



DEPARTMENT OF THE AIR FORCE

Arlington, Virginia 22203



Office of the Deputy General Counsel

MEMORANDUM IN SUPPORT OF THE EXTENSION OF THE DEBARMENTS OF:

HYDROMEX, INC.
DENNIE PRIDEMORE

On April 18, 2006, the Air Force debarred Hydromex, Inc. (Hydromex) and Dennie Pridemore (Pridemore) (collectively "Respondents") from Government contracting and from receiving, directly or indirectly, the benefits of federal assistance programs for a period of three years, ending January 16, 2009.

On June 18, 2008, the Air Force proposed to extend the debarments of Hydromex and Pridemore from Government contracting and from directly and indirectly receiving the benefits of federal assistance programs. These actions were initiated pursuant to Federal Acquisition Regulation (FAR) Subpart 9.4.

By correspondence received July 14, 2008, Pridemore, *pro se* and on behalf Hydromex,¹ submitted matters and arguments in opposition to the proposed extension of the debarments. I have read and carefully considered the submission and all of the information in the administrative record (the record).

INFORMATION IN THE RECORD

Information in the record establishes by a preponderance of the evidence that at all times relevant hereto:

1. Hydromex was a Mississippi business engaged in the business of mix waste recycling.
2. Pridemore was the president and founder of Hydromex.
3. In August 2000, Pridemore signed an agreement, on behalf of Hydromex, with another company to recycle its hazardous waste, using the hazardous waste as raw materials in the manufacture of new, marketable products. The contract provided that, "the abrasive material . . . will be used in its entirety as an ingredient in the manufacture of a product for sale, and that the material will not be . . . incinerated or disposed of, and that the product produced will be nonhazardous."

¹ In his *pro se* submission Pridemore does not specifically state he is representing the company as well as himself. Primarily he writes in the first person but does reference "the company" so it appears he is offering the arguments and matters in opposition on behalf of Hydromex as well as himself. I have accepted the submission as if Pridemore was representing both Respondents.

4. In December 2000, Pridemore signed a lease for 13.5 acres of land in Mississippi to use as a site on which Hydromex would receive and recycle hazardous waste (the Hydromex site).
5. Starting in 2000 and continuing to the end of 2002, Pridemore accepted millions of pounds of hazardous waste at the Hydromex site. Throughout his management of Hydromex, Pridemore falsely represented to regulatory officials that Hydromex was exempt under federal and state laws pertaining to the storage, treatment, and disposal of hazardous waste. The Hydromex site was not exempt because it was not issued permits to store, treat, or dispose of hazardous waste.
6. Between 2000 and the end of 2002, Pridemore authorized Hydromex employees to mix tons of hazardous waste with cement and to make blocks. Pridemore represented to regulatory officials that the blocks manufactured from hazardous waste were useful and marketable, when in fact they were neither. These blocks were exposed to the elements, easily disintegrated, and leached out fluids when it rained. Pridemore never sold any of these blocks.
7. Between 2000 and the end of 2002, Pridemore instructed Hydromex employees to excavate trenches on the Hydromex site and to dispose of the hazardous waste. The excavated trenches filled with the hazardous waste were then capped with concrete. Pridemore falsely represented to regulatory officials that the waste buried in the trenches was not hazardous waste and that the pads constituted a useful product.
8. Between December 20, 2001 and January 2003, Pridemore knowingly failed to comply with the recycling exemption under federal and state law and knowingly caused millions of pounds of hazardous waste to be stored at the Hydromex site, a facility that did not have a permit to store hazardous waste.
9. Between December 20, 2001 and January 2003, Pridemore knowingly caused millions of pounds of hazardous waste to be disposed of on the Hydromex site, a facility that did not have a permit to dispose of hazardous waste.
10. On or about May 29, 2002 and again on or about November 7, 2002, Pridemore knowingly and willfully made false statements to regulatory officials and federal investigators that he was properly and legally recycling hazardous waste received at the Hydromex site and that he was therefore in compliance with the exemption from hazardous waste regulation.
11. On April 18, 2006, the Air Force debarred Hydromex and Pridemore until January 16, 2009, based on other conduct related to this scheme to evade laws pertaining to hazardous waste regulation. The false statements alleged in this memorandum as bases for the extension of the proposed debarment were not known to the Air Force Suspending and Debarment Official in 2006, at the time of the original debarment. Further, the convictions entered against Pridemore since the original debarment require the extensions of those debarments.
12. On December 20, 2006, an indictment was filed in the United States District Court for the Southern District of Mississippi Western Division (USDC-SDM), charging Pridemore with four counts of knowingly causing hazardous waste to be stored or disposed at a facility that did not have the permits for storage or disposal of hazardous waste, in violation of 42 U.S.C. § 6928(d)(2)(A), and two counts of knowingly and willfully making materially false,

fictitious and fraudulent statements in matters concerning the United States Government in violation of 18 U.S.C. § 1001.

13. Pursuant to his plea of guilty to the facts as specified in Counts 1 through 6 of the indictment, judgment was entered against Pridemore on February 21, 2008, in the USDC-SDM. He was sentenced to 41 months imprisonment followed by 3 years of supervised release, and an assessment fee of \$600.00.

ANALYSIS

In addressing the specific paragraphs of the proposed extension of the debarments, Pridemore admits that, 1) he was the president and founder of Hydromex (Information in the Record (IITR), ¶2), 2) on April 18, 2006, he and Hydromex were debarred until January 16, 2009 (IITR, ¶11), 3) on December 20, 2006, he was indicted on six counts as stated (IITR, ¶12) (but claims the indictment was based on lies), and 4) that he pled guilty to the indictment and was sentenced on February 21, 2008 (IITR, ¶12). Pridemore's admissions to the facts as stated in the indictment and restated above, and his subsequent conviction pursuant to his guilty plea to all six counts of the indictment, provide the evidence and bases for the extended debarments.

Notwithstanding the above admissions and his guilty plea, Pridemore does put forth in the submission an argument that he had no "agreement" to do work for the Air Force or any other Government agency. However, in the submission summary, Pridemore admits to being a Government subcontractor by stating, ". . . any dealings I had with the Government was [sic] through Ray Williams of U.S. Technology." The record reflects that U.S. Technology was a prime contractor for the Government, and that Hydromex was its subcontractor. The Respondents are "contractors" as defined in FAR 9.403.

The Respondents' other arguments presented are, in essence, a recant of Pridemore's guilty plea.² The evidence in this matter is based on Pridemore's conviction and is not subject to dispute. He pled guilty to the facts as specified in the indictment and reflected in paragraphs 3 through 10 above. The Respondents' submission offers no evidence as to their present responsibility and does not present any mitigating factors for consideration.

I find by the preponderance of the evidence that the Respondents are not presently responsible contractors. In consideration of the egregious misconduct in this case, I have determined that protection of the government's interest requires extensions of the previously imposed debarment periods greater than the three years generally imposed under the FAR.

FINDINGS

1. The conviction of Pridemore provides a separate basis to extend his debarment, pursuant to FAR 9.406-2(a)(3) and (5).

² Pridemore asserts he was "forced" to sign the plea agreement because his public defender was either incompetent, or corrupt, or both, and claims he's an innocent person.

2. The conduct of Pridemore and Hydromex is of so serious and compelling a nature that it affects their present responsibility to be Government contractors or subcontractors and, pursuant to FAR 9.406-2(c), provides separate bases to extend their debarments.

3. The fraudulent, criminal, and seriously improper conduct of Pridemore, as an officer, director, shareholder, partner, employee, or other person associated with a contractor, may be imputed to Hydromex pursuant to FAR 9.406-5(a), as his misconduct occurred in connection with his performance of duties for or on behalf of Hydromex. The imputation of Pridemore's fraudulent, criminal, and seriously improper conduct provides a separate basis to extend Hydromex's debarment.

4. The seriously improper conduct of Hydromex may be imputed to Pridemore pursuant to FAR 9.406-5(b), because as an officer, director, shareholder, partner, employee, or other person associated with a contractor, he participated in, knew of, or had reason to know of Hydromex's seriously improper conduct. The imputation of Hydromex's seriously improper conduct provides a separate basis to extend Pridemore's debarment.

5. Pridemore and Hydromex are affiliates, as defined in FAR 9.403 ("Affiliates"), because directly or indirectly Pridemore controls or has the power to control Hydromex. Pursuant to the FAR 9.406-1(b), the affiliation of Pridemore and Hydromex provides a separate basis for Hydromex's debarment.

DECISION

Pursuant to the authority granted by FAR Subpart 9.4, Defense FAR Supplement, Subpart 209.4 and 32 C.F.R. Section 25, and based on the evidence contained in the administrative record and findings herein, the debarments of Hydromex, Inc. and Dennie Pridemore are extended for 5 years from April 17, 2009, the date that the current debarments would have expired. The debarment shall terminate on April 16, 2014.



STEVEN A. SHAW
Deputy General Counsel
(Contractor Responsibility)