

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.2-605610.2.2018

-by-

**THE PROMESA HOUSING DEVELOPMENT
FUND CORPORATION,**

Respondent.

This administrative enforcement proceeding addresses allegations of staff of the New York State Department of Environmental Conservation (Department or DEC) that respondent The Promesa Housing Development Fund Corporation violated ECL 17-1009 and 6 NYCRR 613-1.9(c) by failing to renew the registration its petroleum bulk storage facility at 1707 Topping Avenue, Bronx, New York (facility) on or before April 10, 2011, the date on which its prior registration expired. Located at the facility is an aboveground storage tank with a capacity of 4,000 gallons.

On May 10, 2018, an adjudicatory hearing was convened before Michael S. Caruso, Administrative Law Judge (ALJ) of DEC's Office of Hearings and Mediation Services. ALJ Caruso prepared the attached hearing report, which I adopt as my decision in this matter, subject to my comments below. As set forth in the ALJ's hearing 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 January 8, 2018, and failed to appear for the adjudicatory hearing scheduled in the matter for February 7, 2018 and reconvened on May 10, 2018 (see Hearing Report at 4 [Finding of Fact No. 8]).

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 Hearing Report at 4-5). I concur that staff is entitled to a judgment on default pursuant to 6 NYCRR 622.15.

At the hearing on May 10, 2018, Department staff presented proof of facts sufficient to enable me to determine that staff has a viable claim and proved its case on the merits by a preponderance of the evidence (see id.). Accordingly, staff is entitled to a judgment based on record evidence.

The record demonstrates that respondent was required to renew the registration of its facility on or before April 10, 2011 (see ECL 17-1009[2]; Hearing Report at 4-5). Respondent's failure to properly renew the registration of its facility violated ECL 17-1009 and 6 NYCRR 613-1.9(c).

ECL 71-1929 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. Department staff, in its papers, sought a civil penalty in the amount of ten thousand dollars (\$10,000). Where, as here, an owner has not registered the facility for more than five years, and no other violations or mitigating or aggravating factors exist, a civil penalty of ten thousand dollars (\$10,000) is consistent with administrative precedent (see Matter of 12 Martense Associates LLC, Order of the Commissioner, December 19, 2011, at 2). The requested penalty of ten thousand dollars (\$10,000) is authorized and appropriate.

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 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 The Promesa Housing Development Fund Corporation waived its right to be heard at the hearing.
- II. Moreover, based upon record evidence, respondent The Promesa 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 1707 Topping Avenue, Bronx, New York on or before April 10, 2011, the date the prior registration expired.
- III. Within fifteen (15) days of the service of this order upon respondent The Promesa Housing Development Fund Corporation, respondent shall submit to the Department a complete petroleum bulk storage application for the facility, plus applicable registration fees.
- IV. Within fifteen (15) days of the service of this order upon respondent The Promesa Housing Development Fund Corporation, 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 petroleum bulk storage application, applicable 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 The Promesa 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: July 26, 2018
Albany, New York

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),

HEARING REPORT

DEC Case No.
PBS.2-605610.2.2018

-by-

**THE PROMESA HOUSING DEVELOPMENT
FUND CORPORATION,**

Respondent.

Procedural History

Staff of the New York State Department of Environmental Conservation (Department) served respondent The Promesa Housing Development Fund Corporation (respondent) with a notice of hearing and complaint, dated December 11, 2017, alleging a violation of ECL 17-1009 and 6 NYCRR 613-1.9(c) for failing to renew the registration of its petroleum bulk storage facility located at 1707 Topping Avenue, Bronx, New York on or before April 10, 2011, 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); (3) directing respondent to register its petroleum bulk storage facility within fifteen (15) days of service of the Commissioner's order by remitting the applicable registration fee along with a complete registration application; and (4) granting such other and further relief as the Commissioner shall deem just and appropriate.

Because respondent is an active domestic not-for-profit corporation in the State of New York, service of the notice of hearing and complaint on respondent was made by serving the New York State Department of State on December 11, 2017 (see Staff Exhibit 3). Department staff provided additional service by sending the notice of hearing and complaint to respondent by first class mail on or about December 11, 2017 (see id.). Respondent failed to file an answer to the complaint, and failed to appear at a pre-hearing conference scheduled for January 8, 2018, as directed in the notice of hearing and accompanying cover letter (see Staff Exhibit 1).

As stated in the notice of hearing, on February 7, 2018, an adjudicatory hearing was convened before the undersigned. Department staff was represented by Deborah Gorman, Esq., Senior Attorney, Office of General Counsel, New York State Department of Environmental Conservation, 625 Broadway, Albany, New York. No one appeared on behalf of respondent. Department staff, however, stated there was a pending settlement with respondent. Accordingly, the matter was adjourned in contemplation of settlement. On March 30, 2018, Department staff

advised the Office of Hearings and Mediation Services (OHMS) that the matter did not settle and requested that the hearing be reconvened. On April 5, 2018, OHMS served a Notice of Hearing on respondent by first class mail, advising respondent that the hearing would be reconvened on May 10, 2018 (see Staff Exhibit 2). On May 10, 2018, the adjudicatory hearing was reconvened before me at the Department's Region 2 offices. Department staff was represented by Ms. Gorman. 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 reconvened adjudicatory hearing, Department staff moved orally for a default judgment pursuant to 6 NYCRR 622.15 and also sought judgment on the merits.

Department staff called one witness, Benjamin Conlon, Associate Attorney with the Department's Office of General Counsel, and Section Chief in the Bureau of Remediation. In all, eight (8) exhibits were received in evidence.

Applicable Regulatory Provision

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 preponderance of evidence presented at the hearing, see 6 NYCRR 622.11(c):

1. Respondent The Promesa Housing Development Fund Corporation (respondent) is the owner of a petroleum bulk storage facility having a capacity of over 1,100 gallons located at 1707 Topping Avenue, Bronx, New York (facility). In particular, petroleum storage tank number 001 at the facility has a capacity of 4,000 gallons and is located aboveground. See Testimony of Benjamin Conlon (Conlon Testimony); Staff Exhibits 5, 6, and 7.

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.”

2. Respondent is an active domestic not-for-profit corporation in the State of New York. See Conlon Testimony; Staff Exhibit 4.
3. Pursuant to a registration application received May 26, 2009, the Department issued Petroleum Bulk Storage (PBS) Registration Certificate No. 2-605610 to “Promesa Housing Development Fund” identified on the certificate as the owner of the facility, on May 26, 2009 with an expiration date of April 10, 2011. The PBS Application for the renewal received by Department staff on May 26, 2009 identifies the owner as Promesa Housing Development Fund Corp. See Conlon Testimony; Staff Exhibits 5 and 6.
4. On December 8, 1992, The City of New York, by deed, transferred all right, title and interest in the facility to respondent The Promesa Housing Development Fund Corporation, the facility’s current owner. This deed is recorded in the Office of the City Register of the City of New York, on Reel 1142, Page 0857. See Conlon Testimony; Staff Exhibit 8.
5. Benjamin Conlon is an Associate Attorney in the Department’s Office of General Counsel, serving as a Section Chief in the Bureau of Remediation, whose responsibilities include enforcement of the Petroleum Bulk Storage, Chemical Bulk Storage, and Major Oil Storage Facilities laws and regulations. Mr. Conlon is authorized to access and inspect the Department’s unified information system (UIS) and the electronic repository for scanned documents known as DecDOCS. The UIS and DecDOCS are databases maintained by the Department and contain petroleum bulk storage facility records filed with the Department, which records include petroleum bulk storage facility registrations filed pursuant to 6 NYCRR 613-1.9. See Conlon Testimony.
6. On May 9, 2018, Benjamin Conlon searched the petroleum bulk storage facility records contained in the Department’s UIS and DecDOCS databases for any petroleum bulk storage facility registration application filed by respondent for the facility. Mr. Conlon determined that respondent’s registration expired on April 10, 2011 and, as of May 9, 2018, had not been renewed. See Conlon Testimony; see also Staff Exhibits 6 and 7.
7. As shown by Receipt for Service No. 201712290152 issued by the New York State Department of State, respondent was served personally, on December 11, 2017, pursuant to section 306 of the Not-For-Profit Corporation Law, with a notice of hearing and complaint dated December 11, 2017, 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 petroleum bulk storage facility located at 1707 Topping Avenue, Bronx, New York on or before April 10, 2011, the date 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 or about December 11, 2017. See Staff Exhibits 1 and 3; see also Hearing Record.

8. Respondent failed to file an answer to the complaint, failed to appear at a pre-hearing conference scheduled for January 8, 2018 as directed in the notice of hearing and the accompanying cover letter, and failed to appear for the adjudicatory hearing scheduled in the matter for February 7, 2018 and reconvened on May 10, 2018, as directed in the notices of hearing. See Hearing Record.

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 "provide proof of the facts sufficient to support the claim" (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, at 1 [citing Woodson v Mendon Leasing Corp., 100 NY2d 62, 70-71 (2003)]; see also State v Williams, 44 AD3d 1149, 1151-1152 [3d Dept 2007] and 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 January 8, 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 February 7, 2018 and reconvened on May 10, 2018, as directed in the notices of hearing. Department staff has submitted a proposed order.

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 1707 Topping

Avenue, Bronx, New York on or before April 10, 2011, the date on which its registration expired, in violation of ECL 17-1009 and 6 NYCRR 613-1.9(c) (see Matter of Samber Holding Corp., Order of the Commissioner at 1). Based upon the foregoing, the Department is entitled to a default judgment in this matter pursuant to the provisions of 6 NYCRR 622.15.

Moreover, the proof adduced at the hearing, conducted in respondent's absence, demonstrates by a preponderance of the evidence that respondent failed to renew the registration of its petroleum bulk storage facility located at 1707 Topping Avenue, Bronx, New York, in violation of ECL 17-1009 and 6 NYCRR 613-1.9(c). The Department is entitled to judgment upon the facts proven.

In its complaint, Department staff seeks an order imposing a civil penalty of ten thousand dollars (\$10,000). 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's proposed order seeks a civil penalty of ten thousand dollars (\$10,000). This requested civil penalty is consistent with the Department's penalty policy as well as applicable provisions of ECL article 71 and administrative precedent (see 12 Martense Associates, at 2).

Conclusion of Law

By failing to renew the registration of its PBS facility located at 1707 Topping Avenue, Bronx, New York on or before April 10, 2011, the date the prior registration expired, respondent violated ECL 17-1009 and 6 NYCRR 613-1.9(c).

Recommendations

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

1. Granting Department staff's motion for default, holding The Promesa Housing Development Fund Corporation in default pursuant to the provisions of 6 NYCRR 622.15;
2. Holding that, based upon the proof adduced at the adjudicatory hearing, respondent The Promesa 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 1707 Topping Avenue, Bronx, New York on or before April 10, 2011, the date the prior registration expired;

3. Directing respondent The Promesa Housing Development Fund Corporation to submit to the Department, within fifteen (15) days of service of the Commissioner's order, a complete petroleum bulk storage registration application for the facility, together with applicable registration fees;
4. Directing respondent The Promesa Housing Development Fund Corporation 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
5. Directing such other and further relief as he may deem just and appropriate.

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

Dated: June 4, 2018
Albany, New York

EXHIBIT CHART – PBS EXPEDITED PROCEEDINGS

Matter of The Promesa Housing Development Fund Corporation
 1707 Topping Avenue, Bronx, New York – DEC Case No. PBS.2-605610.2.2018
 May 10, 2018 – Region 2
 Edrol File No. 180510164217

Exhibit No.	Description	ID'd?	Rec'd ?	Offered By	Notes
1	Cover Letter from Deborah Gorman, Esq. to respondent, with Notice of Hearing, Complaint, and Statement of Readiness, and Affirmation of Deborah Gorman all dated December 11, 2017.	✓	✓	Department Staff	
2	Notice of Hearing (reconvened) dated April 5, 2018	✓	✓	Department Staff	
3	Affidavit of Service of Dale Thiel, sworn to May 9, 2018 with New York State Department of State Receipt for Service dated December 11, 2017.	✓	✓	Department Staff	
4	NYS Department of State Entity Information, current through April 18, 2018.	✓	✓	Department Staff	
5	PBS Application, received May 26, 2009, from Promesa Housing Development Fund Corp, for 1707 Topping Avenue, Bronx, New York.	✓	✓	Department Staff	

Exhibit No.	Description	ID'd?	Rec'd ?	Offered By	Notes
6	PBS Registration Certificate issued May 26, 2009, expiration date April 10, 2011.	✓	✓	Department Staff	
7	PBS Program Facility Information Report, printed April 19, 2018.	✓	✓	Department Staff	
8	Printout of search on Automated City Register Information System (ACRIS), dated April 19, 2018, attaching deed dated December 8, 1992.	✓	✓	Department Staff	