



Department of Justice

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KENTUCKY BUSINESSMAN SENTENCED TO FIVE YEARS FOR FRAUD

PRESS RELEASE

Susan W. Brooks, United States Attorney for the Southern District of Indiana, announced that Timothy A. BOISTURE, 47, Sacramento, Kentucky, was sentenced to 60 months imprisonment yesterday by U.S. District Judge Richard L. Young following his conviction at trial for mail fraud. This case was the result of an investigation by the Environmental Protection Agency.

BOISTURE, a former partner in an environmental clean-up firm, was sentenced to a five-year term of imprisonment following his conviction by a federal jury on mail fraud charges. BOISTURE's firm was hired in 1999 by the Indiana Department of Environmental Management (IDEM) to properly close 51 abandoned and leaking oil and injection wells in Vanderburgh County, IN, which had contaminated a pond and a tributary of the Ohio River. BOISTURE fraudulently charged the State of Indiana \$44,824.80 for nonexistent equipment and services. BOISTURE also defrauded his partner by obtaining \$141,013 in kickbacks from subcontractors BOISTURE hired and supervised.

After BOISTURE's firm was awarded the Vanderburgh County oil well closure project, BOISTURE hired Carl F. Hanisch's firm, Bi-State Pipe, as a subcontractor to pour cement down 51 wells. Donald G. Veatch was the inspector for the Indiana Department of Natural Resources Division of Oil and Gas (Indiana DNR), assigned to inspect the plugging operation. Hanisch, Veatch and BOISTURE shared the proceeds from a scheme in which Hanisch and Veatch would falsely certify that devices called cast-iron bridge plugs had been installed in 21 of the wells in the well closure project. Cast-iron bridge plugs are placed in a well to prevent oil from flowing upwards and contaminating freshwater zones. BOISTURE then billed IDEM for the nonexistent bridge plugs. In addition, BOISTURE billed IDEM \$32,224.80 in charges for tubing rental which were never incurred.

BOISTURE also arranged for his own firm to pay a company Veatch owned a vastly inflated amount (\$110,200) for wastewater disposal from the well plugging project. Veatch then paid BOISTURE kickbacks totaling \$100,200 (subsequent to the events in this case, Veatch resigned from the Indiana DNR). The kickbacks Veatch paid to BOISTURE were made via checks made out to Subcon, a consulting business BOISTURE operated. In addition, other witnesses at BOISTURE' s trial testified that they had paid BOISTURE more than \$40,000 in kickbacks, none of which were disclosed to BOISTURE' s partner.

IDEM paid BOISTURE' s firm a total of \$369,954.51 for the well closure project. This amount was later reimbursed from the federal Oil Spill Liability Trust Fund, administered by the U.S. Coast Guard. The U.S. Environmental Protection Agency verified the criteria was met for using the fund.

In related cases arising from the same well closure project, former Indiana Department of Natural Resources Oil and Gas Division inspector Donald G. Veatch, age 57, of Francisco, IN, Carl F. Hanisch, age 72, of Mt. Carmel, IL, and Bi-State Pipe Co., Inc. were sentenced following their earlier guilty pleas to making false statements. Veatch additionally pleaded guilty to bank fraud. Veatch received 12 months of home detention as part of three years of supervised release and was ordered to pay restitution of more than \$385,000. Hanisch was placed on probation for 12 months and also ordered to pay restitution. Bi-State Pipe Co., Inc. (Bi-State Pipe) was placed on probation for one year.

Granta Y. Nakayama, EPA' s Assistant Administrator for Enforcement and Compliance Assurance said “ We will vigorously punish criminal acts that undermine our efforts to protect the public and environment. Congratulations to state and federal prosecution team members for a job well done.”

According to Assistant U.S. Attorney Steven DeBrotta and Special Assistant U.S. Attorney David Taliaferro, who prosecuted the case for the government, U.S. District Judge Richard L. Young also sentenced BOISTURE to serve three years of supervised release following his prison term and pay \$492,571 in restitution of which more than \$330,000 will be made payable to the Indiana Department of Environmental Management and the Indiana Department of Natural Resources.

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