



U.S. Department of Justice

**Terrence Berg
United States Attorney
Eastern District of Michigan**

***Suite 2001
211 West Fort Street
Detroit, Michigan 48226-3277***

For Immediate Release:

Contact: Gina Balaya (313) 226-9758

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EVENT: Guilty Plea

Defendant: Michael Panyard et al

**COMPANY EXECUTIVES AND EMPLOYEE OF MICHIGAN WASTEWATER TREATMENT
COMPANY FOUND GUILTY OF
ILLEGALLY DISCHARGING UNTREATED LIQUID WASTES**

Michael Panyard and Bryan Mallindine, both former executives of Comprehensive Environmental Solutions, Inc. (CESI), a company that operates an industrial waste treatment and disposal facility in Dearborn, Mich., and Charles Long, a former manager at the facility, were found guilty today of ten felony counts following a three week jury trial in Detroit before U.S. District Judge Victoria A. Roberts, announced Ronald J. Tenpas, Assistant Attorney General for the Justice Department's Environment and Natural Resources Division and Terrence Berg, Acting U.S. Attorney for the Eastern District of Michigan.

The three were found guilty of conspiracy, violations of the Clean Water Act, and false statements and obstruction in connection with illegal discharges of millions of gallons of

untreated liquid wastes from the facility.

According to the evidence presented during the trial, CESI had a permit to treat liquid industrial waste brought to the facility from throughout the Midwest and Canada, through a variety of processes, and then discharge it into the Detroit sanitary sewer system. The facility contained twelve large above-ground tanks capable of holding more than 10 million gallons of liquid industrial wastes.

During the period of January 2001 to June 2002, facility employees routinely bypassed the facility's treatment system in order to discharge untreated liquid wastes directly into the sanitary sewer system. Through most of this time, the facility had no operable equipment to treat incoming liquid wastes and the 10 million gallon tank farm was full, with virtually no capacity to store additional liquid wastes. Nonetheless, the facility continued to accept over 16 million gallons of liquid industrial waste-streams for purported treatment and disposal. Because the facility had no space available for this additional waste, nor equipment to treat it, company employees discharged nearly 13 million gallons of untreated liquid waste into the sanitary sewer in violation of the Clean Water Act, the facility's permit and the consent order under which the facility operated.

Evidence at trial further showed that the defendants took steps to conceal the lack of treatment from customers and regulatory officials, including Detroit Water and Sewerage Department personnel, through false statements, tampering with legally required compliance samples, and obstruction. After an oil release to the Rouge River in April 2002, caused a large team of federal, state and local officials to investigate the source of the release, facility employees, based on the authorization and consent of Mallindine, cemented over a floor drain at the facility, which was a potential outlet for discharges of oily wastes to the sewer.

"Today's result emphasizes the importance of compliance with laws and regulations designed to protect the environment," said Assistant Attorney General Tenpas. "Vigorous enforcement ensures that companies in the waste treatment business compete on an even playing field, that industrial customers can be confident that their wastes are being properly handled, and

that the public enjoys a safe clean environment."

"The defendants not only illegally dumped millions of gallons of oil based industrial waste into the sewer system, but also engaged in a concerted effort to cover it up," said Randall Ashe, Acting Special Agent in Charge for EPA's Criminal Investigation Division in Chicago. "Today's convictions show that the public has no tolerance for those who commit environmental crimes."

An additional plant manager pleaded guilty earlier this year to violating the Clean Water Act and has not yet been sentenced.

On Sept. 4, 2008, CESI pleaded guilty to related charges and agreed to pay a fine of \$600,000, plus an additional \$150,000 to fund a community service project for the benefit, preservation and restoration of the environment and ecosystems in the waters adjoining the Rouge River and the Detroit River. In addition to accepting responsibility today for its past misconduct, CESI, which is under new management, has taken a number of steps during the last several years to install new equipment and systems to treat liquid industrial waste before it is discharged to the sewer.

As a condition of probation, CESI has agreed to abide by the terms of a consent order with the Michigan Department of Environmental Quality for the cleanup of the facility, at an estimated cost of about \$1.5 million, which includes the proper disposal of the liquid waste previously stored in the facility's tank farm. CESI has further agreed to develop, adopt, implement and fund an environmental management system/compliance plan at its facility, which will include an annual program to train employees on environmental compliance and ethics to ensure that all CESI employees understand the requirements imposed by the facility's discharge permit.

The case was investigated by special agents of the U.S. Environmental Protection Agency Criminal Investigation Division with the assistance of the Federal Bureau of Investigation, as a part of the Detroit Multi Agency Environmental Crimes Task Force. The case is being prosecuted by Assistant U.S. Attorney Mark Chutkow, Senior Counsel James Morgulec of the

Justice Department's Environment and Natural Resources Division, and U.S. EPA Regional Criminal Enforcement Counsel David Mucha.