

STATE OF NEW YORK  
DEPARTMENT OF ENVIRONMENTAL CONSERVATION

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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.2-311979.5.2017

-by-

**JG 542 ASSOCIATES LLC,**

Respondent.

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This administrative enforcement proceeding addresses allegations of the staff of the New York State Department of Environmental Conservation (Department) that respondent JG 542 Associates LLC (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 April 19, 2015, the date on which its prior registration expired. Respondent's facility is located at 542 East 11th Street, New York, New York and includes an aboveground storage tank with a capacity of 4,000 gallons.

Administrative Law Judge (ALJ) D. Scott Bassinson of the DEC's Office of Hearings and Mediation Services was assigned to the matter. ALJ Bassinson 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 April 12, 2017, and failed to appear for the adjudicatory hearing scheduled in the matter on May 12, 2017 (see Default Summary Report at 3 [Finding of Fact No. 7]).

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 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 also 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 April 19, 2015, the date on which its registration expired.

The record demonstrates that respondent was required to renew its registration by April 19, 2015, the date its prior registration expired (see ECL 17-1009[2]; Default Summary Report at 3 [Finding of Fact No. 4]). In addition to ECL 17-1009, Department staff referenced in its

papers the applicable facility registration requirement at 6 NYCRR 613-1.9(c), which became effective on October 11, 2015 and which replaced the previous registration provision in 6 NYCRR part 612.

In its March 9, 2017 complaint, Department staff seeks a civil penalty of ten thousand dollars (\$10,000) (see Motion for Default Judgment, Exhibit A [Complaint, Wherefore Clause, at II]). In its motion papers, however, staff seeks a civil penalty of seven thousand five hundred dollars (\$7,500) (see Default Summary Report at 5). 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. As noted, respondent has failed to renew the registration for the facility since April 19, 2015 when the registration expired (see Default Summary Report at 3 [Finding of Fact No. 3]).

In circumstances in which an owner has not registered the facility for less than two years from the expiration date of its PBS certificate, and there are no aggravating or mitigating factors, a civil penalty of five thousand dollars (\$5,000) would be consistent with administrative precedent (see Matter of 12 Martense Associates LLC, Order of the Commissioner, December 19, 2011, at 2). Department staff cites respondent's prior failure to timely register the facility, following its becoming owner of the facility in 2010, as an aggravating factor that warrants a higher civil penalty (see Exhibit B, Affirmation of Deborah Gorman, Esq., dated May 15, 2017, ¶¶ 13-19), and I agree. Department staff, however, does not indicate whether any action was taken with respect to the prior late filing, or what interactions may have occurred with respondent at that time. Providing such information would have been helpful for purposes of penalty consideration. Notwithstanding the foregoing, based on the record (including the duration of the violation and the prior failure to timely file), the Department's civil penalty policy, the importance of registration to the petroleum bulk storage regulatory scheme, and the penalties as authorized by ECL 71-1929, I have concluded that the requested civil penalty of seven thousand five hundred dollars (\$7,500) is appropriate here.

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 JG 542 Associates LLC waived its right to be heard at the hearing.
- II. Moreover, based upon record evidence, respondent JG 542 Associates LLC violated (a) ECL 17-1009 and (b) since October 11, 2015, 6 NYCRR 613-1.9(c), by failing to renew the registration of its petroleum bulk storage facility located at 542 East 11th Street, New York, New York.

- III. Within fifteen (15) days of the service of this order upon respondent JG 542 Associates LLC, 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 JG 542 Associates LLC, 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, 14<sup>th</sup> 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 JG 542 Associates LLC, 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  
June 12, 2017

STATE OF NEW YORK  
DEPARTMENT OF ENVIRONMENTAL CONSERVATION

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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.2-311979.5.2017

-by-

**JG 542 ASSOCIATES LLC,**

Respondent.

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Procedural History

Staff of the New York State Department of Environmental Conservation (“Department”) served respondent JG 542 Associates LLC (“respondent”) with a notice of hearing and complaint, dated March 9, 2017, alleging that respondent violated ECL § 17-1009 and its implementing regulation, 6 NYCRR § 613-1.9(c), when it failed to renew the registration of its petroleum bulk storage facility located at 542 East 11th Street, New York, New York on or before April 19, 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); (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.

Inasmuch as respondent is an active domestic limited liability company 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 March 9, 2017. See Staff Exhibit (“Staff Ex.”) C. Department staff also provided additional service by sending the notice of hearing and complaint to respondent by first class mail on March 9, 2017. See id. Respondent failed to file an answer to the complaint, failed to appear at a pre-hearing conference scheduled for April 12, 2017, and failed to appear at the adjudicatory hearing scheduled for May 12, 2017, as directed in the notice of hearing and accompanying cover letter. See Staff Ex. B, ¶¶ 4-6.

As stated in the notice of hearing, on May 12, 2017, an adjudicatory hearing was convened at 12:30 p.m. by video conference before the undersigned Administrative Law Judge (“ALJ”). 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 21<sup>st</sup> 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. I 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 May 15, 2017, and nine exhibits.<sup>1</sup> Respondent has failed to file any response to staff's motion for default judgment.

#### Applicable Regulatory Provision

613-1.9 Registration.<sup>2</sup>

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“(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 JG 542 Associates LLC (“respondent”) is the owner of a petroleum bulk storage facility having a capacity of over 1,100 gallons located at 542 East 11th Street, New York, 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 Staff Exs. D, E, F, and G.

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<sup>1</sup> A list of the exhibits submitted by staff in support of its motion for default judgment is attached hereto as Appendix A.

<sup>2</sup> 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.”

2. Respondent is an active domestic limited liability company in the State of New York. See Staff Ex. H.
3. On April 19, 2010, Janet Ger, by deed, transferred all right, title and interest in the facility to respondent JG 542 Associates LLC, the facility's current owner. This deed is recorded in the Office of the City Register of the City of New York, as City Register File No. 2010000143929. See Staff Ex. D.
4. Respondent submitted to the Department a Petroleum Bulk Storage ("PBS") Application dated June 29, 2013. See Staff Ex. E. Respondent's PBS application was received by the Department on September 20, 2013. See id. On September 24, 2013, the Department issued to respondent PBS Registration Certificate No. 2-311979. This registration expired on April 19, 2015. See Staff Exs. F, G.
5. On March 6, 2017, a search of the Department's PBS registration database revealed that respondent's registration had expired on April 19, 2015 and had not been renewed. See Staff Ex. A, Affirmation of Deborah Gorman, Esq. dated March 9, 2017, ¶¶ 9-12.
6. As shown by Receipt for Service No. 201703160682 issued by the New York State Department of State, respondent was served personally on March 9, 2017, pursuant to section 303 of the New York Limited Liability Company Law, with a cover letter, notice of hearing and complaint, statement of readiness, and supporting affirmation, all dated March 9, 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 542 East 11th Street, New York, New York on or before April 19, 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 March 9, 2017. See Staff Ex. B, Affirmation of Deborah Gorman, Esq. in Support of Motion for Default Judgment, dated May 15, 2017 ("Gorman Aff. II"), ¶¶ 2-3; see also Staff Ex. C, Affidavit of Service of Dale L. Thiel, sworn to May 9, 2017, ¶¶ 3-4.
7. Respondent failed to file an answer to the complaint, failed to appear at a pre-hearing conference scheduled for April 12, 2017, and failed to appear for the adjudicatory hearing scheduled in the matter for May 12, 2017, as directed in the notice of hearing and accompanying cover letter. See Staff Ex. 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 April 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 May 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 Staff Ex. 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 May 15, 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 542 East 11th Street, New York, New York on or before April 19, 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.<sup>3</sup>

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<sup>3</sup> Staff has not alleged that, for the period from April 19, 2015 to October 10, 2015, respondent was in violation of former section 612.2(a)(2) of the regulations; rather, staff’s allegations regarding regulatory violations are limited to respondent’s failure to renew its registration under 6 NYCRR § 613-1.9(c), which became effective October 11, 2015. I note that the Commissioner has stated, on more than one occasion, that “Department staff should cite violations of both [former and current] regulatory sections where, as here, the violations commenced prior to and continued after October 11, 2015.” Matter of Brighton House, Inc., Order of the Commissioner, January 20, 2017, at 2; see also Matter of RCASCO Properties, Inc., Order of the Commissioner, November 28, 2016, at 2 (same).

In its complaint, Department staff seeks a civil penalty of ten thousand dollars (\$10,000). In its motion papers, however, staff seeks a penalty of \$7,500. See Motion for Default Judgment at first unnumbered page, ¶ 2; see also Staff Ex. B, Gorman Aff. II ¶¶ 13-19; Staff Ex. I, Proposed Order, at second unnumbered page.

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.

The record in this matter reflects that, as of the date of the service and filing of the notice of hearing and complaint in this matter, respondent’s failure to renew its registration had lasted almost two years. Absent aggravating or mitigating factors, a penalty of five thousand dollars (\$5,000) would be appropriate under 12 Martense Associates. In this matter, however, Department staff argues that a higher penalty of seven thousand five hundred dollars (\$7,500) is appropriate because the respondent has a history of non-compliance, having previously filed its registration late. The record reflects that, although respondent became owner of the property on April 19, 2010, respondent did not file a PBS application form reflecting the change of ownership until June 29, 2013, more than three years after it became the owner. See Staff Ex. B, Gorman Aff. II ¶ 18; see also Staff Exs. D (deed) and E (PBS application form). I recommend that the Commissioner impose a civil penalty in the amount of seven thousand five hundred dollars (\$7,500), as requested by Department staff.<sup>4</sup>

#### Recommendations

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

1. Granting Department staff’s motion for default, holding respondent JG 542 Associates LLC in default pursuant to the provisions of 6 NYCRR § 622.15;
2. Holding that respondent JG 542 Associates LLC violated ECL § 17-1009 and, from October 11, 2015 forward, 6 NYCRR § 613-1.9(c), by failing to renew the registration of its petroleum bulk storage facility located at 542 East 11th Street, New York, New York on or before April 19, 2015, the date that the prior registration expired;

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<sup>4</sup> Seeking a penalty lower than that requested in the complaint does not raise the same due process concerns as would a request to increase the penalty in a default situation. See Matter of Reliable Heating Oil, Inc., Decision and Order of the Commissioner, October 30, 2013, at 2-3. Moreover, Department served the default motion papers on respondent, and therefore respondent is on notice of staff’s request to reduce the civil penalty from the amount requested in the complaint.



3. Directing respondent JG 542 Associates LLC 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 and past due registration fees;
4. Directing respondent JG 542 Associates LLC 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/\_\_\_\_\_  
D. Scott Bassinson  
Administrative Law Judge

Dated: Albany, New York  
May 30, 2017

**APPENDIX A**

*Matter of JG 542 Associates LLC*  
DEC Case No. PBS.2-311979.5.2017

Exhibits to Staff Motion for Default Judgment dated May 15, 2017

<b>Exhibit</b>	<b>Description</b>
A	Cover letter, Notice of Hearing, Complaint, Statement of Readiness, and Affirmation of Deborah Gorman, Esq., all dated March 9, 2017
B	Affirmation of Deborah Gorman, Esq., dated May 15, 2017
C	Affidavit of Service of Dale L. Thiel, sworn to May 9, 2017, attaching NYS Department of State Receipt for Service No. 201703160682
D	New York City Department of Finance ACRIS Title Search, dated May 4, 2017. Deed to respondent dated April 19, 2010
E	PBS Application form filed for PBS No. 2-311979, dated June 29, 2013
F	PBS Certificate, PBS No. 2-311979, issued September 24, 2013
G	Facility Information Report, PBS No. 2-311979, printed May 4, 2017
H	NYS DOS Corporate Entity Information, printed May 4, 2017
I	Proposed Order