

STATE OF NEW YORK
DEPARTMENT OF ENVIRONMENTAL CONSERVATION

In the Matter of the Alleged Violation of Article 17 of the Environmental Conservation Law (ECL) of the State of New York and Title 6 of the Official Compilation of Codes, Rules and Regulations of the State of New York (6 NYCRR),

ORDER

DEC Case No.
PBS.2-467049.7.2017

-by-

**1160 PRESIDENT STREET HOUSING DEVELOPMENT
FUND CORPORATION,**

Respondent.

This administrative enforcement proceeding addresses allegations of the staff of the New York State Department of Environmental Conservation (Department) that respondent 1160 President Street Housing Development Fund Corporation (respondent) violated ECL 17-1009 and 6 NYCRR 613-1.9(c) by failing to renew the registration of its petroleum bulk storage facility on or before June 1, 2015, the date on which its prior registration expired. Respondent's facility is located at 1160 President Street, Brooklyn, New York, and includes an aboveground storage tank with a capacity of 4,000 gallons.

Administrative Law Judge (ALJ) Maria E. Villa of the DEC's Office of Hearings and Mediation Services was assigned to the matter, and prepared the attached default summary report, which I adopt as my decision in this matter, subject to my comments below.

As set forth in the ALJ's default summary report, respondent failed to file an answer to the complaint served by Department staff in this matter, failed to appear at a pre-hearing conference scheduled for June 12, 2017, and failed to appear for the adjudicatory hearing scheduled in the matter on July 12, 2017 (see Default Summary Report at 3 [Finding of Fact No. 7]).

Liability

Because respondent failed to answer or appear in this matter, the ALJ recommends that Department staff's motion for a default judgment be granted (see Default Summary Report at 4-5). I concur that staff is entitled to a judgment on default pursuant to 6 NYCRR 622.15. Staff's papers submitted in support of its motion for default judgment provide proof of facts sufficient to support staff's claim that respondent failed to renew the registration of its petroleum bulk storage facility on or before June 1, 2015, the date on which its registration expired.

The record demonstrates that respondent was required to renew its registration by June 1, 2015, the date its prior registration expired (see ECL 17-1009[2]; 6 NYCRR 613-1.9[c]; Default Summary Report at 3 [Finding of Fact No. 5]). Respondent's failure to renew the facility's registration violated ECL 17-1009 and 6 NYCRR 613-1.9(c).

Civil Penalty

ECL 71-1929(1) provides for a civil penalty of up to thirty-seven thousand five hundred dollars (\$37,500) per day for each violation of title 10 of article 17 and its implementing regulations. In its complaint, Department staff seeks a civil penalty in the amount of ten thousand dollars (\$10,000). Staff's default motion requests a penalty of seven thousand five hundred dollars (\$7,500).

As the ALJ discusses in her default summary report, an appropriate penalty in petroleum bulk storage registration cases such as this one involves calculating the duration of the violation (see Default Summary Report at 4-5). The duration of the violation is typically calculated as the period between the commencement of the violation and the service of the notice of hearing and complaint. Utilizing this methodology, Department staff has generally requested a penalty of five thousand dollars (\$5,000) for violations extending up to two years, seven thousand five hundred dollars (\$7,500) for violations extending from two to five years, and ten thousand dollars (\$10,000) for violations exceeding five years in duration, as set forth in Matter of 12 Martense Associates, LLC, Order of the Commissioner, December 19, 2011, at 2.

In this case, respondent has failed to renew the registration for the facility since June 1, 2015 when the prior registration expired (see Default Summary Report at 3 [Findings of Fact Nos. 4, 5]). The duration of the violation from the date the facility's prior registration expired (June 1, 2015) to the date of filing and service of the complaint (May 10, 2017) was less than two years, but the duration of the violation from the date the facility's prior registration expired (June 1, 2015) to the date of filing and service of staff's motion for default judgment (August 25, 2017) exceeds two years.

In cases, such as here, in which one of the penalty date "thresholds" under 12 Martense Associates and its progeny is passed during the period between service of the notice of hearing and complaint and the date of the default motion papers, the penalty amount based on the longer period of time is appropriate (see Matter of Promesa Court Residences Ltd. Partnership, Order of the Commissioner, September 11, 2017, at 3). In this case, then, I am imposing a penalty of seven thousand five hundred dollars (\$7,500) because respondent's violation exceeded two years as of the date of staff's motion for default judgment.

I also direct that respondent submit to the Department a petroleum bulk storage application for the facility within fifteen (15) days of service of this order upon it, together with all applicable and past due registration fees.

NOW, THEREFORE, having considered this matter and being duly advised, it is **ORDERED** that:

- I. Department staff's motion for a default judgment pursuant to 6 NYCRR 622.15 is granted. By failing to answer or appear in this proceeding, respondent 1160 President Street Housing Development Fund Corporation waived its right to be heard at the hearing.
- II. Respondent 1160 President Street Housing Development Fund Corporation is adjudged to have violated ECL 17-1009 and 6 NYCRR 613-1.9(c) by failing to renew the registration of its petroleum bulk storage facility located at 1160 President Street, Brooklyn, New York on or before June 1, 2015, the date its prior registration expired.
- III. Within fifteen (15) days of the service of this order upon respondent 1160 President Street Housing Development Fund Corporation, respondent shall submit to the Department a complete petroleum bulk storage application for the facility, plus applicable and past due registration fees.
- IV. Within fifteen (15) days of the service of this order upon respondent 1160 President Street Housing Development Fund Corporation, respondent shall pay a civil penalty in the amount of seven thousand five hundred dollars (\$7,500) by certified check, cashier's check or money order made payable to the New York State Department of Environmental Conservation.
- V. The petroleum bulk storage application, registration fees, and the penalty payment shall be sent to the following address:

Office of General Counsel (Remediation Bureau)
NYS Department of Environmental Conservation
625 Broadway, 14th Floor
Albany, New York 12233-1500
Attn: Deborah Gorman, Esq.
- VI. Any questions or other correspondence regarding this order shall also be addressed to Deborah Gorman, Esq. at the address referenced in paragraph V of this order.

VII. The provisions, terms and conditions of this order shall bind respondent 1160 President Street Housing Development Fund Corporation and its agents, successors and assigns, in any and all capacities.

For the New York State Department
of Environmental Conservation

By: _____/s/_____
Basil Seggos
Commissioner

Dated: October 3, 2017
Albany, New York

To: 1160 President Street Housing Development
Fund Corporation
1160 President Street, 2A
Brooklyn, New York 11225
Attention: Hartley Scantlebury

(Via Certified Mail)

Deborah Gorman, Esq.
Remediation Bureau
Office of General Counsel
New York State Department of
Environmental Conservation
625 Broadway, 14th Floor
Albany, New York 12233-1500

(Via Intra-Agency Mail)

STATE OF NEW YORK
DEPARTMENT OF ENVIRONMENTAL CONSERVATION

In the Matter of the Alleged Violation of Article 17 of the Environmental Conservation Law (ECL) of the State of New York and Title 6 of the Official Compilation of Codes, Rules and Regulations of the State of New York (6 NYCRR),

**DEFAULT SUMMARY
REPORT**

DEC Case No.
PBS.2-467049.7.2017

-by-

**1160 PRESIDENT STREET HOUSING DEVELOPMENT
FUND CORPORATION,**

Respondent.

Procedural History

Staff of the New York State Department of Environmental Conservation (Department) served respondent 1160 President Street Housing Development Fund Corporation (respondent) with a notice of hearing and complaint, dated May 10, 2017, alleging that respondent violated ECL 17-1009 and its implementing regulation, 6 NYCRR 613-1.9(c) when respondent failed to renew the registration of its petroleum bulk storage facility located at 1160 President Street, Brooklyn, New York on or before June 1, 2015, the date on which its prior registration expired. The complaint seeks an order of the Commissioner (1) finding respondent in violation of ECL 17-1009 and 6 NYCRR 613-1.9(c); (2) assessing a civil penalty in the amount of ten thousand dollars (\$10,000)¹; (3) directing respondent to register its petroleum bulk storage facility within fifteen (15) days of the service of the Commissioner's order by remitting the applicable registration fee, including any past registration fees, along with a complete registration application; and (4) granting such other and further relief as the Commissioner shall deem just and appropriate.

Respondent is an active domestic business corporation in the State of New York, and service of the notice of hearing and complaint on respondent was made by serving the New York State Department of State on May 10, 2017 (Exhibit C). Department staff also provided additional service by sending the notice of hearing and complaint to respondent by first class mail on May 10, 2017 (*id.*). Respondent failed to file an answer to the complaint. The notice of hearing and accompanying cover letter directed respondent to appear at a pre-hearing conference scheduled for June 12, 2017, and to appear at an adjudicatory hearing scheduled for July 12, 2017 (*see* Exhibits A and B). Respondent failed to appear at the pre-hearing conference and the adjudicatory hearing.

¹ In its motion for default judgment, Department Staff decreased the penalty amount requested to seven thousand five hundred dollars (\$7,500).

As stated in the notice of hearing, on July 12, 2017, an adjudicatory hearing was convened at 12:43 p.m. by video conference before Administrative Law Judge (ALJ) Michael S. Caruso. The ALJ was located at the Department's central offices, 625 Broadway, Albany, New York, and counsel for staff were located at the Department's Region 2 offices, 1 Hunter's Point Plaza, 47-40 21st Street, Long Island City, New York. Department staff was represented by Deborah Gorman, Esq. of the Remediation Bureau in the Department's Office of General Counsel. No one appeared on behalf of respondent.

Department staff indicated that it was prepared to proceed with the hearing, proffering a staff witness. Noting for the record that respondent had failed to answer the complaint, failed to appear for the pre-hearing conference, and failed to appear for the adjudicatory hearing, Department staff moved orally for a default judgment pursuant to 6 NYCRR 622.15, and stated that staff would be submitting motion papers in support of the motion for a default judgment. ALJ Caruso reserved on the oral default motion pending service and filing of the motion papers and any response thereto.

Staff has submitted a Notice of Motion for Default Judgment, a Motion for Default Judgment, and the Affirmation of Deborah Gorman, Esq., all dated August 25, 2017, and nine exhibits.² Respondent did not file any response to staff's motion for default judgment.

Applicable Regulatory Provision

613-1.9 Registration.³

* * *

“(c) *Renewal*. Registration must be renewed every five years from the date of the last valid registration certificate until the department receives written notice and documentation from the facility owner that the facility has been permanently closed in accordance with section 613-2.6(b), 613-3.5(b), or 613-4.5(b) of this Part, or that ownership of the facility has been transferred in accordance with subdivision (d) of this section.”

Findings of Fact

The following facts are found based upon the documents submitted with and in support of staff's motion for a default judgment:

1. Respondent 1160 President Street Housing Development Fund Corporation (respondent)

² A list of the exhibits submitted by staff in support of its motion for default judgment is attached hereto as Appendix A.

³ Effective October 11, 2015, 6 NYCRR 613-1.9(c) replaced 6 NYCRR 612.2(a)(2), which stated: “(a) *Existing facilities*. . . (2) Registration must be renewed every five years from the date of the last valid registration until the department receives written notice that the facility has been permanently closed or that ownership of the facility has been transferred.” ECL 17-1009(2) requires facility registrations to be “renewed every five years or whenever ownership of a facility is transferred, whichever occurs first.”

is the owner of a petroleum bulk storage facility having a capacity of over 1,100 gallons located at 1160 President Street, Brooklyn, New York (facility). In particular, petroleum storage tank number 1 at the facility has a capacity of 4,000 gallons and is located aboveground (see Exhibits D, E, F, and G).

2. Respondent is an active domestic business corporation in the State of New York (see Exhibit H).
3. On February 28, 2003, the City of New York transferred all right, title and interest in the facility to respondent 1160 President Street Housing Development Fund Corporation, the facility's current owner (see Exhibit D).
4. On January 26, 2011, the Department issued Petroleum Bulk Storage (PBS) Registration Certificate No. 2-467049 to 1160 President Street Housing Development Fund Corporation, the owner of the facility (see Exhibit F).
5. On May 4, 2017, a search of the Department's PBS registration database revealed that respondent's registration had expired on June 1, 2015 and, as of May 4, 2017, had not been renewed (see Exhibit A, Affirmation of Deborah Gorman, Esq. dated May 10, 2017, ¶¶ 9-12).
6. As shown by Receipt for Service No. 201705110523 issued by the New York State Department of State, respondent was served personally on May 10, 2017, pursuant to section 306 of the New York Business Corporation Law, with a cover letter, notice of hearing and complaint, a statement of readiness, and supporting affirmation, all dated May 10, 2017, alleging that respondent violated ECL 17-1009 and its implementing regulation, 6 NYCRR 613-1.9(c), by failing to renew the registration of its petroleum bulk storage facility located at 1160 President Street, Brooklyn, New York on or before June 1, 2015, the date that the prior registration expired. Consistent with CPLR 3215(g)(4), Department staff also provided additional service by sending the notice of hearing and complaint to respondent by first class mail on May 10, 2017 (see Exhibit B, Affirmation of Deborah Gorman, Esq. in Support of Motion for Default Judgment, dated August 25, 2017 (Gorman Aff. II), ¶¶ 2-3; see also Exhibit C, Affidavit of Service of Dale Thiel, sworn to August 25, 2017, ¶¶ 3-4).
7. Respondent failed to file an answer to the complaint, failed to appear at a pre-hearing conference scheduled for June 12, 2017, and failed to appear for the adjudicatory hearing scheduled in the matter for July 12, 2017 (see Exhibit B, Gorman Aff. II, at ¶¶ 4-6).

Discussion

A respondent upon whom a complaint has been served must serve an answer within 20 days of receiving a notice of hearing and complaint. See 6 NYCRR 622.4(a). A respondent's failure to file a timely answer "constitutes a default and a waiver of respondent's right to a hearing." 6 NYCRR 622.15(a). In addition, attendance by a respondent at a scheduled pre-hearing conference or hearing is mandatory, "and failure to attend constitutes a default and a

waiver of the opportunity for a hearing.” 6 NYCRR 622.8(c); see also 6 NYCRR 622.15(a) (“A respondent’s ... failure to appear at the hearing or the pre-hearing conference ... constitutes a default and a waiver of respondent’s right to a hearing”).

Upon a respondent’s failure to answer a complaint or failure to appear for a pre-hearing conference or hearing, Department staff may make a motion to an ALJ for a default judgment. Such motion must contain (i) proof of service upon respondent of the notice of hearing and complaint; (ii) proof of respondent’s failure to appear or to file a timely answer; and (iii) a proposed order. See 6 NYCRR 622.15(b)(1)-(3).

As the Commissioner has held, “a defaulting respondent is deemed to have admitted the factual allegations of the complaint and all reasonable inferences that flow from them.” Matter of Alvin Hunt, d/b/a Our Cleaners, Decision and Order of the Commissioner, July 25, 2006, at 6 (citations omitted). In addition, in support of a motion for a default judgment, staff must “also submit some proof of the facts sufficient to support the claims charged in the complaint.” Matter of Greene Technologies Incorporated, Ruling of the Commissioner, November 10, 2016, at 3; Matter of American Auto Body & Recovery Inc., Ruling of the Commissioner, July 2, 2015, at 3; Matter of Queen City Recycle Center, Inc., Decision and Order of the Commissioner, December 12, 2013, at 3.

The record establishes that: (i) Department staff served the notice of hearing and complaint upon respondent; (ii) respondent failed to file an answer to the complaint and failed to appear at a pre-hearing conference scheduled for June 12, 2017, as directed in the cover letter served with the notice of hearing and complaint, and in the notice of hearing; and (iii) respondent failed to appear for the adjudicatory hearing scheduled in the matter on July 12, 2017, as directed in both the cover letter and the notice of hearing. Department staff has submitted a proposed order with its motion papers (see Exhibit I). Based upon the foregoing, the Department is entitled to a default judgment in this matter pursuant to 6 NYCRR 622.15. Staff also served respondent with copies of the motion for default judgment and supporting papers (see August 25, 2017 letter from Deborah Gorman, Esq. to Chief ALJ James McClymonds, enclosing motion papers and copying respondent).

Department staff’s submissions in support of the motion for a default judgment provide proof of the facts sufficient to support staff’s claim that respondent failed to renew the registration of its petroleum bulk storage facility located at 1160 President Street, Brooklyn, New York on or before June 1, 2015, the date that the prior registration expired, in violation of ECL 17-1009. Respondent has also been in violation of 6 NYCRR 613-1.9(c) since the effective date of Part 613, October 11, 2015.

Department staff seeks a civil penalty of seven thousand five hundred dollars (\$7,500). ECL 71-1929(1) provides for a civil penalty of up to thirty-seven thousand five hundred dollars (\$37,500) per day for each violation. In proceedings concerning violations of PBS registration requirements in the New York City area, calculation of an appropriate penalty turns in part on the duration of the violations. See e.g. Matter of 540 Jackson Realty Corp., Order of the Commissioner, May 18, 2016, at 2; see also Matter of 12 Martense Associates LLC, Order of the Commissioner, December 19, 2011 (12 Martense Associates), at 2. Department staff has

generally requested a penalty of five thousand dollars (\$5,000) for violations extending up to two years, seven thousand five hundred dollars (\$7,500) for violations extending from two to five years, and ten thousand dollars (\$10,000) for violations exceeding five years in duration. See 12 Martense Associates at 2.

In Matter of Promesa Court Residences Ltd. Partnership, Order of the Commissioner (September 11, 2017), the Commissioner adopted the ALJ's recommendation that a penalty of ten thousand dollars (\$10,000) be imposed where the period from commencement of respondent's violation to the date of filing and service of the complaint was less than five years, but the period from commencement of the violation to the date of the adjudicatory hearing was more than five years. The Commissioner stated that "[i]n cases, such as here, in which one of the penalty date 'thresholds' under 12 Martense Associates and its progeny is passed during the period between service of the notice of hearing and complaint and the date of the adjudicatory hearing or submission of default motion papers, it is appropriate to seek the penalty amount related to the longer period." Id. at 3.

In this case, less than two years elapsed between the date respondent's registration expired (June 1, 2015) and the date Department staff served the notice of hearing and complaint (May 10, 2017). See Findings of Fact Nos. 5 and 6. More than two years elapsed, however, between the date respondent's registration expired (June 1, 2015) and the date Department staff served the current motion for default judgment (August 25, 2017). Therefore, under Promesa, staff's request for a penalty of seven thousand five hundred dollars (\$7,500), the penalty amount under 12 Martense Associates related to violations lasting more than two years, is appropriate.

I therefore recommend that the Commissioner impose a civil penalty in the amount of seven thousand five hundred dollars (\$7,500), as requested by Department staff.

Recommendations

Based upon the foregoing, I recommend that the Commissioner issue an order:

1. Granting Department staff's motion for default, holding respondent 1160 President Street Housing Development Fund Corporation in default pursuant to the provisions of 6 NYCRR 622.15;
2. Holding that respondent 1160 President Street Housing Development Fund Corporation violated ECL 17-1009 and 6 NYCRR 613-1.9(c) by failing to renew the registration of its petroleum bulk storage facility located at 1160 President Street, Brooklyn, New York on or before June 1, 2015, the date that the prior registration expired;
3. Directing respondent 1160 President Street Housing Development Fund Corporation to submit to the Department, within fifteen (15) days of service of the Commissioner's order, a complete registration application for the facility, together with applicable registration fees;

4. Directing respondent 1160 President Street Housing Development Fund Corporation to pay a civil penalty in the amount of seven thousand five hundred dollars (\$7,500) within fifteen (15) days of service of the Commissioner's order; and
5. Directing such other and further relief as he may deem just and appropriate.

_____/s/_____
Maria E. Villa
Administrative Law Judge

Dated: September 12, 2017
Albany, New York

APPENDIX A

Matter of 1160 President Street Housing Development Fund Corporation

DEC Case No. PBS.2-467049.7.2017

Exhibits to Staff Motion for Default Judgment dated August 25, 2017

| Exhibit | Description |
|----------------|--|
| A | Cover Letter from Deborah Gorman, Esq. to respondent, with Notice of Hearing, Complaint, Statement of Readiness, and Affirmation of Deborah Gorman, all dated May 10, 2017 |
| B | August 25, 2017 Affirmation of Deborah Gorman in Support of Motion for Default Judgment |
| C | Affidavit of Service of Dale Thiel, sworn to August 25, 2017 with New York State Department of State Receipt for Service dated May 10, 2017 |
| D | New York City Department of Finance August 25, 2017 ACRIS search, with February 28, 2003 deed to respondent |
| E | PBS Application (marked received January 3, 2011) |
| F | Petroleum Bulk Storage Certificate No. 2-467049, issued January 26, 2011; expiration date June 1, 2015 |
| G | Facility Information Report, printed August 25, 2017 |
| H | NYS Department of State Entity Information |
| I | Proposed Order |