><u>United States v. Brian Brundage</u></a>	Electronic Waste/Mail Fraud, Tax Evasion, Wire Fraud
Southern District of Indiana	<a href="#"><u>United States v. Chad Ducey</u></a>	RINs Fraud/Conspiracy, False Claims, False Statement, Money Laundering, Securities Fraud, Wire Fraud
District of Massachusetts	<a href="#"><u>United States v. Richard Warburton</u></a>	Hawk Killing/MBTA
Eastern District of North Carolina	<a href="#"><u>United States v. Joseph Howard Williams</u></a> <a href="#"><u>United States v. Oceanic Illsabe, Ltd.</u></a>	Striped Bass Harvesting/Lacey Act Vessel/APPS, Conspiracy, False Statement, Obstruction, Witness Tampering

# Indictments

## **United States v. Brian Brundage, No. 1:16-CR-00812 (N.D. Ill.), AUSA Sean Franzblau and SAUSA Crissy Pellegrin.**

On December 19, 2016, the owner of two recycling businesses was arrested for allegedly operating a multi-million dollar fraud scheme involving the illegal landfilling or re-selling of potentially hazardous electronic waste. Brian Brundage, the former owner of Intercon Solutions Inc., and the current owner of EnviroGreen Processing LLC, are charged in an 11-count indictment with mail fraud, wire fraud, and tax evasion charges (18 U.S.C. §§ 1341, 1343; 26 U.S.C. § 7201).

According to the indictment, several private companies and governmental entities hired Chicago Heights-based Intercon and Gary, Indiana-based EnviroGreen for the disassembly, recycling, or destruction of e-waste and other materials. The customer agreements stipulated that Intercon and EnviroGreen would handle all materials in an environmentally-sound manner, without landfilling or exporting, and without reselling the materials in whole form.

For more than a decade (unbeknownst to their customers) Intercon and EnviroGreen knowingly sold the e-waste and other materials, including potentially hazardous glass and batteries, to vendors whom Brundage allegedly knew would ship the materials overseas. Some of the materials contained Cathode Ray Tubes, with potentially hazardous amounts of lead. The indictment further alleges that Brundage caused multiple tons of CRT glass and other potentially hazardous materials to be destroyed in environmentally-unsafe ways and later landfilled.

In 2011, Intercon was accused of shipping potentially hazardous materials to Hong Kong. In response, Brundage began a fraudulent effort to publicly deny and conceal Intercon's involvement in the shipment. Brundage allegedly destroyed business records related to the shipment and made efforts to conceal other overseas shipments of large quantities of e-waste. The scheme continued for another five years.

The tax charges relate to Brundage's efforts to evade paying thousands of dollars in income taxes the scheme. According to the indictment, Brundage often caused Intercon to pay his own personal expenses, including wages for his nanny and payments to a casino while later deducting the expenditures as business expenses on Intercon's corporate tax returns.

The indictment seeks forfeiture of \$10 million in cash.

This case was investigated by the U.S. EPA Criminal Investigation Division, the IRS Criminal Investigation Division, ICE Homeland Security Investigations, and the GSA Inspector General's Office.

## Guilty Pleas

***United States v. Guido A. Cortes-Rodriguez, No. 3:16-CR-00234 (D. Conn.), AUSA Anastasia E. King and SAUSA Peter Kenyon.***

On December 21, 2016, Guido A. Cortes-Rodriguez pleaded guilty to making false statements (18 U.S.C. § 1001(a)(3)) for fabricating lead paint and asbestos abatement training certifications.

Between 2013 and February 2016, Cortes was a training instructor at the North Star Center for Human Development, an organization that offered a variety of training courses and certification to individuals working with lead paint and asbestos. Cortes was the training manager and a primary instructor for those courses.

On December 16, 2015, Cortes sent notice to the Connecticut Department of Public Health about a few asbestos and lead abatement courses that were being offered at the end of the month and in early January 2016. He was identified as the training manager and primary course instructor for both courses. An undercover FBI agent attempted to attend the lead abatement course, skipping the first three days. Upon arrival, the agent learned that no course was being conducted at North Star that day, and in fact, no classes had been conducted for weeks.

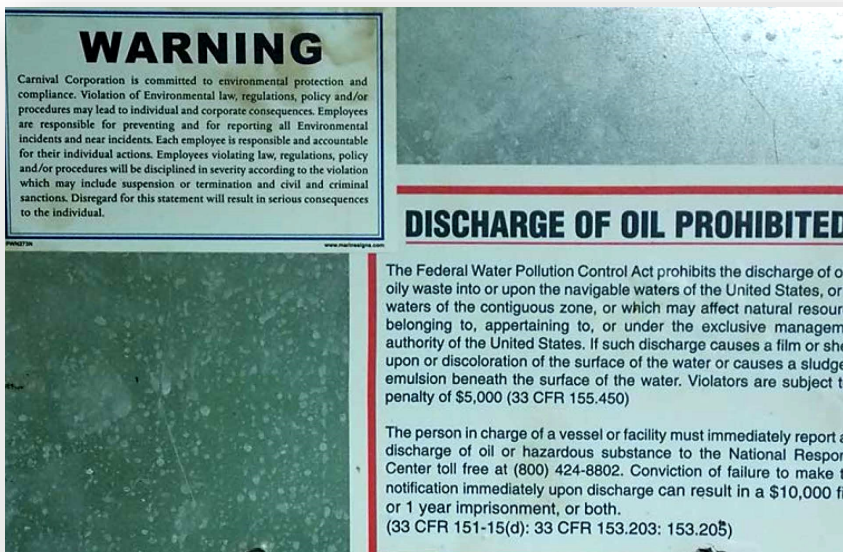
After contacting Cortes and indicating that he was interested in trying to get work as soon as possible, Cortes provided the agent with a list of items he would need to obtain a certificate, including his Social Security number, passport-type photos, and \$1,260. Cortes issued the agent three falsified certificates, covering asbestos and lead abatement courses, as well as an OSHA safety course. Subsequent investigation determined that Cortes produced fraudulent training certificates on multiple occasions. He is scheduled to be sentenced on April 18, 2017.

This case was investigated by the U.S. EPA Criminal Investigation Division and Office of Inspector General, the Federal Bureau of Investigation, and Homeland Security Investigations.

# Guilty Pleas

**United States v. Princess Cruise Lines, Ltd., 1:16-CR-20897 (S.D. Fla.), ECS Senior Litigation Counsel Richard Udell, AUSA Tom Watts-FitzGerald and ECS Paralegal Christopher Kopf.**

On December 20, 2016, Princess Cruise Lines, Ltd. pleaded guilty to conspiracy, obstruction, and APPS violations related to deliberate vessel pollution and intentional falsification of ship logs in multiple districts (18 U.S.C. §§ 371, 1505; 33 U.S.C. §1908(a)). At sentencing, scheduled for April 19, 2017, Princess will be paying a record \$40 million, the largest-ever criminal penalty involving deliberate vessel pollution.



*Pollution prevention placards mounted on the Static Oily Water Separator*

Princess is an operating line of Carnival Corporation, the largest cruise line company in the world. The investigation was initiated as the result of a request for assistance by the UK's Maritime and Coastguard Agency, after an engineer reported a discharge of approximately 4,000 gallons of oil-contaminated waste off the coast of England in August 2013 from the *Caribbean Princess*. That ship, which also visited U.S. ports, had been illegally discharging oily waste since 2005 through a "magic pipe." While some discharges occurred outside of U.S. waters, the engineers concealed the pollution by falsifying the ship's oil record book.

The investigation also determined that the *Caribbean Princess* and four other sister ships had been engaged in other types of illegal discharges. The plea agreement includes a waiver of further prosecution for criminal violations known to the government that covers 25 districts. Under the agreement, Carnival has agreed that all of its operating lines and all ships trading in the United States will be subject to the special conditions of probation, including the implementation of an environmental compliance plan. The ECP requires ship audits by an outside auditor and review by a court-appointed monitor, as well as various fleet-wide remedial measures. Ten million of the total penalty has been designated for organizational community service, which includes \$1 million for projects benefiting the maritime environment of England.

This case was investigated by the United States Coast Guard.

## Guilty Pleas

### ***United States v. WillMax Capital Management, Inc., No. 16-CR-00355 (D. Colo.), AUSA Thomas O'Rourke and SAUSA Linda Kato.***

On December 14, 2016, WillMax Capital Management, Inc., pleaded guilty to violating the Clean Air Act for releasing asbestos into the air during a renovation project (42 U.S.C. § 7413(c)(1)). Specifically, the company knowingly failed, prior to the commencement of the renovation, to thoroughly inspect the part of the facility where the renovation operation was to occur for the presence of asbestos.

In early 2014, the Overlook at Mile High Apartment Complex underwent renovations. WillMax hired A&A Hauling and Concrete to sand asbestos-containing mastic glue off of concrete floors located in the common areas. The complex is comprised of multiple towers, each with approximately 50



*Asbestos –contaminated dust in an apartment that was evacuated*

units. The sanding of the asbestos, which occurred with no required precautions to protect people from exposure to asbestos, resulted in a "major" asbestos spill, exposing more than 100 residents, workers, firefighters, and others to carcinogenic asbestos fibers that were made airborne. Dust from the unpermitted operation resulted in contamination of hallways, stairwells, the interior of some apartments, and tenants' personal property. As a result, over 100 tenants were evacuated and housed in nearby hotels. A&A and Overlook workers were not provided with any form of personal protective equipment and were not informed that the mastic glue contained asbestos, nor were the tenants advised of any asbestos-related work.

John Tom Williams pleaded guilty to a CAA negligent endangerment violation (42 U.S.C. § 7413(c)(4)) for his role in the illegal asbestos removal. Williams was an employee of WillMax and also is a member of the partnership that owns the Overlook.

The plea agreement with the company says it will pay restitution and the cost of a medical monitoring program for individuals who were exposed to asbestos as a result of the CAA violation, as well as the cost of notifying those individuals of the availability of the program. Williams is not obligated to pay for the medical monitoring program.

Sentencing is scheduled for March 22, 2017.

This case was investigated by the U.S. EPA Criminal Investigation Division and the Colorado Attorney General's Office.

## Guilty Pleas

***United States v. Joseph Howard Williams*, No. 2:15-CR-00007 (E.D.N.C.), ECS Trial Attorneys Shennie Patel and Lauren Steele, AUSA Banu Rangarajan, and ECS Paralegal John Jones.**

On December 12, 2016, Joseph Howard Williams pleaded guilty to Lacey Act violations (16 U.S.C. §§ 372(a)(1), 3373(d)(1)) for the illegal harvest and sale of Atlantic Striped Bass from federal waters off the coast of North Carolina in 2010.

In February 2010, a NOAA agent received information that commercial trawlers were illegally fishing for Atlantic Striped Bass in federal waters off the coast of North Carolina. Since 1990, there has been a ban on harvesting Atlantic Striped Bass from the United States' Exclusive Economic Zone

(EEZ), which includes waters located three to 200 miles seaward of the U.S. coastline. Upon receiving the information, NOAA engaged the assistance of the U.S. Coast Guard. A single patrol vessel in the area intercepted one of 17 commercial trawlers in the EEZ, the fishing vessel *Lady Samaira*, boarded the vessel and found 173 Atlantic Striped Bass. The captain later admitted to taking the fish from the EEZ.

Due to other commercial trawlers in the same area, NOAA conducted an analysis of electronic data and written reports from those vessels. Based on the review, NOAA determined that between January 27, 2009, and January 29, 2009, Williams, as the Captain of the fishing vessel *Joann B*, harvested approximately 2,476 pounds of Atlantic Striped Bass from the EEZ, which he later sold to a seafood dealer in Engelhard, North Carolina. Between February 2010, and December 2010, Williams harvested an additional 8,635 pounds of Atlantic Striped Bass from the EEZ, which he later sold to the same dealer in North Carolina. Williams' email traffic during this time corroborated the illegal harvesting activities in the EEZ and the use of code words to conceal the true species of the illegal catch. Williams also made false statements on his federal trip reports to conceal the actual location of the harvest. The estimated fair market retail value of the estimated 11,111 pounds of illegally harvested fish exceeds \$88,000.

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## Sentencings

(Continued from page 7)

Williams is one of thirteen commercial fishermen who were indicted in 2014 and 2015, for selling Atlantic Striped Bass harvested from the EEZ, in violation of a longstanding moratorium on fishing for that species within federal waters.

A sentencing hearing has been scheduled for March 27, 2017.

This case was investigated by NOAA Office of Law Enforcement, with assistance from the U.S. Coast Guard Investigative Service, the North Carolina Marine Patrol, and the Virginia Marine Police.

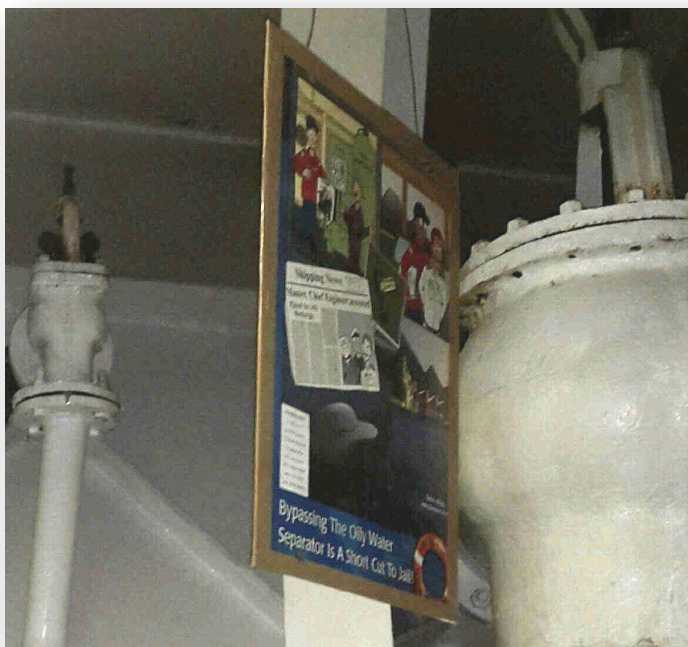
***United States v. Oceanic Illsabe, Ltd.***, No. 7:15-CR-00108 (E.D.N.C.), ECS Senior Trial Attorney Ken Nelson, ECS Trial Attorneys Brendan Selby and Shane Waller, AUSA Banu Rangarajan, and ECS Paralegals Diana Choe and Christopher Kopf.

On December 7, 2016, Chief Engineer Rustico Yabut Ignacio was sentenced to 12 months' incarceration, and Second Engineer Cassius Flores Samson was sentenced to nine months. Both also will complete one-year terms of supervised release.

The defendants were variously convicted by a jury in September 2016 of APPS, conspiracy, obstruction, witness tampering, and false statement charges for the illegal discharge of oily wastes at sea (18 U.S.C. §§ 371, 1001, 1505, 1512(b)(3); 33 U.S.C. § 1908(a)).

Oceanfleet Shipping, Ltd. is a Greek shipping company that operates the cargo carrier *M/V Ocean Hope*. Oceanic Illsabe, Ltd. is the vessel owner. In 2015, Samson bypassed pollution prevention equipment with an unauthorized hose connection, or "magic pipe," to discharge oil sludge directly overboard. Samson also ordered crewmembers on numerous occasions to pump oily mixtures from the vessel's bilges into the sea using the ship's general service pump, rather than processing these mixtures through the proper equipment.

To hide the illegal discharges, Ignacio and Samson maintained a fictitious oil record book that failed to record the disposal, transfer, or overboard discharge of oil from the vessel. The ORB also contained false entries noting that pollution prevention equipment



*"Bypassing the Oily Water Separator is a Short Cut to Jail"*

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# Sentencings

*(Continued from page 8)*

had been used when it had not.

The defendants also ordered subordinate crewmembers to lie to the Coast Guard during an inspection in Wilmington, North Carolina. The crewmembers were instructed to deny knowledge of the pipe used to discharge sludge and to tell the inspectors that the oily water separator had been used, which was false.

This case was investigated by the U.S. Coast Guard.

***United States v. Chad Ducey, No. 1:13-CR-00189 (S.D. Ind.), ECS Assistant Chief Tom Ballantine, USAO Senior Litigation Counsel Steven DeBrotta, SEC SAUSA Jake Schmidt, and former ECS Paralegal Casey Rybak.***

On December 1, 2016, and December 2, 2016, Chad Ducey, Craig Ducey, and Jeffrey Wilson were sentenced. Wilson and Craig Ducey were sentenced to prison terms of 120 months and 74 months, respectively, for their roles in multi-million dollar fraud schemes involving biodiesel tax credits, renewable fuel credits, and shares of Imperial Petroleum Inc. Craig Ducey was sentenced to 84 months. Wilson also must pay \$16 million in restitution.

Brothers Chris, Chad, and Craig Ducey previously pleaded guilty to charges stemming from their involvement in a scheme to defraud biodiesel buyers and U.S. taxpayers by fraudulently selling biodiesel incentives. Wilson was convicted of multiple securities-related charges by a jury in July 2016.

From 2007 through 2012, E-biofuels owned a biodiesel manufacturing plant in Middletown, Indiana. E-biofuels was owned and operated by Brian Carmichael and the Duceys. In late 2009, Joseph Furando, Katirina Pattison, Caravan Trading Company, and CIMA Green began supplying E-biofuels with biodiesel that had already been used to claim tax credits and RINs. Because these incentives had already been claimed, Furando could purchase the biodiesel at low prices, sometimes for more than \$2 per gallon less than biodiesel that was still eligible for the credits. He then illegally re-certified it to sell at a much higher market price.

Furando, his companies, and his Indiana co-defendants realized substantial per-gallon profits through this scheme, sometimes in excess of \$12,000 per truckload. Over the course of approximately two years, the defendants fraudulently sold more than 35 million gallons of fuel for a total cost of over \$145.5 million. The defendants realized more than \$55 million in gross profits, at the expense of their customers and U.S. taxpayers.

Furando, Caravan Trading and CIMA Green pleaded guilty to all charges: conspiracy, wire fraud, false statements, obstruction, engaging in prohibited financial transactions, and money laundering. The Duceys pleaded guilty to conspiracy, false claims against the Internal Revenue Service, wire fraud, and lying to the EPA and the IRS (18 U.S.C. §§ 287, 371, 1001(a)(1), 1343, 1519, 1957; 42 U.S.C. § 7413(c)(2)(A)). In particular, Chad Ducey, an engineer by training, caused a third-party engineer to submit false reports to justify the production at E-biofuels. Those reports claimed that E-biofuels was using the chemical process of trans-esterification to produce biodiesel, when in fact, the company simply re-

*(Continued on page 10)*

# Sentencings

(Continued from page 9)

sold biodiesel that had been made by others and already had been used to claim biodiesel incentives.

In addition, Craig Ducey pleaded guilty to a related \$58.9 million securities fraud, which victimized more than 625 investors and share-holders of Imperial Petroleum, a publicly-traded company and the parent company of E-biofuels. E-biofuels pleaded guilty to similar charges. Carmichael was sentenced to five years' incarceration, to be followed by three years' supervised release and is liable for the restitution. Furando's companies, CIMA Green and Caravan Trading, which are largely defunct, must serve two years' probation to ensure that what assets remain are properly directed toward victims. The court also imposed, but suspended, the fines. E-biofuels also is jointly and severally liable for the restitution; the company, however, is in bankruptcy and its few remaining assets are being distributed to creditors and victims through the bankruptcy process. Wilson (who bought E-Biofuels in 2010) was convicted on securities fraud and false statement violations for his role in the scheme (15 U.S.C. §§ 78j(b), 78ff, 78m(b)(5), 77q(a), 77x; 18 U.S.C. §§ 1001, 1350(c)(1)).

Pattison was sentenced to complete a three-year term of probation, to include 288 hours of community service (8 hours a month). Chris Ducey was previously sentenced to 72 months' incarceration; Furando was sentenced to 20 years; and Carmichael to five years' incarceration. All defendants are held jointly and severally responsible for \$56,136 in restitution.

This case was investigated by the U.S. EPA Criminal Investigation Division, IRS Criminal Investigations, the Federal Bureau of Investigation, and the Securities and Exchange Commission, with assistance from the U.S. Secret Service and the U.S. Department of Agriculture Office of Inspector General.

## ***United States v. Richard Warburton, No. 1:16-CR-10234 (D. Mass.), AUSA Lori Holik.***

On November 30, 2016, Richard Warburton was sentenced after pleading guilty to violating the Migratory Bird Treaty Act (16 U.S.C. §§ 703, 707(a)). Warburton will pay a \$200 fine and \$266 in restitution to Cape Cod Wild Care.

On February 17, 2016, Warburton shot a red tailed hawk that had to be euthanized following the shooting. Warburton also admitted that the shooting was not an isolated incident.

This case was investigated by the U.S. Fish and Wildlife Service Office of Law Enforcement.

## **Announcements**

Please send [REDACTED] any pleadings you believe would be useful for posting in the Brief Bank. Older materials are still available on the [Document Bank Archives](#) page. We have updated the [AUSA contacts](#).

If you are in need of sentencing data for your wildlife or pollution cases, please contact [REDACTED] with your search requests.

The public version of the [ECS Bulletin](#) is available for non-law enforcement readers.

Please notify ECS of any appeals taken in your cases, per [section 5-11.118](#) of the U.S. Attorneys' Manual.

*Environmental Crimes Section Attorneys: (Main # 202-305-0321)*

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