

**U.S. ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C.**

In the Matter of:

Peace Industry Group (USA), Inc.,

A & A Scooter, Inc.,

and

Louis Thomas,

Respondents.

ADMINISTRATIVE
SETTLEMENT AGREEMENT

AED/MSEB - 7256

This Administrative Settlement Agreement is made and entered into by and between the United States Environmental Protection Agency (“EPA”) and Peace Industry Group (USA), Inc., 6796 Jimmy Carter Boulevard, Norcross, Georgia 30071 (“Peace”), A & A Scooter, Inc., 2533 Royal Lane, #505, Dallas, Texas 75229 (“A&A”), and Louis Thomas, 3910 North Washington Boulevard, Sarasota, Florida 34234 (collectively, “Respondents”).

Purpose:

1. The purpose of this Administrative Settlement Agreement (“Agreement”) is to resolve 188 alleged violations of Sections 203(a) and 213(d) of the Clean Air Act (“CAA”), 42 U.S.C. §§ 7522(a) and 7547(d), and the Recreational Engine and Vehicle Regulations, 40 C.F.R. Part 1051.

Statutory Authority:

2. Sections 203(a) and 213(d) of the CAA, 42 U.S.C. §§ 7522(a) and 7547(d), prohibit any person from importing, selling, or leasing any new nonroad vehicle or engine unless such vehicle or engine is covered by a certificate of conformity issued and in effect, and bears the required EPA emissions information label.
3. Section 205(a) of the Act, 42 U.S.C. § 7524(a), provides that any person who violates Section 7522(a) is subject to a civil penalty of not more than \$32,500 for each vehicle or nonroad engine.

Regulatory Authority:

4. 40 C.F.R. § 1068.101(a)(1) prohibits a new all-terrain vehicle (“ATV”) from being manufactured for sale, sold, offered for sale, introduced or delivered for introduction into commerce, or imported into the United States unless the ATV is covered by an EPA-issued certificate of conformity (“COC”), and bears the required EPA emissions information label (“label”).
5. 40 C.F.R. § 1051.135(b) requires the manufacturer who has been issued the COC for the ATV to affix at the time of manufacture a permanent and legible label. The label must be attached so it is not removable without being destroyed or defaced.

Definitions:

6. For the purposes of this Agreement, the following definitions apply:
 - a. *Applicable regulation and dates:* 40 C.F.R. Part 1051 is applicable to ATVs built after the applicability dates.
 - b. *Certified engine:* An ATV built after the applicable dates of the regulations and that is covered by a Certificate of Conformity.
 - c. *Certificate holder:* The manufacturer who obtained from EPA a Certificate of Conformity for the Subject ATVs.
 - d. *Certificate of Conformity:* The document issued by EPA to a manufacturer under 40 C.F.R. Parts 1051, 1065, and 1068 after EPA determines that the manufacturer’s application is complete and that the engine family meets the requirements of 40 C.F.R. Part 1051 and the CAA.
 - e. *Export:* To transport to a location outside of the United States and its territories, Canada, and Mexico.
 - f. *Observer:* A U.S. Customs and Border Protection (“U.S. Customs”) representative or an independent board-certified licensed professional engineer.

- g. *Destroy*: The complete destruction of the ATV and engine. The ATV, its engine and parts shall be crushed or broken in such a manner that the ATV, engine, and parts cannot be used.
- h. *This matter*: As used in this Agreement means Respondents' importation of the 188 ATVs as described in Paragraphs 7 through 9 of this Agreement ("Subject ATVs") and any civil liability that may apply to such violations.

Alleged Violations:

- 7. On or about June 25 and 29, 2007, A & A imported into Fort Lauderdale, Florida 183 ATVs ("Subject ATVs"). The Subject ATVs are described in Appendix A to this Agreement.
- 8. On or about June 20, 2007, Louis Thomas imported into Miami, Florida five ATVs ("Subject ATVs"). The Subject ATVs are described in Appendix B to this Agreement.
- 9. The Subject ATVs were manufactured by Peace and Peace is the Certificate Holder for all of the Subject ATVs.
- 10. The U.S. Customs inspection of the Subject ATVs revealed that the Subject ATVs bore EPA-labels that were not permanently affixed and could be removed without destroying or defacing the labels, in violation of 40 C.F.R. § 1051.135(b).
- 11. During August 2007, EPA requested that U.S. Customs located in Fort Lauderdale and Miami, Florida detain the Subject ATVs.
- 12. Based on the foregoing, EPA alleges that Peace committed 188 violations, A&A committed 183, and Louis Thomas committed 5 violations of Sections 203(a) and 213(d) of the CAA, 42 U.S.C. §§ 7522(a) and 7547(d), and the Recreational Engine and Vehicle Regulations, 40 C.F.R. Part 1051.
- 13. By entering into this Agreement, Respondents do not admit that they have committed any violation of the Clean Air Act or its implementing regulations.

Injunctive Relief/Corrective Action:

14. No later than thirty days from the effective date of this Agreement, or such longer period of time if required by U.S. Customs, Respondents shall export or destroy the Subject ATVs. This exportation or destruction shall be carried out under the supervision of U.S. Customs. Respondents shall certify to EPA and provide supporting documents that the Subject ATVs were either exported or destroyed.
15. In lieu exporting or destroying the Subject ATVs as required by Paragraph 14, the Certificate Holder for the Subject Engines shall:
 - a. Remove each non-complying label from the Subject ATV and affix a complying EPA emissions information label to each of the Subject ATVs (replacement label).
 - b. Provide to EPA a technical description of the method and procedures that the Certificate Holder shall use to affix the replacement label to the Subject ATVs to ensure that each replacement label is permanently affixed and cannot be removed without destroying or defacing the label; and, attach as Appendix C to this Agreement a copy of the replacement label and technical description for applying the label.
 - c. Establish and fully document a chain of custody for the replacement labels from the time of production until the time of installation on the Subject ATV, and destruction of any unused replacement labels.
 - d. Perform this corrective action under the direction of the Observer. The corrective action shall be completed no later than thirty (30) days from the effective date of this Agreement, or such longer period of time if requested by Respondents and approved by EPA for good cause shown.

- e. Remove each non-complying label and give it to the Observer, and attach the replacement label in accordance with the method and procedures submitted to EPA in the above Subparagraph “(b)”.
 - f. Ensure that the Observer destroys all the removed labels no later than the day the last Subject ATV receives a replacement label.
16. After the replacement label has been affixed to each of the 188 Subject ATVs, the Certificate Holder shall have the Observer randomly select one Subject ATV from each model (“the Test Sample ATV”) to determine whether or not the replacement label is permanently affixed to the Subject ATV and cannot be removed without destroying or defacing the replacement label. Any Test Sample ATV whose replacement label is destroyed or defaced during this test must be relabeled by the Certificate Holder.
17. Where the replacement label on a Test Sample ATV can be removed without destroying or defacing the replacement label, the Test Sample ATV and the related model ATVs shall be exported.
18. Where the replacement label on a Test Sample ATV contains all the specified information, is permanently affixed and cannot be removed without destroying or defacing the label, the Test Sample ATV and the related ATV models may be deemed to comply with 40 C.F.R. § 1051.135(b) and may be released by U.S. Customs.
19. No later than thirty (30) days from the effective date of this Agreement (or such longer period of time if requested by Respondents and approved by EPA for good cause shown), Respondents shall provide to EPA with a written report that fully describes the corrective action taken, the action taken to prevent future similar future violations, and certifies that such corrective action was conducted as described. The report must include the following:
- a. An affidavit from the Certificate Holder who has performed the corrective action work. The affidavit shall certify the date, time, and place of the corrective action

work, identify each person doing the work, identify the vehicle identification number of each Subject ATV that was re-labeled, provide a clear readable picture of the replacement label affixed to each of the three models of the Subject ATVs, and provide the results of any tests performed to determine whether or not the replacement label was permanent and could not be removed without destroying or defacing the label; and,

- b. An unconditional statement from the Certificate Holder certifying that the Subject ATVs comply with all applicable requirements of the Clean Air Act and 40 C.F.R. Part 1051.

Root Cause Analysis and Corrective Action Compliance Plan:

- 20. No later than thirty (30) days from the effective date of this Agreement, the Certificate Holder shall initiate a thorough review and assessment of its labeling practices and procedures to ensure that all labels are permanently affixed on the Certificate Holder's engines and/or equipment at the time of manufacture and otherwise comply with the requirements of 40 C.F.R. § 1051, in particular to ensure that labels once affixed cannot be removed without being destroyed or defaced at any point during the life of the engines, and during the manufacturing and assembly process (including during overseas shipment for assembly, and for importation into the United States). The Certificate Holder shall, as part of such review:
 - (a) Review regulatory requirements for labels on engines;
 - (b) Analyze a representative sample of engines and labels to determine the potential cause(s) of label noncompliance;
 - (c) Review current labeling procedures and associated quality assurance and/or control practices, including label installation procedures, label design and label performance characteristics; and

- (d) Identify and implement corrective action(s) to label installation procedure/design/performance as well as quality assurance/quality control procedures at locations where the Certificate Holder's non-road equipment is manufactured and/or assembled, and for shipment to the United States, to ensure that labels remain permanently affixed and attached such that they cannot be removed without their being defaced or destroyed.
21. The Certificate Holder shall complete the review and analysis required in Paragraph 20, and shall implement all corrective actions, no later than sixty (60) days from the effective date of this Agreement. The Certificate Holder shall, no later than ninety (90) days from the effective date of this Agreement, submit a report to EPA of the Root Cause Analysis and Corrective Action Plan detailing the analysis, cause(s) of noncompliance, and all corrective actions implemented by the Certificate Holder. Such report shall include example(s) of new or redesigned label(s) identified for use by the Certificate Holder as a result of the Root Cause Analysis and Corrective Action Plan.

Civil Penalty:

22. Respondents have agreed to pay a civil penalty of \$16,000 to the United States of America in two payment of \$8,000 each. The first payment shall be due no later than thirty (30) days from the effective date of this Agreement. The second payment shall be due no later than 180 days from the effective date of this Agreement. Late payment of the civil penalty is subject to interest and fees as specified in 31 U.S.C. § 3717, plus the stipulated penalties as specified in Paragraph 28 of this Agreement. Respondents agree to pay the amount by certified check or cashier's check payable to the United States of America, and to mail the payment(s) to:

U.S. Environmental Protection Agency
Fines and Penalties
Cincinnati Finance Center
P.O. Box 979077
St. Louis, MO 63197-9000
Attn: AED/MSEB - 7256

Alternatively, Respondents may pay online at www.pay.gov. From the “Search Public Form” field, enter “SFO 1.1,” click “EPA Miscellaneous Payments - Cincinnati Finance Center”, and complete the “SFO Form Number 1.1.”

Notice:

23. A copy of the payment(s) shall be faxed to Jocelyn Adair, Esq. at (202) 564-0069 no later than twenty-four (24) hours after payment(s). A copy of all the correspondence to EPA that concerns this Agreement shall be sent to:

(Regular Mail)

Jocelyn Adair, Esq.
U.S. Environmental Protection Agency
Mail Code 2242A
1200 Pennsylvania Avenue, N.W.
Washington, DC 20460
Attn: AED/MSEB- 7256

(Courier Service)

Jocelyn Adair, Esq.
U.S. EPA
Ariel Rios South, Room 1109A
1200 Pennsylvania Avenue, N.W.
Washington, DC 20004

General Provisions:

24. The effective date of this Agreement is the date that EPA executes the Agreement and provides a copy of the executed Agreement to Respondents.
25. Respondents hereby represent that the individual executing this Agreement on behalf of each Respondent is authorized to do so on behalf of each Respondent and that such execution is intended and is sufficient to bind Respondents, Respondents’ agents, assigns, or successors.
26. Notwithstanding any other provisions of this Agreement, upon Respondents’ default or failure to comply with any terms of this Agreement, EPA may refer this matter to the United States Department of Justice to recover civil penalties pursuant to Section 205 of the Act, 42 U.S.C. § 7524, and pursue any other remedies available to it. Respondents specifically agree that in the event of such default or failure to comply, EPA may proceed in an action based on the original claim of violation of the Act and 40 C.F.R. Part 1051. Respondents expressly waive Respondents’ right to assert that such action is barred by any applicable statutes of limitation, *see e.g.* 28 U.S.C. § 2462.

27. This settlement is contingent upon the truthfulness, accuracy and completeness of Respondents' disclosure and representation to EPA, and the prompt and complete remediation of any violations in accordance with this agreement.

Stipulated Penalties:

28. For failure to comply with the terms of this Agreement on a timely basis Respondents shall pay stipulated penalties to the United States as follows:

- a. For failure to export or destroy or re-label the Subject ATV engines or provide proof thereof, pursuant to Paragraphs 14, 15, and 23, \$250.00 per day;
- b. For failure to provide the reports specified in Paragraphs 19 and 21, \$250 per day; and,
- c. For failure to timely pay the civil penalty or provide proof thereof, pursuant to Paragraphs 22 and 23, \$250.00 per day.

29. All stipulated penalties under Paragraph 28 of this Agreement shall begin to accrue on the day after performance is due, and shall continue to accrue until the day compliance is achieved. Nothing herein shall prevent simultaneous accrual of separate stipulated penalties for separate violations of this Agreement. All stipulated penalties shall be paid in the manner specified in Paragraph 22 of this Agreement. In addition, a copy of the transmittal letter(s) and payment(s) shall be sent to Jocelyn Adair at the address specified in Paragraph 23. All stipulated penalties shall be paid to the United States of America within 5 days of written demand by EPA ("the due date"). Late payment of the penalty is subject to interest and fees as specified in 31 U.S.C. § 3717. Stipulated penalties shall not be construed as prohibiting, altering, or in any way limiting the ability of EPA from seeking any other remedy or sanction available by virtue of Respondents' violation of this Agreement or of the statutes or regulations upon which the Agreement is based.

Enforcement:

30. Upon completion of the terms of this Agreement, the alleged violations described in this Agreement shall be deemed terminated and resolved. Nothing herein shall limit the right of EPA to proceed against each Respondent in the event of default or noncompliance with this Agreement, or for other violations of law, or with respect to other matters not within the scope of the Agreement. This Agreement in no way affects, or relieves Respondents of responsibility to comply with other state, federal or local law or regulations.

The following agree to the terms of this Agreement:

Peace Industry Group (USA), Inc.

By: [Signature]

Date: 10/03/07

Printed Name: Qiu Ping wang

Printed Title: president

**Administrative Settlement Agreement - In the Matter of Peace Industry Group (USA), Inc.,
A & A Scooter, Inc., and Louis Thomas; AED/MSEB - 7256**

A & A Scooter, Inc.

By: 

Date: 10/3/07

Printed Name: Andy yang

Printed Title: president

**Administrative Settlement Agreement - In the Matter of Peace Industry Group (USA), Inc.,
A & A Scooter, Inc., and Louis Thomas; AED/MSEB - 7256**

Louis Thomas

By: Louis Thomas

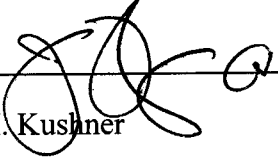
Date: 10/3/07

Printed Name: Louis Thomas

Printed Title: _____

**Administrative Settlement Agreement - *In the Matter of Peace Industry Group (USA), Inc.,
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U.S. Environmental Protection Agency

By:  _____ Date: Oct 16, 2007

Adam M. Kushner
Director
Air Enforcement Division

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Appendix A

Engine Manufacturer: Peace Industry Group (USA), Inc.

Importer: A & A Scooter, Inc.

Entry Number	Model	Engine Size	Quantity
WPJ-0008871-4	TPATV150A	150 cc	31
WPJ-0008871-4	TPATV250B	250 cc	32
WPJ-0008877-1	TPATV110	110 cc	120
Total			183

Administrative Settlement Agreement - *In the Matter of Peace Industry Group (USA), Inc., A & A Scooter, Inc., and Louis Thomas; AED/MSEB - 7256*

Appendix B

Engine Manufacturer: Peace Industry Group (USA), Inc.

Importer: Louis Thomas

Entry Number	Model	Engine Size	Quantity
516-2033227-3	TPATV250B	250 cc	5