



Enforcement News

Civil Complaint Filed Against Hayden Environmental, Inc. for Submitting Fraudulent Invoices to the State Water Board

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SACRAMENTO – The State Attorney General’s Office, on behalf of the State Water Resources Control Board (State Water Board), has filed a civil complaint against Hayden Environmental, Inc. (HEI) and husband and wife co-owners Kurt Hayden and Julie Hayden. The complaint seeks damages, civil penalties and injunctive relief. The couple and HEI are believed to have fraudulently obtained over \$1 million from the State Water Board’s Underground Storage Tank Cleanup Fund (Cleanup Fund).

HEI is a Santa Barbara-based environmental consulting firm that has been in business since 1992. HEI performs investigations and cleanups at about 20 petroleum contaminated underground storage tank (UST) sites, including: eight sites in Santa Barbara; three in Ventura; two in Ojai; and one each in Solvang, Goleta, Buellton, Lompoc, Oxnard, Reseda, and Thousand Oaks.

The civil complaint alleges that HEI and the Haydens fraudulently and negligently misrepresented invoices submitted to the Cleanup Fund to obtain overpayments or payments they were not entitled to receive. Specifically, the complaint alleges that the Haydens billed for: hours not worked; equipment not used; markup on invoices from Julie Hayden’s subcontracting company, Clean Earth Equipment Corporation; and visiting multiple sites in a single day and then billing full, daily-rate vehicle charges for each of those sites.

This civil lawsuit comes on the heels of a criminal complaint also filed by the State Attorney General’s Office against Kurt Hayden and Julie Hayden in the Santa Barbara County Superior Court. On May 10, 2012, as part of the criminal complaint, Kurt Hayden was arrested at the couple’s multi-million primary residence in Santa Barbara and Julie Hayden was arrested at a traffic stop nearby. Both served time in the county jail until they were released at a May 14, 2012 hearing on their own recognizance with ankle monitors.

“This is the latest action in a series of actions the Office of Enforcement is preparing. This back-end auditing function, coupled with the front-end preventative measures being developed and implemented by the Cleanup Fund, will help to root out consultants that are taking advantage of the system,” said Cris Carrigan, Director of the Office of Enforcement.

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



tank facilities. 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.

A copy the civil complaint filed against HEI and the Haydens, which was filed in Santa Barbara Superior Court, is available on the State Water Board's website at:

http://www.waterboards.ca.gov/water_issues/programs/enforcement/orders_actions.shtml#a2012

A fact sheet on this effort can be found at:

http://www.waterboards.ca.gov/publications_forms/publications/factsheets/docs/fraud_efforts_factsheet.pdf