

**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

-by-

DEC Case No.
PBS.2-204528.8.2018

PARK SANFORD OWNERS CORP.,

Respondent.

This administrative enforcement proceeding addresses allegations by staff of the New York State Department of Environmental Conservation (Department) that respondent Park Sanford Owners Corp. violated ECL 17-1009 and 6 NYCRR 613-1.9(c) by failing to renew the registration of its petroleum bulk storage (PBS) facility on or before November 15, 2013, the date on which its prior registration expired. Respondent's facility is located at 87-70 173rd Street, Jamaica, New York, and includes an aboveground petroleum bulk storage tank with a capacity of 5,000 gallons.

Administrative Law Judge (ALJ) Michael S. Caruso of the Department's Office of Hearings and Mediation Services was assigned to this 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 July 11, 2018, and failed to appear for the adjudicatory hearing scheduled for August 13, 2018 (*see* Default Summary Report at 3 [Finding of Fact No. 8]). At the August 13, 2018 adjudicatory hearing, Department staff made an oral motion for a default judgment. ALJ Caruso reserved on the motion, and Department staff later submitted a written motion for default judgment with supporting papers.

As a consequence of respondent's failure 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 5). I concur that staff is entitled to a judgment on default pursuant to 6 NYCRR 622.15. The pleadings and the papers submitted with and in support of the motion provide sufficient facts to enable me to determine that staff has a viable claim that respondent failed to renew the registration of its PBS facility on or before November 15, 2013, the date on

which its prior registration expired and, therefore, is in violation of ECL 17-1009 and, since October 11, 2015, 6 NYCRR 613-1.9(c).¹

Department counsel correctly points out that the requirement to register PBS facilities is one of the “cornerstones” of the PBS regulatory scheme (*see* Motion for Default Judgment, Exhibit B, Affirmation of Deborah Gorman, Esq., dated December 11, 2018, ¶ 14). Proper registration assists in the oversight of other requirements for a PBS facility (e.g., leak detection, monitoring, and reporting), with the goal of protecting the environment and public health.

Department staff, in its complaint and default motion, seeks a civil penalty of ten thousand dollars (\$10,000). ECL 71-1929(1), which applies to the statutory and regulatory violation at issue in this proceeding, provides for a penalty of up to thirty-seven thousand five hundred dollars (\$37,500) per day for each violation. In proceedings similar to this one, Department staff has requested penalties that take into account the duration of the violation (*see Matter of 12 Martense Associates, LLC*, Order of the Commissioner, December 19, 2011, at 2). In this case, the date of the penalty “threshold,” for imposition of a ten thousand dollar (\$10,000) penalty, occurs during the period between service of the notice of hearing and complaint and the date of the default motion papers. Under these circumstances, it is appropriate to assess a penalty based on the longer period of time that the respondent is out of compliance (*see Matter of Promesa Court Residences Ltd. Partnership*, Order of the Commissioner, September 11, 2017, at 3). Accordingly, I am imposing a civil penalty of ten thousand dollars (\$10,000) because respondent’s violation exceeded five years as of the date of staff’s motion for default judgment.

I direct that respondent submit the civil penalty to the Department within fifteen (15) days of the service of this order upon respondent.

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 Park Sanford Owners Corp. waived its right to be heard at the hearing.
- II. Based on the pleadings and papers submitted with and in support of Department staff’s motion, respondent Park Sanford Owners Corp. is determined to have violated ECL 17-1009 and, since October 11, 2015, 6 NYCRR 613-1.9(c), by failing to renew the registration of its PBS facility located at 87-70 173rd Street, Jamaica, New York on or before November 15, 2013, the date on which its prior registration expired.
- III. Within fifteen (15) days of the service of this order upon respondent Park Sanford Owners Corp., respondent shall submit to the Department a complete petroleum bulk storage application for the facility together with applicable and past due registration fees.

¹ As referenced in the Default Summary Report, 6 NYCRR 613-1.9 replaced former 6 NYCRR 612.2 which similarly included the registration renewal requirement (*see* Default Summary Report at 2 n1).

- IV. Within fifteen (15) days of the service of this order upon respondent Park Sanford Owners Corp., respondent shall pay a civil penalty in the amount of ten thousand dollars (\$10,000) by certified check, cashier's check, or money order made payable to the "New York State Department of Environmental Conservation."
- V. 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 Park Sanford Owners Corp., 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: Albany, New York
January 31, 2019

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**

-by-

DEC Case No.
PBS.2-204528.8.2018

PARK SANFORD OWNERS CORP.,

Respondent.

Procedural History

Staff of the New York State Department of Environmental Conservation (Department) served respondent Park Sanford Owners Corp. (respondent) with a notice of hearing and complaint, dated June 6, 2018, alleging a violation of ECL 17-1009 and its implementing regulation, 6 NYCRR 613-1.9(c), for failing to renew the registration of its petroleum bulk storage (PBS) facility located at 87-70 173rd Street, Jamaica, New York (facility). The complaint seeks an order of the Commissioner: (i) finding respondent in violation of ECL 17-1009 and 6 NYCRR 613-1.9(c); (ii) assessing a civil penalty in the amount of ten thousand dollars (\$10,000); (iii) directing respondent to register its petroleum bulk storage facility within fifteen (15) days of the service of the Commissioner's order, remit the applicable registration fee, and submit a complete registration application; and (iv) granting such other and further relief as the Commissioner shall deem just and appropriate.

Inasmuch as respondent is an active domestic business corporation in the State of New York, service of the notice of hearing and complaint on respondent was made by personally serving the New York State Department of State on June 6, 2018 (*see* Motion for Default Judgment, Exhibit C). Department staff also provided additional service by sending the notice of hearing and complaint to respondent by first class mail on June 6, 2018 (*see id.*). Respondent failed to file an answer to the complaint, and failed to appear at a pre-hearing conference scheduled for July 11, 2018, as directed in the cover letter and notice of hearing served with the complaint (*see* Motion for Default Judgment, Exhibit A).

As stated in the notice of hearing, on August 13, 2018, an adjudicatory hearing was convened before the undersigned. Department staff was represented by Deborah Gorman, Esq.,

Remediation Bureau, Office of General Counsel, New York State Department of Environmental Conservation, 625 Broadway, Albany, New York. No one appeared on behalf of respondent.

I noted 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. I reserved on the oral motion, allowing the record to remain open for Department staff to submit the documentation required by 6 NYCRR 622.15(b). On December 11, 2018, staff submitted a written motion for a default judgment with supporting papers (*see* Appendix A, attached hereto [listing documents submitted on motion]). Department staff served the motion and supporting papers on respondent by first class mail on December 20, 2018 (*see* Affirmation of Service of Deborah Gorman, dated December 20, 2018).

Applicable Regulatory Provision

Section 613-1.9. Registration.¹

* * *

“(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 pleadings and papers submitted with and in support of staff’s motion for a default judgment:

1. Respondent Park Sanford Owners Corp. is the owner of a PBS facility having a capacity of over 1,100 gallons located at 87-70 173rd Street, Jamaica, New York (facility). In particular, PBS tank number 100 at the facility has a capacity of 5,000 gallons and is located aboveground. *See* Motion for Default Judgment, Exhibits D, E, F, and G.
2. Respondent is an active domestic business corporation in the State of New York. *See* Motion for Default Judgment, Exhibit H.

¹ Effective October 11, 2015, 6 NYCRR 613-1.9 replaced 6 NYCRR 612.2, Registration of Facilities, which read in part, “(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.”

3. On August 9, 1988, D & D Associates transferred all right, title and interest in the facility to Park Sanford Owners Corp., the facility's current owner. This deed is recorded in the Office of the City Register of the City of New York, in Reel 2665 Page 2342. *See* Motion for Default Judgment, Exhibit D.
4. Pursuant to a registration application dated August 6, 2008, the Department issued PBS Certificate Number 2-204528 to respondent Park Sanford Owners Corp. on August 8, 2008 with an expiration date of November 15, 2013. *See* Motion for Default Judgment, Exhibits E, F and G.
5. On May 31, 2018, a search of the Department's PBS registration database revealed that respondent's registration expired on November 15, 2013 and, as of May 31, 2018, had not been renewed. *See* Motion for Default Judgment, Exhibit A, Affirmation of Deborah Gorman, Esq., dated June 6, 2018, ¶¶ 9-12; *see also* Exhibit G.
6. As of December 11, 2018, respondent had not registered the facility. *See* Motion for Default Judgment, Exhibit B, Affirmation of Deborah Gorman, Esq., dated December 11, 2018 ¶ 9; *see also* Exhibit G.
7. As shown by Receipt for Service No. 201806130048 issued by the New York State Department of State, respondent was served personally, on June 6, 2018 pursuant to section 306 of the Business Corporation Law, with a notice of hearing and complaint dated June 6, 2018, alleging a violation of ECL 17-1009 and its implementing regulation, 6 NYCRR 613-1.9(c), together with a cover letter, statement of readiness and supporting affirmation, for failure to renew the registration of its PBS facility located at 87-70 173rd Street, Jamaica, New York. 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 or about June 6, 2018. *See* Motion for Default Judgment, Exhibit C.
8. Respondent failed to file an answer to the complaint, failed to appear at a pre-hearing conference scheduled for July 11, 2018, as directed in the cover letter and notice of hearing served with the complaint, and failed to appear for the adjudicatory hearing scheduled in the matter on August 13, 2018, as directed in the notice of hearing. *See* Motion for Default Judgment, Exhibit B, Affirmation of Deborah Gorman, Esq., ¶¶ 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 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 "provide proof of the facts sufficient to support the claim[s]" alleged in the complaint. (*Matter of Queen City Recycle Center, Inc.*, Decision and Order of the Commissioner, December 12, 2013, at 3.) Staff is required to support their motion for a default judgment with enough facts to enable the ALJ and the Commissioner to determine that staff has a viable claim (*see Matter of Samber Holding Corp.*, Order of the Commissioner, March 12, 2018 [*Samber*], at 1 [citing *Woodson v Mendon Leasing Corp.*, 100 NY2d 62, 70-71 (2003)]; *see also* CPLR 3215[f]).

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 July 11, 2018, as directed in the cover letter and notice of hearing served with the complaint; and (iii) respondent failed to appear for the adjudicatory hearing scheduled on August 13, 2018, as directed in the notice of hearing. Department staff has submitted a proposed order (*see* Motion for Default Judgment, Exhibit J). Based upon the foregoing, the Department is entitled to a default judgment in this matter pursuant to the provisions of 6 NYCRR 622.15. Staff also served respondent with copies of the motion for default judgment and supporting papers (*see* Affirmation of Service of Deborah Gorman, dated December 20, 2018, ¶ 3).

Department staff's submissions in support of the motion for a default judgment provide proof of facts sufficient to enable me to determine that staff has a viable claim that respondent failed to renew the registration of its petroleum bulk storage facility located at 87-70 173rd Street, Jamaica, New York, on or before November 15, 2013, the date on which its registration expired, in violation of ECL 17-1009 (*see Samber* at 1). Respondent was in violation of 6 NYCRR 613-1.9(c) from the effective date of the current part 613, October 11, 2015.

Department staff seeks a civil penalty in the amount of ten thousand dollars (\$10,000), and staff's submissions on the motion for a default judgment elaborate on the requested penalty, discussing the Department's Civil Penalty Policy, DEE-1, and administrative precedent relating to similar violations (*see* Motion for Default Judgment, Exhibit A, Complaint, at Wherefore Clause ¶ II; *see also* Exhibit B, Gorman Affirmation, dated December 11, 2018, ¶¶ 13-18). 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 this matter, the five-year threshold for applying a civil penalty of ten thousand dollars (\$10,000) was reached on November 16, 2018, after service of the notice of hearing and complaint but before staff's motion for a default judgment. Staff's papers demonstrate the violation continued as of December 11, 2018. "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 adjudicatory hearing or submission of default motion papers, it is appropriate to seek the penalty amount related to the longer period" (*see Matter of Promesa Court Residences Limited Partnership*, Order of the Commissioner, September 11, 2017, at 3; *see also Matter of 1160 President Street Housing Development Fund Corporation*, Order of the Commissioner, October 3, 2017, at 2).

Accordingly, I find that staff's request for a civil penalty in the amount of ten thousand dollars (\$10,000) is consistent with the Department's penalty policy as well as applicable provisions of ECL article 71 and administrative precedent (*see e.g. 12 Martense Associates*, at 2).

Conclusion of Law

By failing to renew the registration of its PBS facility located at 87-70 173rd Street, Jamaica, New York on or before November 15, 2013, respondent violated ECL 17-1009 and 6 NYCRR 613-1.9(c).

Recommendation

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

1. Granting Department staff's motion for default judgment, holding respondent Park Sanford Owners Corp. in default pursuant to the provisions of 6 NYCRR 622.15;
2. Holding that respondent Park Sanford Owners Corp. violated ECL 17-1009 and 6 NYCRR 613-1.9(c) by failing to renew the registration of its PBS facility located at 87-70 173rd Street, Jamaica, New York on or before November 15, 2013, the date the prior registration expired;
3. Directing respondent Park Sanford Owners Corp. to pay a civil penalty in the amount of ten thousand dollars (\$10,000) within fifteen (15) days of service of the Commissioner's order; and

4. Directing such other and further relief as he may deem just and appropriate.

_____/s/_____
Michael S. Caruso
Administrative Law Judge

Dated: Albany, New York
January 11, 2019

APPENDIX A

Matter of Park Sanford Owners Corp.

DEC File No. PBS.2-204528.8.2018

Motion for Default Judgment

1. Cover letter, dated December 11, 2018, addressed to Chief Administrative Law Judge James McClymonds of the Department's Office of Hearings and Mediation Services, attaching staff's motion papers
2. Notice of Motion for Default Judgment dated December 11, 2018
3. Motion for Default Judgment, dated December 11, 2018, attaching Exhibits A and B:
 - A. Cover letter, Notice of Hearing, Complaint, Statement of Readiness, and Affirmation of Deborah Gorman, Esq., all dated June 6, 2018
 - B. Affirmation of Deborah Gorman, Esq., dated December 11, 2018, attaching Exhibits C – H and J:
 - C. Affidavit of Service of Dale Thiel, sworn to December 11, 2018, attaching Department of State Receipt for Service, dated June 6, 2018, reflecting service upon respondent pursuant to section 306 of the Business Corporation Law
 - D. Printout of search on Automated City Register Information System (ACRIS), dated December 11, 2018, attaching deed dated August 9, 1988
 - E. Petroleum Bulk Storage (PBS) Application from Park Sanford Owners Corp., PBS No. 2-204528, dated August 6, 2008
 - F. PBS Certificate, PBS No. 2-204528 issued to Park Sanford Owners Corp. on August 8, 2008, with an expiration date of November 15, 2013
 - G. Facility Information Report, PBS No. 2-204528, printed December 11, 2018
 - H. NYS Department of State, Division of Corporations, Entity Information Sheet regarding Park Sanford Owners Corp., reflecting information through December 10, 2018
 - J. Draft Order²
4. Affirmation of Service of Deborah Gorman, dated December 20, 2018

² There is no Exhibit I.