



# FRAUD PREVENTION

# FACTSHEET



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REPORT FRAUD

## INTRODUCTION

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The Fraud, Waste and Abuse (Fraud) Prevention Unit is part of the State Water Resources Control Board's (State Water Board's) Office of Enforcement, which specializes in investigating and developing cases where state funds are being misused or where false information is being provided for monetary gain.

The goal of the Fraud Prevention Unit is to deter funding recipients and their consultants and contractors from submitting false or misrepresented information to the Underground Storage Tank (UST) Cleanup Fund and other State Water Board's financial assistance programs.

## VISION

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Our vision is to continue growing an anti-fraud culture within all State Water Board programs to ensure that state funds are used for the benefit of all Californians.

## BACKGROUND

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The UST Cleanup Fund, created in 1989, and administered by the State Water Board, reimburses eligible reasonable and necessary costs for corrective action of petroleum fuel releases from eligible USTs. Effective Sept. 25, 2014, the Health and Safety Code was amended to authorize additional safeguards to combat fraud against the UST Cleanup Fund. For more on this, visit [Underground Storage Tank Cleanup Fund](#).

The passage of Senate Bill 776 on Sept. 16, 2021, authorized the State Water Board to address fraud in other State Water Board financial assistance programs, including loan and grant funding for planning and construction of municipal wastewater and water recycling facilities; drinking water treatment; remediation or prevention of groundwater contamination; and sustainable drinking water and wastewater solutions for small, disadvantaged communities. For more on this, visit [Financial Assistance Funding - Grants and Loans](#).

## ENFORCEMENT

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The investigation and prosecution of fraud and professional negligence believed to be perpetrated against the UST Cleanup Fund has been aggressively pursued by the State Water Board. Cases of fraud have been prosecuted criminally and/or civilly with the assistance of the Office of the Attorney General and other prosecutorial agencies. The State Water Board has the authority to disqualify funding recipients and their consultants from participating in State Water Board financial assistance programs, impose penalties of up to \$500,000 per violation, recover costs for investigation and prosecution, and prosecute cases administratively.

## QUICK FACTS

- 11 Businesses Disqualified from State Water Board Programs
  - 18 Persons Disqualified from State Water Board Programs
  - 4 Criminal Actions
  - 4 Civil Actions
  - 9 Administrative Actions
- UST Cleanup Fund Claim Settlements Involving
- 15 Claimants
  - 3 Consultants

## OUTCOMES

The Fraud Prevention Unit has referred cases to the Office of the Attorney General that have resulted in criminal and civil complaints being filed and search warrants being conducted at several consultant and contractor offices. Many of these cases have resulted in the permanent disqualification of businesses and persons from participating in State Water Board financial assistance programs.

For more on this, visit [Disqualified Businesses and Persons & Other Enforcement](#).

## RECENT ACTIONS

### AdvancedGeo, Inc.

In September 2022, a settlement between AdvancedGeo, Inc. (AGI) and the State Water Board was reached over allegations of inflating reimbursement requests to the UST Cleanup Fund in return for hidden

kickback payments from Cal Tech Laboratories, Inc. and its owner, Roobik Yaghoubi. The State Water Board alleged AGI of inflating invoices for laboratory costs for the purpose of obtaining ineligible payments from the UST Cleanup Fund. As part of the settlement, AGI paid a \$230,000 penalty.

### The Reynolds Group, Inc. and Mobi Dos, Inc.

In April 2023, a settlement was reached between the State Water Board and The Reynolds Group, Inc. (TRG) and TRG's subcontractor, Mobi Dos, Inc. (Mobi Dos). The State Water Board investigation led to suspicions of illegal criminal activity at multiple locations, prompting the engagement of the Department of Justice and Department of Toxic Substances Control's (DTSC) criminal investigations unit. Schemes of affiliated subcontractor markup, inflated subcontractor costs, concealed finance charges and inflated hours were uncovered. Evidence was found showing TRG fraudulently sought reimbursement of ineligible costs by misrepresenting the property where the costs were accrued.

As part of the settlement, TRG paid \$50,000 to the UST Cleanup Fund to resolve the criminal proceeding. TRG will pay another \$250,000 to the UST Cleanup Fund. TRG is responsible for the completion of a supplemental environmental project (SEP) for vapor intrusion mitigation at a low-income residential duplex property in South Los Angeles. If the SEP is not completed, TRG will pay an additional \$300,000. TRG pled guilty to one criminal misdemeanor and paid DTSC \$18,000 for SEP oversight costs and \$10,229 for enforcement costs incurred in the collection of electronic evidence during the investigation. Mobi Dos pled guilty to one criminal felony count for submitting a false statement, material misrepresentation or false certification to the UST Cleanup Fund and was sentenced to two years of probation. To resolve the administrative civil liability complaint, the subcontractor paid \$50,000 in penalties the UST Cleanup Fund. Mobi Dos is also disqualified from participating in any of the State Water Board's financial assistance programs.