



Enforcement News

Former San Bernardino County Business Owner to Pay \$125,000, Banned from Underground Storage Tank Program *State Water Board Alleges RUST Program Loan Obtained Under False Pretenses*

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SACRAMENTO – The State Water Resources Control Board, with assistance from the California Office of the Attorney General, has reached a settlement agreement with Vireshbhai J. Patel, former owner of Shri Ranchhod Corporation, over allegations Patel obtained a loan from the Replacing, Removing and Upgrading Underground Storage Tanks Program (RUST) under false pretenses.

As part of the agreement Patel will pay the State Water Board \$125,000 and is debarred from receiving any future grants or loans from the RUST Program, or having any type of involvement with the program.

Shri Ranchhod received a loan from the RUST Program to remove and replace two underground storage tanks located at its gas station in the town of Colton near San Bernardino. Patel personally guaranteed the loan and the State Water Board was provided collateral as security for the loan. Shri Ranchhod and Patel did not pay off the loan and Patel filed for bankruptcy. The stipulated judgment of \$125,000 to be paid to the State Water Board is not dischargeable in bankruptcy.

“The RUST Program is a critical tool the State Water Board uses to assist small, disadvantaged businesses by providing low-interest loans and grants to remove, replace, or upgrade underground storage tanks to comply with regulatory requirements,” said Darrin Polhemus, deputy director of the State Water Board’s Division of Financial Assistance. “Anytime a grantee or borrower engages in bad faith or fraud when accessing these vitally important public-benefit funds, the State Water Board has authority to -- and will -- require repayment of funds in addition to judicial remedies.”

In its bankruptcy complaint seeking the non-discharge of the RUST loan debt, the State Water Board alleged that Patel obtained the RUST loan under false pretenses by making false written statements regarding his and Shri Ranchhod’s financial conditions. The State Water Board further alleged that Patel made these untrue statements with the intention to mislead and influence the State Water Board to approve the loan and subsequent loan disbursement requests.



The order approving the settlement agreement and the settlement agreement are available at the State Water Board's List of Disqualified Businesses and Persons [webpage](#).

Suspected fraud against the RUST Program can be reported several ways, including by email (reportfraud@waterboards.ca.gov), by toll-free message line (1 (855) 263-0863), or by mailing or faxing a Fraud Reporting Complaint Form to the State Water Board at:

State Water Board
Office of Enforcement
P.O. Box 100
Sacramento, CA 95812
Fax: (916) 341-5896

The Fraud Reporting Complaint Form can be found [online](#).

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