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[EXEMPT FROM FILING FEES-
GOV. CODE SECTION 6103]

F Superior Court of California **F**
I County of Butte **I**
L MAY 30 2014 **L**
E Kimberly Flener, Clerk **E**
By P. PAYNE Deputy **D**

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF BUTTE

**STATE WATER RESOURCES CONTROL
BOARD,**

Plaintiff,

v.

**HANOVER ENVIRONMENTAL
SERVICES, INC.; WILLIAM BONO, AN
INDIVIDUAL; CARRIE BONO, AN
INDIVIDUAL; AND DOES 1 THROUGH 100
INCLUSIVE.**

Defendants

Case No.

162282

**COMPLAINT FOR DAMAGES AND
INJUNCTION**

- 1. Intentional Misrepresentation
- 2. Negligent Misrepresentation
- 3. Practicing Geology without a License
- 4. Responsible Corporate Officer Liability
- 5. Injunction

CASE OVERVIEW

1. Defendant, Hanover Environmental Services, Inc. (Hanover) is a firm that represents itself as a specialist in the investigation and cleanup and abatement of discharges of hazardous substances. Hanover addresses soil and groundwater contamination on behalf of claimants who seek reimbursement for corrective actions from the Barry Keene Underground Storage Tank

1 Cleanup Trust Fund (Cleanup Fund), which is administered by the State Water Resources Control
2 Board (State Water Board).

3 2. To obtain reimbursements from the Cleanup Fund, the State Water Board requires
4 corrective actions to be undertaken by firms that are properly licensed and maintain necessary
5 licenses for legal operations under the laws of the State of California and that charges for all
6 corrective actions be "reasonable and necessary" as required under the law applicable to the
7 Cleanup Fund.

8 3. Seeking reimbursement on behalf of dozens of claimants, Hanover and its principals,
9 William Bono and Carrie Bono, (referred to herein collectively as Defendants) have represented
10 that the expenditure of millions of dollars for environmental services, equipment, laboratory fees,
11 administrative fees and other miscellaneous charges were "reasonable and necessary" to address
12 soil and groundwater contamination caused by leaking underground storage tanks throughout the
13 state. Moreover, by seeking reimbursement from the Cleanup Fund, Defendants represented that
14 Hanover was properly licensed and maintained necessary licenses under the laws of the State of
15 California and that all corrective actions were directed and supervised by a licensed professional.

16 4. Based on a recent audit and follow-up, the State Water Board has learned that a
17 substantial portion of the work done by Defendants on behalf of Cleanup Fund claimants was not
18 reasonable and necessary. The audit revealed that Defendants submitted invoices and received
19 reimbursements for work based on fraudulent testing and falsified documentation. In addition,
20 Defendants invoiced the Cleanup Fund and received reimbursements for substandard work,
21 unnecessary work, and other overcharges. Furthermore, the State Water Board learned that
22 Defendants are not and have never been properly licensed under the laws of the State of
23 California to receive reimbursement from the Cleanup Fund.

24 5. The State Water Board seeks recovery of damages in the amount Hanover caused to
25 be paid out of the Cleanup Fund for environmental services that were not reasonable and
26 necessary and further seeks a permanent injunction, enjoining Hanover from continuing to act as
27 alleged herein and from providing corrective action work and seeking reimbursement from the
28 Cleanup Fund until Hanover is properly licensed under the laws of the State of California.

THE PARTIES AND VENUE

1
2 6. Plaintiff, the State Water Resources Control Board is a state agency created in the
3 California Environmental Protection Agency.

4 7. Defendant Hanover, doing business as Hanover Environmental Services, Inc., is a
5 California corporation registered with the California Secretary of State and is located in the City
6 of Chico, California. On information and belief, Hanover is wholly owned by Defendants
7 William Bono and Carrie Bono. Defendant Carrie Bono is Hanover's Chief Executive Officer,
8 Secretary and Chief Financial Officer. Defendant William Bono and defendant Carrie Bono are
9 the only directors for Hanover

10 8. Defendant Carrie Bono is an individual who resides in the State of California.

11 9. Defendant William Bono is an individual who resides in the State of California.

12 10. The true names and capacities, whether corporate, individual, associate, or otherwise,
13 of Defendants Does 1 through 100, inclusive, are unknown to Plaintiff, who therefore sues those
14 Defendants by such fictitious names. Plaintiff will ask leave of court to amend this complaint to
15 show their true names and capacities when the same have been ascertained. Plaintiff is informed
16 and believes that each of the Defendants named herein as a Doe is responsible in some manner for
17 the events, occurrences, and circumstances that form the basis of this lawsuit, and is thereby
18 liable for the damages, costs, and other relief sought herein. Plaintiff is informed and believes that
19 each of these fictitiously named Defendants Does 1 through 100, inclusive, were agents, servants,
20 and/or employees of their co-Defendants, and in doing the things alleged in this complaint were
21 acting in the scope of their authority as such agents, servants, and/or employees, and with the
22 permission and consent of their co-Defendants.

23 11. Defendants Hanover, Carrie Bono, William Bono and Does, 1 through 100 are
24 collectively referred to herein as the Defendants.

25 12. Venue is appropriate because Butte County is where Defendant Hanover's principal
26 place of business is located, and it is also the County in which several underground storage tank
27 sites for which Defendants submitted invoices to claimants are located.

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BACKGROUND

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2 13. The Barry Keene Underground Storage Tank Cleanup Trust Fund Act of 1989 (Act)
3 was enacted to “help ensure an efficient petroleum underground storage tank cleanup program
4 that adequately protects public health and safety and the environment and provides for the rapid
5 distribution of cleanup funds.” (Health & Saf. Code, § 25299.10 subd. (b)(1).) The Act
6 established the Cleanup Fund, created by the Legislature within the state treasury. (Health & Saf.
7 Code § 25299.50.)

8 14. Contamination from leaking underground storage tanks containing petroleum poses
9 long-term threats to public health and safety and the environment. The Legislature determined
10 that it is in the best interest of the public to create the Cleanup Fund to provide underground
11 storage tank owners with limited resources the financial assistance necessary to facilitate timely
12 compliance with the laws governing underground storage tanks and to ensure adequate protection
13 of groundwater.

14 15. Owners of underground storage tanks containing petroleum pay money to the
15 Cleanup Fund each year. (Health & Saf. Code, §§ 25299.41, 25299.43.) The current fee is 1.4
16 cents per gallon of petroleum stored. (*Id.*) Owners who pay into the Cleanup Fund and comply
17 with its requirements may make claims for reimbursement from the Cleanup Fund for the costs of
18 corrective action associated with cleaning up releases of petroleum from leaking underground
19 storage tanks. “Claim” under the terms of the Act, means “a submittal to the fund for
20 reimbursement of costs incurred due to an occurrence. A claim consists of several documents,
21 including, but not limited to the fund application reimbursement requests, and verification
22 documents.” (Health & Saf. Code, § 25299.13; see also Cal. Code Regs., tit. 23, § 2814, subd.
23 (d).) Underground storage tank owners or operators who make claims on the Cleanup Fund are
24 called “claimants”. (Cal. Code Regs., tit. 23, § 2804.)

25 16. “Corrective action” within the Act, means various specified activities associated with
26 identifying cleanup needs and cleaning up releases of petroleum and petroleum products from an
27 underground storage tank. (Health & Saf. Code § 25299.14.) The State Water Board may
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1 expend the money in the Cleanup Fund to reimburse claims for “reasonable and necessary” costs
2 of corrective action up to \$1.5 million per occurrence. (See, e.g. Health & Saf. Code § 25299.51.)

3 17. Pursuant to Health and Safety Code section 25299.57 subdivision (h), the State Water
4 Board has published Cost Guidelines, dated October 1, 2001, to provide “a summary of expected
5 costs for common remedial actions” and to “help claimants, identify reimbursable goods and
6 services.” (Cost Guidelines, p. 6.) On September 21, 2006, the State Water Board published the
7 “2006 Revised Personnel Labor Rates” to update the Cost Guidelines and provide further
8 guidance regarding labor costs. The Cost Guidelines establish prima facie limitations for
9 “reasonable and necessary” goods and services.

10 18. To be eligible for reimbursement from the Cleanup Fund for corrective actions, the
11 State Water Board requires firms providing services to claimants, to be properly licensed and
12 maintain necessary licenses for legal operations under the laws of the State of California. Firms
13 that provide primarily geological services must have a professional geologist as a partner or
14 officer of the firm. (Bus. & Prof. Code, § 7833.) A licensed professional must be in responsible
15 charge of all corrective action activities and must direct the design and implementation of any
16 corrective action. (Bus. & Prof. Code §§ 7805, 7835.)

17 GENERAL ALLEGATIONS

18 19. As a firm that addresses soil and groundwater contamination on behalf of claimants
19 who seek reimbursement for corrective actions from the Cleanup Fund, Hanover, and its officers,
20 directors and employees, were aware of the laws, regulations, and guidelines published by the
21 Cleanup Fund and knew or should have known what corrective actions taken on behalf of those
22 claimants were reasonable and necessary under those laws, regulations and guidelines.

23 20. In providing investigation, monitoring and remediation of soil and groundwater
24 contamination for claimants, Defendants knew that claimants must verify under penalty of perjury
25 that the amount of money for which they seek reimbursement is true and correct and represented
26 charges only for reasonable and necessary corrective actions. Defendants knew that the State
27 Water Board would rely on those representations and the representations Defendants made in the
28 invoices they submitted to claimants to request reimbursements from the Cleanup Fund.

1 21. Defendants submitted invoices to numerous claimants for: services provided by
2 Hanover; services provided by third-party contractors; material used in the course of services
3 provided; and, miscellaneous expenses including mileage, lodging and meal costs and equipment
4 rental costs. Defendants knew at the time they provided these invoices that they would be
5 submitted by claimants to the Cleanup Fund for reimbursement, and that the claimants in turn
6 would represent that the services were reasonable and necessary corrective action charges and
7 that all charges were reasonable, appropriate and actually incurred. Indeed, Hanover received
8 over \$19.2 million from the Cleanup Fund since 1997 for these submissions.

9 22. In providing investigation, monitoring and remediation of soil and groundwater
10 contamination for claimants, Defendants knew that proper execution of field work and true and
11 correct reports were necessary to the proper remediation of soil and groundwater contamination
12 and Defendants knew claimants and the State Water Board would rely on Defendants'
13 investigation, monitoring and remediation work to ensure that proper actions were taken to
14 adequately protect public health and safety and the environment.

15 23. The State Water Board's Fraud Waste and Abuse Prevention Unit began investigating
16 Hanover in June 2011 after being informed of concerns of a staff member from the California
17 Regional Water Quality Control Board, Central Valley Region. This staff member became
18 concerned when he called Hanover's office to speak to Joseph Goodwin, the licensed geologist of
19 record for Hanover's work, and was told that Mr. Goodwin had not worked at Hanover for
20 several months.

21 24. Staff with the Fraud Waste and Abuse Prevention Unit first accessed the Cleanup
22 Fund files to review Hanover's invoices to the Cleanup Fund on June 21, 2011. On January 24,
23 2012 the Fraud Waste and Abuse Prevention Unit issued administrative subpoenas to Hanover
24 and Mr. Goodwin. Subsequently, the Fraud Waste and Abuse Prevention Unit has been auditing
25 the documentation, investigating Hanover's corrective actions at various sites, interviewing
26 witnesses and investigating the professional licenses of Hanover's officers. As a result, the State
27 Water Board has discovered numerous instances of misrepresentation as alleged herein and has
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1 discovered that although Hanover provides primarily geological services, none of Hanover's
2 officers hold a professional license in geology as required by California law.

3 **a. Practicing Geology Without a License**

4 25. To be eligible for reimbursement from the Cleanup Fund, firms that provide primarily
5 geological services must have at least one officer as a California licensed geologist. (Bus. & Prof.
6 Code § 7833.) Defendants primarily provide geologic services and knew or should have known
7 of this requirement. The State Water Board is informed and believes that neither of Hanover's
8 officers, William Bono nor Carrie Bono, hold a California professional geologist's license. In
9 addition, eligibility for reimbursement from the Cleanup Fund requires a licensed professional be
10 in responsible charge of all corrective action activities and must direct the design and
11 implementation of any corrective action. Responsible charge of work means the independent
12 control and direction by the use of initiative, skill and independent judgment of geological or
13 geophysical work or the supervision of such work. (Bus. & Prof. Code § 7805.) The State Water
14 Board is informed and believes that William Bono, an unlicensed individual, is Hanover's officer
15 in charge of overseeing and supervising Hanover's corrective action activities and that
16 Defendants hire licensed individuals as employees or independent contractors to sign reports and
17 work plans. Each time Defendants invoiced the Cleanup Fund they knew that claimants and the
18 State Water Board relied upon their representation that Defendants' corrective action activities
19 were designed, directed and implemented by a licensed professional when in fact William Bono,
20 an unlicensed individual directed and supervised Defendants' corrective action activities.
21 Without the proper California license, Defendants are ineligible for reimbursement from the
22 Cleanup Fund.

23 **b. Fraudulent and Substandard Work**

24 26. To obtain reimbursement from the Cleanup Fund for corrective actions, Defendants'
25 work must be reasonable and necessary to investigate, monitor and remediate soil and
26 groundwater contamination caused by petroleum and petroleum products stored in underground
27 storage tanks. Defendants knew or should have known, in providing any services to claimants
28 seeking reimbursement from the Cleanup Fund, how to provide corrective actions that were

1 reasonable and necessary based upon the standards of the environmental remediation industry. In
2 invoicing the Cleanup Fund, Defendants represented that their corrective actions were reasonable
3 and necessary based on the standard in the industry. However, to the contrary, Defendants' work
4 is often substandard, unreasonable and involves fraudulent representations. For example,
5 Defendants obtained final closure for the Vanella Oil Company by representing that all wells had
6 been properly abandoned when in fact several wells had not been abandoned at all and others had
7 been improperly abandoned and therefore needed additional work. After a complaint from the
8 property owner where the substandard work had been done, Defendants were required to abandon
9 the wells properly. It is unreasonable for Defendants to be reimbursed for the work that they had
10 to do to correct their initial substandard work. Another example is work provided on the Frost
11 Oil site. In 2008, Defendants implemented an ineffective remediation strategy without first
12 evaluating alternatives. Defendants struggled for approximately one year with problems and then
13 switched to an alternative strategy that did not work successfully either. In 2010, Defendants then
14 implemented unauthorized modifications to the system which was deemed a public nuisance and
15 shut down by the Butte County Air Quality Management District. The State Water Board is
16 informed and believes that providing substandard work is a pattern and practice for Defendants
17 that is pervasive throughout the sites on which Defendants have worked.

18 27. Defendants provided ozone remediation treatment systems at numerous cleanup sites.
19 Such a system requires careful monitoring for the generation and presence of hexavalent
20 chromium, a toxic substance that can move through the soil and contaminate groundwater causing
21 contamination of drinking water and damage to the health and safety of the public. When
22 hexavalent chromium is detected, the ozone remediation must be stopped and evaluated for
23 safety. If ozone remediation cannot be used safely an alternative remediation technology or
24 strategy is used. To determine the presence of hexavalent chromium, defendants took water
25 samples and had them analyzed by laboratories. On numerous occasions, between February 5,
26 2008 and June 14, 2012, defendants exceeded the maximum allowable 24-hour holding time
27 between sample collection and analysis for hexavalent chromium which can cause erroneous
28 "low" or "non-detect" analytical results when in fact, hexavalent chromium could have been

1 present. Defendants also failed to follow appropriate protocol for collecting, preserving and
2 handling the samples prior to analysis making the results unreliable and invalid at several sites.
3 Reliance on these erroneous test results invalidates the entire remediation treatment system used
4 by defendants at these sites. Defendants knew or should have known that the analytical results
5 for hexavalent chromium were invalid and that these erroneous results invalidated their entire
6 remediation treatment system but Defendants provided the test results to the claimants, the State
7 Water Board and the Cleanup Fund as valid test results. This is unreasonable work and not
8 eligible for reimbursement from the Cleanup Fund. The State Water Board is informed and
9 believes that Defendants' failure to follow the proper protocol for collecting, preserving and
10 handling the hexavalent chromium samples prior to analysis may have occurred at other times
11 and sites.

12 28. In 2010 and 2011, Defendants exhibited a pattern and practice of providing to
13 claimants, the State Water Board and the Cleanup Fund field notes and chain of custody
14 documentation that was incomplete, misleading, inconsistent, falsified, or forged, vitiating the
15 integrity of analytical results and field work claimed by Defendants and resulting in
16 reimbursements from the Cleanup Fund for fraudulent, substandard and unreasonable work.
17 Properly completed field notes and chain of custody documentation is essential for verifying the
18 integrity of samples and work performed. Without such integrity, reports and compliance
19 decisions, based on the compromised data, are similarly compromised. In July of 2010,
20 Defendants submitted forged chain of custody documentation for samples taken for their
21 quarterly monitoring report for the Cascade Texaco site. In March of 2011, Defendants submitted
22 a report to the State Water Board's GeoTracker database that contained chain of custody
23 documentation with false sample times for the Caldwell Mini-Mart site. In June of 2010,
24 Defendants submitted chain of custody documentation that contained false sample times for the
25 Gridley Pit Stop site. These falsified chains of custody invalidate the samples' integrity and the
26 reports based upon the sample results. This work is fraudulent, substandard and unreasonable and
27 not appropriate for reimbursement from the Cleanup Fund. The State Water Board is informed
28 and believes that Defendants had incomplete, misleading, inconsistent, falsified and forged field

1 notes or chain of custody documentation for work at additional sites which will be determine with
2 further investigation.

3 29. Between March 1997 and March 2013, Defendants received reimbursement from the
4 Cleanup Fund for additional investigation and cleanup due to a second occurrence of petroleum
5 contaminants at several sites. An occurrence means an accident, including continuous or repeated
6 exposure to conditions, that results in an unauthorized release of petroleum from an underground
7 storage tank or residential tank. (Health & Saf. Code, § 25299.19; see also Cal. Code Regs., tit.
8 23, § 2804, subd. (d).) A second occurrence is the indication of contamination after a site has
9 been "closed" because it has been determined to not require further investigation and corrective
10 action; such a second occurrence is unusual. In addition, Defendants reported new and
11 unexpected or anomalous detections of contaminants at additional sites which were near closure,
12 but had not yet obtained closure status. The State Water Board is informed and believes that
13 these second occurrences and new and unexpected or anomalous detections of contaminants at
14 additional sites are the result of either substandard work or fraudulent samples being presented to
15 the State Water Board to indicate the need for further or additional cleanup work when in fact no
16 such additional work was necessary. As a result Defendants have received reimbursements for
17 work that was unreasonable and unnecessary at these sites.

18 c. Unnecessary Work

19 30. Between January 14, 2010, and December 29, 2010, Defendants invoiced the Cleanup
20 Fund and received reimbursements for work that was not justified by the environmental benefit it
21 provided and thus was unreasonable and unnecessary and not eligible for reimbursement pursuant
22 to Title 23 of the California Code of Regulations, section 2812.2, subdivision (a). For example,
23 Defendants invoiced the Cleanup Fund for five days of groundwater sampling during the third
24 quarter of 2010 at Boone's Minimart site rather than the one groundwater sample event per
25 quarter that is eligible for reimbursement from the Cleanup Fund. (State Water Board's
26 Resolution No. 2009-0042.) For twenty-two of Defendants' sites, Defendants invoiced the
27 Cleanup Fund for unnecessary and unreasonable work such as excessive system evaluations that
28 provided little or no benefit, monthly sampling rather than quarterly or semi-annual sampling, use

1 of excessive field personnel to install systems, or excessive cleanup and restoration activities.
2 The State Water Board is informed and believes that Defendants' charges for this unnecessary
3 work were pervasive throughout all the sites for which Defendants received reimbursements from
4 the Cleanup Fund.

5 **d. Overcharges**

6 31. The State Water Board's audit revealed numerous instances of overcharging by the
7 Defendants. For example, between April 19, 2010 and May 17, 2011, Defendants invoiced the
8 Cleanup Fund for work performed by Mr. Goodwin using the employee rates of \$105 per hour
9 and \$145 per hour when in fact, Mr. Goodwin was not an employee but an independent
10 contractor. His work should have been billed at his hourly rate of \$55 per hour plus the allowed
11 15% markup for independent contractors as provided for by the Cost Guidelines. Defendants
12 exhibited a pattern and practice of up coding the labor rates for its employees. For example,
13 Defendants charged a staff scientist's rates for uploading data to the GeoTracker database when
14 the skills required are clerical and should have been billed at a much lower rate. Defendants also
15 charged hourly rates that were higher than those allowed in the Cost Guidelines. The State Water
16 Board is informed and believes that this up-coding of labor rates was pervasive throughout the
17 sites on which Defendants provided corrective action.

18 32. Defendants invoiced the Cleanup Fund for small equipment such as meters that
19 analyze pH, temperature and conductivity, water level indicators, pumps, storage drums, photo-
20 ionization detectors and supplies such as Tedlar® bags that either was not necessary, not used,
21 double or triple-billed or was ineligible for reimbursement per the Cleanup Fund's Cost
22 Guidelines. The State Water Board is informed and believes that this pattern and practice was
23 pervasive throughout the sites on which Defendants performed corrective action.

24 33. Defendants padded vehicle charges by invoicing the Cleanup Fund at a daily vehicle
25 rate of \$70 per day rather than using the Cost Guideline rates which are the lesser of \$60 per day
26 or \$0.51 to \$0.565 per mile. The State Water Board is informed and believes that this pattern and
27 practice of padding vehicle charges is pervasive throughout the sites on which Defendants
28 provided corrective action.

1 34. Defendants routinely invoiced the Cleanup Fund for padded labor hours. For
2 example Defendants invoiced for multiple personnel when only one person was necessary to
3 perform the task or only one employee actually did perform the task. In addition, Defendants
4 billed time for tasks greater than those tasks should reasonably take in the relevant environmental
5 community. For example tasks that should take 15 to 60 minutes were routinely billed as 2 hours.
6 The State Water Board is informed and believes that this pattern and practice of invoicing padded
7 labor hours is pervasive throughout the sites on which Defendants provided corrective action.

8 **FIRST CAUSE OF ACTION**

9 (Intentional Misrepresentation Against All Defendants)

10 35. Plaintiff incorporates herein by reference each and every matter, fact, and allegation
11 contained in paragraphs 1 through 34, inclusive, of this complaint and makes the same a part
12 hereof with the same force and effect as though fully set forth herein.

13 36. Each of the Defendants, by engaging in the conduct alleged above, made multiple
14 material misrepresentations of fact to the Cleanup Fund claimants regarding the services,
15 materials and administrative fees they claimed were eligible for payment. When making these
16 misrepresentations of fact, Defendants knew that the claimants would be providing the invoices
17 containing material misrepresentation of fact to the State Water Board for reimbursement from
18 the Cleanup Fund. Defendants intended to deceive the State Water Board in order to obtain
19 payments of money from the Cleanup Fund that they were not entitled to receive through
20 payments of such fund received by Defendants from claimants.

21 37. Defendants knew that the representations were false when they made them, or
22 Defendants made the representations recklessly and without regard for their truth or accuracy.

23 38. Defendants intended for the State Water Board to rely on the representations they
24 made to claimants in providing reimbursement from the Cleanup Fund.

25 39. The State Water Board reasonably relied on the representations Defendants made to
26 the claimants, and which were contained in the claims submitted to the Cleanup Fund. Cleanup
27 Fund staff reasonably believed Defendants would prepare invoices and supporting documents
28 properly, truthfully, and accurately. State Water Board staff further believed Defendants were

1 familiar with Cleanup Fund procedures, laws, and guidance, and the standards applicable in the
2 environmental industry. Therefore, the State Water Board's reliance upon the invoices submitted
3 by Defendants was justifiable and reasonable.

4 40. The State Water Board was harmed by the Defendants' representations, in that it
5 authorized disbursements from the Cleanup Fund for services, materials and administrative fees
6 which were not necessary nor reasonable and consequently, not eligible for payment.

7 41. The State Water Board would not have authorized disbursements from the Cleanup
8 Fund had the State Water Board known that Defendants' representations were false.

9 42. The full extent of the false representations, concealment of true facts, and non-
10 disclosure of facts is not known at the time of filing this complaint.

11 **SECOND CAUSE OF ACTION**

12 (Negligent Misrepresentation Against all Defendants)

13 43. Plaintiff incorporates herein by reference each and every matter, fact, and allegation
14 contained in paragraphs 1 through 34, inclusive, of this complaint and makes the same a part
15 hereof with the same force and effect as though fully set forth herein.

16 44. Each of the Defendants, by engaging in the conduct alleged, made multiple material
17 misrepresentations of fact to the Cleanup Fund claimants, and by extension, to the State Water
18 Board, regarding materials, services, and work they claimed were eligible for Cleanup Fund
19 payment in order to obtain payments of money from the Cleanup Fund that they were not entitled
20 to receive.

21 45. To the extent that Defendants honestly believed that the representations were true,
22 they had no reasonable ground for believing the representations to be true when they made them.

23 46. Defendants intended for the State Water Board to rely on their representations. The
24 Defendants knew Cleanup Fund laws, procedures, and guidance, and thus lacked a reasonable
25 ground for belief in the truth of the representations they made in the invoices submitted to
26 claimants for submission to the Cleanup Fund. The full extent of the false representations is not
27 known at the time of filing this complaint.

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1 **FOURTH CAUSE OF ACTION**

2 (Responsible Corporate Officer Liability)

3 53. Plaintiff incorporates herein by reference each and every matter, fact, and allegation
4 contained in paragraphs 1 through 34, inclusive, of this complaint and makes the same a part
5 hereof with the same force and effect as though fully set forth herein.

6 54. A key purpose of the Act is to "help ensure an efficient petroleum underground
7 storage tank cleanup program that adequately protects public health and safety and the
8 environment. (Health & Saf. Code, § 25299.10 subd. (b)(1).)

9 55. Hanover represented itself to claimants and the State Water Board as a specialist in
10 the investigation and cleanup and abatement of discharges of hazardous substances, performed
11 corrective actions on behalf of Cleanup Fund claimants and received payment from the Cleanup
12 Fund for those services under the rules and regulations of the Act. As such Hanover and its
13 officers and directors, William Bono and Carrie Bono, were required to perform their corrective
14 action services in a manner that adequately protected public health and safety and the
15 environment. However, as alleged above, much of the work performed by Hanover was
16 fraudulent and substandard and jeopardized the health and safety of the people of the State of
17 California and the environment.

18 56. The State Water Board is informed and believes that William Bono and Carrie Bono
19 are, and were, at all times Hanover performed corrective actions, the only officers and directors of
20 Hanover and are the responsible corporate officers in positions to prevent or correct the violations
21 alleged herein. The State Water Board is informed and believes that William Bono, a director for
22 Hanover, made all relevant decisions regarding corrective actions performed and was in a
23 position to prevent or correct the violations alleged herein and failed to do so. The State Water
24 Board is informed and believes that Carrie Bono was the Chief Executive Officer, Chief Financial
25 Officer and Secretary for Hanover and as such was in a position to prevent or correct the
26 violations alleged herein and failed to do so. William Bono and Carrie Bono are individually,
27 jointly and severally liable for the damages alleged herein.

28

1 **FIFTH CAUSE OF ACTION**

2 (Injunction)

3 57. Plaintiff incorporates herein by reference each and every matter, fact, and allegation
4 contained in paragraphs 1 through 56, inclusive, of this complaint and makes the same a part
5 hereof with the same force and effect as though fully set forth herein.

6 58. Pursuant to Civil Code section 3422, a final injunction may be granted to prevent the
7 breach of an obligation existing in favor of the applicant where (1) pecuniary compensation
8 would not afford adequate relief, (2) it would be extremely difficult to ascertain the amount of
9 compensation which would afford adequate relief, (3) the restraint is necessary to prevent a
10 multiplicity of judicial proceedings, or (4) the obligation arises from a trust.

11 59. Defendants and each of them have a duty to ensure that claims submitted for payment
12 from the Cleanup Fund are truthful, complete, accurate, comply with applicable laws and
13 represent corrective actions that are reasonable and necessary based upon the standards of the
14 environmental remediation industry. Defendants have a duty to repay the Cleanup Fund for any
15 overpayments or payments they were not entitled to receive, with interest.

16 60. The State Water Board is informed and believes, as alleged more fully above, that
17 Defendants have a pattern and practice of submitting inaccurate, misleading, falsified or forged
18 documentation to obtain money from the Cleanup Fund that they are not entitled to receive.

19 61. The State Water Board is informed and believes Defendants will not cease these
20 practices and will not repay these sums unless this Court issues an injunction restraining the
21 conduct alleged herein including but not limited to practicing geological services without a
22 license and orders the Defendants to repay the money owed to the Cleanup Fund.

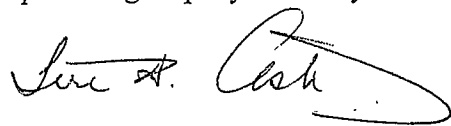
23 62. Unless and until these practices are enjoined and restrained by order of this Court, the
24 State Water Board will suffer great and irreparable injury because cleanup sites may not be
25 properly remediated causing possible pollution and contamination to groundwater and the
26 Cleanup Fund will continue to make overpayments or payments for false and/or substandard
27 correction activities based on the herein alleged practices and intentional or negligent
28 misrepresentations by Defendants.

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Dated: May 29 , 2014

Respectfully Submitted,

KAMALA D. HARRIS
Attorney General of California
TRACY L. WINSOR
Supervising Deputy Attorney General



TERI H. ASHBY
Deputy Attorney General
Attorneys for
Underground Storage Clean-Up Fund

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