



Enforcement News

OWNERS OF SOUTHERN CALIFORNIA ENVIRONMENTAL CONSULTING FIRM CHARGED WITH FRAUD

State Water Board and State Attorney General Announce Arrests

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SACRAMENTO – Today, the State Attorney General's Office charged Kurt and Julie Hayden, owners of Hayden Environmental Inc. (HEI), a Santa Barbara-based environmental consulting firm, with fraudulently obtaining money from the State Water Resources Control Board's (Water Board) Underground Storage Tank Cleanup Fund (Cleanup Fund).

The arrest and criminal charges of the Haydens came after agents searched the couple's multi-million dollar residence in Santa Barbara and their vacation home at June Lake, California. Agents seized numerous boxes, which contained records implicating the Haydens in the fraud. If convicted, Kurt and Julie Hayden could each face up to five years in state prison.

The criminal complaints allege that the Haydens, and their company, HEI, conspired to commit grand theft, committed grand theft, and presented fraudulent claims for reimbursement of work that was not performed, all of which are felonies under California law.

The Haydens are alleged to have received money from the Cleanup Fund for performing work in Santa Barbara during a time when the couple was known to be in Costa Rica. In addition, the complaints allege that the couple inflated invoices for other work, resulting in the Cleanup Fund overpaying as much as 200 percent on some charges, through overbilling for equipment and payroll.

The Cleanup Fund, which is financed by a two-cent per gallon gasoline tax, is used to reimburse up to \$1.5 million per site for cleanup of petroleum releases at underground storage tank facilities around the state. 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.



“These arrests and criminal filings should serve as a warning to other consultants and claimants that the State Water Board is committed to rooting out fraud against the Cleanup Fund, and will aggressively investigate and prosecute those who commit fraud to the maximum extent of the law,” said Cris Carrigan, Director of the State Water Board’s Office of Enforcement.

Carrigan said the Water Board’s Office of Enforcement also plans to file civil charges against the Haydens and HEI seeking restitution, fines and penalties with the objective of reimbursing the Cleanup Fund.

This prosecution is the latest enforcement action initiated by the Water Board based on audits and investigations by the Water Board’s Fraud, Waste, and Abuse Prevention Unit. The Unit was formed as a pilot project in February 2010, around the time that a \$1.2 million judgment was entered against E2C Remediation, Inc., an environmental engineering and consulting firm based in Bakersfield, to settle allegations of submitting fraudulent reimbursement claims to the Cleanup Fund.

A copy of the complaints against the Haydens and HEI, which were filed in Santa Barbara Superior Court, will be available by tomorrow on the State Water Board’s website at: http://www.waterboards.ca.gov/water_issues/programs/enforcement/orders_actions.shtml

A fact sheet on this effort can be found at: http://www.waterboards.ca.gov/publications_forms/publications/factsheets/docs/fraud_efforts_factsheet.pdf