

INTRODUCTION

The Fraud, Waste and Abuse (Fraud) Prevention Unit, which is part of the State Water Resources Control Board's (State Water Board's) Office of Enforcement, 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

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

The UST Cleanup Fund established on January 1, 1990, and administered by the State Water Board, reimburses eligible reasonable and necessary costs for corrective action of petroleum fuel releases from eligible USTs. Effective September 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](#).

On September 16, 2021, the Water Code was amended to authorize 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; and sustainable drinking water and wastewater solutions for small, disadvantaged communities. For more on this, visit [Financial Assistance Funding - Grants and Loans](#).



ENFORCEMENT

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 administratively and referred to the Attorney General's Office (AGO) for criminal or civil prosecution. 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, and recover its enforcement costs.



OUTCOMES

The Fraud Prevention Unit has filed administrative civil liability complaints with the State Water Board, worked with the AGO to file criminal and civil complaints, and prepared search warrants when necessary. Many of these cases have resulted in the payment of civil penalties and restitution to the State Water Board and permanent disqualification of businesses and persons from participating in the State Water Board financial assistance programs. For more on this visit, [Disqualified Businesses and Persons & Other Enforcement](#).

RECENT ACTIONS

Associated Consulting Civil & Environmental Services, Inc.

In January 2024, Associated Consulting Civil & Environmental Services, Inc. (ACCES) agreed to pay \$150,000 in penalties for submitting inflated invoices to the UST Cleanup Fund. The Fraud Prevention Unit found ACCES submitted ineligible expenses such as inflated labor hours, costs on rental units, and subcontractor costs for reimbursement from the UST Cleanup Fund.

As part of the settlement agreement, ACCES and its principal owner, Hamid Assadi, were disqualified from participating in any State Water Board financial assistance programs.

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 Fraud Prevention Unit's investigation uncovered alleged illegal criminal activity at multiple locations, prompting the engagement of the AGO and the Department of Toxic Substances Control (DTSC) Criminal Investigations Unit. The investigation revealed inflated subcontractor costs, concealed finance charges, and inflated hours.

As part of the settlement, TRG paid \$50,000 to resolve the criminal proceeding and paid 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. 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.

To resolve the criminal action, 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, Mobi Dos paid \$50,000 in penalties to the UST Cleanup Fund. Mobi Dos was also disqualified from participating in any State Water Board's financial assistance programs.

CASE RESULTS

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Civil Actions

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Criminal Actions

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Administrative Actions

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Businesses
Disqualified from State
Water Board Programs

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Persons Disqualified
from State Water Board
Programs