MD Man Found Guilty in Renewable Energy Scheme

ALEX DOMINGUEZ, Associated Press

A Maryland man accused of selling millions of dollars in fraudulent renewable energy credits was convicted Monday on all 42 counts against him, including money laundering, wire fraud and violations of the Clean Air act.

Rodney Hailey was accused of selling $9.1 million in credits for biodiesel fuel his company didn't produce, spending the money on cars, jewelry and property, according to prosecutors. After deliberating little more than an hour, a trial jury convicted him.

Prosecutors said in closing arguments earlier Monday that Hailey produced nothing but lies.

"He was doing absolutely nothing except spending money," prosecutor Stefan Cassella told jurors, adding Hailey embarked on a frenzy of personal consumption with the funds he obtained.

Hailey's company, Clean Green Fuel, purported to produce biodiesel fuel made from used fryer oil and other renewable sources and sold credits under a federal program designed to help increase production of clean energy sources, prosecutors said.

Oil companies are being required to produce renewable fuels such as biodiesel, made from vegetable oils, or purchase credits from producers of those fuels.

Hailey's case is one of several nationwide that have unveiled problems with the program and led to calls in Congress for a review by lawmakers, saying EPA management of the program appears to have exacerbated the situation.

The EPA has said that program regulations make it clear that buyers must make sure they use valid credits. However, the agency has also said changes are being made to reduce the potential for fraud.

Prosecutors told jurors that Hailey bought about two dozen luxury cars, including Ferraris, Mercedes, even a Cadillac Escalade for an employee. They added that his alleged scheme collapsed when a neighbor complained about the luxury cars being parked at a school bus stop, tipping off authorities.

The defense, meanwhile, told jurors that the Perry Hall man didn't defraud anyone because traders and brokers knew the credits were fake. Anyone who followed the market for biofuels knew Hailey's company couldn't have been producing the amount that he claimed.

Defense attorney Joseph Evans told the jury the prosecution proved no wrongdoing on the counts Hailey faced.

Cassella and Evans both declined comment after the verdict.

Hailey faces up to 20 years in prison for each of eight wire fraud counts, 10 years each for 32 counts of money laundering, and two years each for two Clean Air Act counts, the U.S. Attorney's Office said.

The judge agreed with the prosecution that Hailey should be held pending sentencing in October. Prosecutors told the judge that not all of the money in the case has been recovered.

U.S. Attorney Rod Rosenstein said the EPA's renewable fuel initiative was designed with the assumption that people would act in good faith and actually produce renewable fuel before collecting the subsidy for it.

Ben Evans, a spokesman for the National Biodiesel Board, said Hailey's "greed has caused immeasurable damage to an industry and a government policy that are working for the public good — to improve our environment, create U.S. jobs and boost our energy security."

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