



PRESS RELEASE

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New Jersey Feedstock Processor Sentenced to Five Years in Prison for Conspiracy to Commit Biofuel Fraud

The owner of a New Jersey feedstock collector and processor was sentenced today for his role in a scheme that generated over \$7 million in fraudulent tax credits and renewable fuels credits (RIN credits) connected to the purported production of biodiesel fuel, as well as his subsequent attempts to obstruct a Grand Jury investigation into the fraud.

Malek Jalal, 52, was sentenced to 60 months in prison to be followed by three years of supervised release. He was also sentenced to pay \$1,017,087 in restitution, and a \$12,500 fine.

Acting Assistant Attorney General Jeffrey H. Wood for the Department of Justice's Environment and Natural Resources Division, U.S. Attorney Benjamin C. Glassman for the Southern District of Ohio, Acting Special Agent in Charge Frank S. Turner II for the Internal Revenue Service Criminal Investigation, and Acting Special Agent in Charge John Gauthier of EPA's Criminal Enforcement Program in Ohio announced the sentence handed down today by Senior U.S. District Court Judge James L. Graham.

The RFS program is a national policy, authorized under the Energy Policy Act of 2005 and expanded under the Energy Independence and Security Act of 2007, which requires a certain volume of renewable fuel to be produced to replace or reduce the quantity of petroleum-based transportation fuel, heating oil or jet fuel. Tax credits incentivize businesses to produce renewable fuel like biodiesel.

According to his plea, Jalal, who owned Unity Fuels of Newark, New Jersey, engaged in a scheme with other coconspirators to fraudulently claim tax credits and RIN credits multiple times on the same fuel. Jalal did this by buying fuel from a New York-based company, blending it with other materials, and selling it back to the same New York-based company.

Jalal also admitted to obstruction of justice. According to his plea, Jalal knowingly modified and destroyed records after receiving a Grand Jury subpoena from the Southern District of Ohio. Jalal also directed an employee of Unity Fuels to fabricate false records that were provided to the Grand Jury in an attempt to hide the fraud scheme.

“Unlawful acts like those at issue in this case defraud the U.S. Government, harm American taxpayers and consumers, and undermine energy and environmental laws enacted by Congress,” said Acting Assistant Attorney General Wood. “As today’s plea demonstrates, the Department of Justice will continue to pursue and prosecute those who seek to line their own pockets through RFS fraud.”

“Environmental programs are not immune from fraud,” U.S. Attorney Glassman said. “The surest way to deter this and all fraud is to catch the criminal and ensure that he is punished for the crime. That’s what we’re doing here.”

“At the IRS, protecting taxpayer money is a matter we take extremely seriously. An integral part of the agency’s mission involves detecting and catching those who claim fraudulent tax credits,” stated Frank S. Turner II, Acting Special Agent in Charge, IRS Criminal Investigation, Cincinnati Field Office. “The object of these schemes is to defraud the government and the taxpaying public.”

“Violations of renewable fuels laws can have serious impacts on the marketplace and hurt companies that play by the rules,” said Larry Starfield, Acting Assistant Administrator for the Office of Enforcement and Compliance Assurance at EPA. “EPA and its law enforcement partners are committed to ensuring a level playing field for businesses that follow the rules by pursuing those who blatantly violate the law.”

Assistant Attorney General Wood and U.S. Attorney Glassman commended the cooperative investigation by law enforcement, as well as Department of Justice Trial Attorney Adam Cullman, Senior Trial Attorney Jeremy Korzenik and Assistant United States Attorney J. Michael Marous, who represented the United States in this case.

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