UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

WASHINGTON, DC

In the Matter of: Loncin (USA), Inc. Longting USA LLC Chongqing Longting Power Equipment Co., Ltd. Respondents.	Administrative Settlement Agreement AED/MSEB # 7872

Purpose

1. The United States Environmental Protection Agency (EPA) and Respondents enter into this Administrative Settlement Agreement (Agreement) to resolve alleged violations of §§ 203(a) and 213 of the Clean Air Act (Act), 42 U.S.C. §§ 7522 and 7547, and 40 C.F.R. Parts 1051 and 1068.

Preliminary Matters

2. "Affiliates" or "affiliated" - used to indicate a relationship to a specified entity, and means any entity that, directly or indirectly or through one or more intermediaries, owns or controls, is owned or controlled by or is under common ownership or control with such entity.
3. "Entity" means any human, corporation, partnership, limited liability company, sole proprietorship, joint venture, or any formal or informal entity, organization, or association, whether organized under the laws of the United States or otherwise.

4. References to "Respondents" in this Agreement include Loncin (USA), Inc., Longting USA LLC, and Chongqing Longting Power Equipment Co., Ltd., and their respective affiliates, predecessors, successors, and assigns.

5. Each Respondent is a "person" as defined by § 302 of the Act, 42 U.S.C. § 7602.

6. Each Respondent is a "manufacturer" as defined by § 216 of the Act, 42 U.S.C. § 7550(1).

7. The all-terrain vehicles (ATVs) subject to this Agreement are set forth in Attachment A and are regulated under the Act as recreational vehicles under 40 C.F.R. Part 1051 ("Subject Vehicles").

8. For the purposes of this Agreement, Respondents are subject to the requirements of the Act and agree that EPA has jurisdiction over Respondents and Respondents' conduct described below.

Governing Law

9. Section 203(a)(1) of the Act prohibits "the sale, or the offering for sale, or the introduction, or delivery for introduction, into commerce … of any new motor vehicle or new motor vehicle engine, manufactured after the effective date of regulations" unless it is covered by an EPA-issued certificate of conformity (COC). 42 U.S.C. § 7522(a)(1).

10. The importation of "any new motor vehicle or new motor vehicle engine, manufactured after the effective date of regulations …" is prohibited "unless such vehicle or engine is covered by a certificate of conformity… ." *Id.*

11. Section 203(a), 42 U.S.C. § 7522(a), also prohibits causing the prohibited acts set forth in § 203(a).

12. Under 40 C.F.R. § 1068.101(a)(1), (b)(5) a person may not sell, offer for sale, or introduce or deliver into commerce in the United States or import into the United States any new

engine/equipment after emission standards take effect for the engine or equipment, unless it is covered by a valid COC for its model year.

13. Under 40 C.F.R. § 1068.101(c) a person may not cause the commission of a prohibited act set forth at 40 C.F.R. § 1068.101(a), (b).

14. Section 213(d) of the Act, 42 U.S.C. § 7547(d), and the corresponding regulations at 40 C.F.R. Part 1068 Subpart B, extend the prohibitions in § 203 to nonroad engines and vehicles, including the Subject Vehicles.

15. The text of every COC states that only such vehicles that "conform in all material respects to the design specifications" in the application are covered. *See* 40 C.F.R. § 1068.101(a)(1)(i) (requiring that the engine be "in a configuration described in the application for certification").

16. Each COC issued by EPA lists the model names of the vehicles that are covered by the COC, and states that the COC only applies to the vehicle models named on the COC.

17. The requirement for a COC became applicable to new recreational vehicles beginning with the 2006 model year. 40 C.F.R. §§ 1051.105 and 1051.107. A COC application must include, among other things, an identification of the engine family, a description of the vehicles and their emissions control systems, a description of all adjustable parameters, a list of the model names included in the engine family, and test results from a prototype emissions data vehicle. 40 C.F.R. § 1051.205. The COC application must not include false or incomplete statements or information. 40 C.F.R. § 1051.201(b).

18. EPA may void *ab initio* COCs that do not contain information required by the Act or implementing regulations, or that contain intentionally-submitted false or incomplete information. 40 C.F.R. § 1051.255(d),(e). A COC voided *ab initio* is considered to have been

never granted and all vehicles or engines introduced into commerce under the voided COC are considered noncompliant. *See* 40 C.F.R. § 1068.30 (defining "void" to mean invalidating a COC *ab initio*).

19. 40 C.F.R. § 1051.250 sets forth certain recordkeeping requirements applicable to recreational vehicle COC holders. 40 C.F.R. § 1051.250(b)(3) specifies that a detailed history of each emission-data vehicle must be organized and maintained by the certificate holder for at least eight years following certification. Failure to make and maintain records is a violation of 40 C.F.R. § 1068.101(a)(2). Any person who violates this prohibition between March 15, 2004, and January 12, 2009, is subject to a civil penalty of up to $32,500 for each day in violation.

20. Emission-related warranty requirements must be described in recreational vehicles' owners manuals as required by 40 C.F.R. § 1051.120(e), and must be honored in accordance with 40 C.F.R. §§ 1068.115 and 1068.101(b)(6).

21. Under the inflation adjustments of 40 C.F.R. § 19.4 and the civil penalties set forth in § 205(a) of the Act, 42 U.S.C. § 7524(a), any person who violates § 203(a)(1) of the Act, 42 U.S.C. § 7522(a)(1), between March 15, 2004, and January 12, 2009, is subject to a civil penalty of not more than $ 32,500 for each motor vehicle. Similarly, any person that violates 40 C.F.R. § 1068.101(a)(1) is subject to a civil penalty of up to $32,500 for each engine or piece of equipment in violation.

Violations

22. On June 29, 2010, EPA voided *ab initio* the COCs for engine families 7LGGX.150AA1, 7LGGX.250AM5, and 7LGGX.110AM3 issued to Longting USA LLC.

23. EPA's review of Respondents' January and April 2008 responses to EPA's information requests issued under § 208 of the Act, 42 U.S.C. § 7542, determined that between approximately February 28, 2007, and October 28, 2007, Respondents caused the importation of 3,758 ATVs under the voided COCs. Each ATV imported or otherwise introduced into commerce in the United States under those engine families is not covered by a valid COC.

24. In addition, the catalysts on 2,914 ATVs imported under engine families 7LGGX.150AA1 and 7LGGX.250AM5 were found to be materially different from the design specified in the applications for the COCs. Respondents caused the importation of these 2,914 ATVs, which are uncertified for this additional reason.

25. The COC for engine family 7LGGX0.07LTF identifies several models, but did not include the BA49 model until November 2007. In addition, no prior COC held by Longting USA LLC included a BA49 model. Respondents caused the importation of at least 1,980 BA49 model ATVs allegedly belonging to engine family 7LGGX0.07LTF prior to November 2007. These vehicles are illegal because the model name was not included on the COC when these vehicles were imported, and therefore importation of each of the 1,980 BA49 ATVs is a separate violation of Section 203(a)(1) of the Act, 42 U.S.C. § 7522(a)(1), and 40 C.F.R. § 1068.101(a)(1). Respondents caused the importation of the uncertified BA49 ATVs.

26. Respondents caused the importation of at least 396 ATVs under allegedly belonging to engine family 8LNCX0.07A1L issued to Loncin (USA), Inc. prior to the effective date of the COC in violation of Section 203(a)(1) of the Act, 42 U.S.C. § 7522(a)(1), and 40 C.F.R. § 1068.101(a)(1).

27. Based upon field inspections, EPA determined that ATVs allegedly belonging to the engine family 8LNCX0.25LTF were built with an adjustable idle air-fuel mixture screw, which qualifies as an adjustable parameter under 40 C.F.R. §§ 1051.801 and 1051.115(d). The COC application for EPA engine family 8LNCX0.25LTF, however, states that there are no adjustable parameters. Therefore, the ATVs do not conform to the design specifications for this engine family with respect to the adjustable parameters and are not certified. Respondents caused the importation of at least 864 of these uncertified ATVs in violation of Section 203(a)(1) of the Act, 42 U.S.C. § 7522(a)(1), and 40 C.F.R. § 1068.101(a)(1). Importation of each Subject Vehicle is a separate violation of § 203(a)(1) of the Act, 42 U.S.C. § 7522(a)(1), and 40 C.F.R. § 1068.101(a)(1). Respondents caused the importation of the Subject Vehicles in violation of § 203(a)(1) of the Act, 42 U.S.C. § 7522(a)(1) and are therefore liable for the violations related to each Subject Vehicle.

28. EPA's July 22, 2009 letter to Loncin (USA), Inc. offered Respondents the opportunity to demonstrate compliance with the recordkeeping requirements in 40 C.F.R. § 1051.250(b)(3) by showing EPA that emission-data vehicle durability mileage accumulation and maintenance records had been made and maintained. Respondents' August 29, 2009 response to EPA states that the company did not make and maintain the emission testing records that support Respondents' applications for engine families 7LGGX.150AA1, 7LGGX.250AM5, and 7LGGX.110AM3. Failure to maintain records is a violation of 40 C.F.R. § 1068.101(a)(2). As the COC holder, Respondents are liable for these violations.

29. In addition, EPA determined that the owners manuals for the model ATV150-M/125-M, ATV250, ATV90-M/110-M/110-4, and ATV 300 ATVs certified under engine families

7LGGX.150AA1, 7LGGX.250AM5, 7LGGX.110AM3, and 7LGGX0.29LTF do not contain any engine or emission-related warranty information as required under 40 C.F.R. § 1051.120(e). 3,875 of these ATVs were imported into the United States under these engine families, between approximately February 28, 2007, and October 28, 2007. Respondents caused the sale of these vehicles without a compliant warranty, in violation of Section 205(a) of the Act, 42 U.S.C. § 7524(a), and 40 C.F.R. § 1068.101(a)(6).

Civil Penalty

30. Respondents must pay to the United States a civil penalty of $680,000 (EPA Penalty).

31. Respondents must pay the EPA Penalty to the United States within the 30 calendar days immediately following the effective date of this Agreement (as defined in ¶ 41). Late payment is subject to interest and fees as specified in 31 U.S.C. § 3717, and such interest and fees must be paid by Respondents on demand by the United States. Respondents agree to pay the EPA penalty in the manner specified in subparagraph a., b. or c. below:

a. Mail by United States Postal Service a certified check or cashier's check, payable to the United States of America, to:

U.S. Environmental Protection Agency
Fines and Penalties
Cincinnati Finance Center
P.O. Box 979077
St. Louis, MO 63197-9000
ATTN: AED/MSEB # 7872

This check must be identified with case number AED/MSEB # 7872 and state that it is remitted by Respondents. Simultaneously, scan and email a copy of the check to Christopher A. Thompson at thompson.christopher@epa.gov.

b. Pay online through the Department of the Treasury using www.pay.gov. In the Search

Public Form field, enter SFO 1.1, click EPA Miscellaneous Payments - Cincinnati Finance Center, and complete the SFO Form Number 1.1. The payment must be identified with case number AED/MSEB # 7872. Within 24 hours of payment, scan and email a copy of the receipt to thompson.christopher@epa.gov.

c. Pay by wire transfer as follows:

Federal Reserve Bank of New York
ABA: 021030004
Account # 68010727
SWIFT Address: FRNYUS33
33 Liberty Street
New York, New York 10045

Field tag 4200 of the Fedwire message should read:
"D 68010727 Environmental Protection Agency"

The payment must be identified with case number AED/MSEB # 7872. Within 24 hours of payment, scan and email a copy of the wire documents evidencing payment to thompson.christopher@epa.gov.

Excess Emission Mitigation

32. Respondents must complete an emissions mitigation project within 12 months of the effective date of this Agreement. Respondents must donate no less than $10,000 to a state, local, tribal agency or non-profit organization that is implementing a wood burning appliance change-out or retrofit project in the United States. Respondents must contact EPA's Wood Smoke Team Leader to coordinate the implementation of the project, which must be consistent with the materials available on EPA's website at http://www.epa.gov/burnwise. Respondents must ensure that the entity receiving the $10,000 donation provides incentives (e.g., rebates for EPA-certified wood stoves) to homeowners to replace or upgrade inefficient, higher polluting wood-burning

appliances (e.g., non-EPA certified wood stoves, old technology outdoor wood-fired hydronic heaters) with EPA-certified wood-stoves or cleaner burning, more energy-efficient appliances (e.g., wood pellet, gas, or propane stoves) or Phase II EPA-qualified hydronic heaters. The number of replacements or retrofits must be sufficient ensure that at least 26 tons of hydrocarbons plus oxides of nitrogen ($HC+NO_x$) and ten tons of carbon monoxide (CO) that would otherwise be emitted will not be emitted because of the project. Respondents (or the implementing organization on Respondents' behalf) must submit a brief (e.g., 2-3 page) completion report to EPA within 60 days after the funds are expended, but no later than one year after the Effective Date. The report must contain the following information:

a. A summary description of the project as implemented;
b. The number of cleaner burning appliances installed;
c. The anticipated emission reductions;
d. The street address of the locations in which each of the appliances was installed;
e. A copy of the Respondents' check(s) to the state, local, tribal agency or non-profit organization that is implementing the project; and
f. Documentation that the new stoves/appliances replaced old wood stoves and that the old stoves were disposed properly or recycled so that the stoves cannot be resold or reused.

Vehicle and Engine Compliance Plan

33. Within 30 calendar days of the Effective Date of this Agreement, or no later than 90 days before the U.S.-directed production of any Subject Vehicle or Engine (as defined in the Compliance Plan set forth in Attachment B), whichever is later (the Compliance Plan Implementation Date), Respondents must implement the Compliance Plan for three years. By the Compliance Plan Implementation Date, Respondents must give notice to EPA that U.S.-directed production Subject to the Compliance Plan is expected. If the Compliance Plan Implementation Date is more than two years and less than three years after the Effective Date, the Compliance Plan must be implemented for one model year (as defined in 40 C.F.R. Parts 86 and 1051) after the Compliance Plan Implementation Date. If the U.S.-directed production of any Subject Vehicle or Engine occurs more than three years after the Effective Date, Respondents have no obligation under this Agreement to implement the Compliance Plan.

34. Respondents may engage independent contractors to implement the Compliance Plan, but Respondents alone are responsible for implementation of the Compliance Plan.

Stipulated Penalties

35. Respondents will be liable for stipulated penalties to EPA for each failure by Respondents to comply with the terms of this Agreement. A violation includes failing to perform any obligation required by the terms of this Agreement according to all applicable requirements of this Agreement and within the specified time schedules established by or approved under this Agreement. The following stipulated penalties will apply as provided below:

a. For failure to make the payment, or any portion thereof, of the EPA Penalty when due, or

provide proof of such payment: $1,000 per day for each day during the first 15 days, and $3,500 per day thereafter.

b. For failing to submit any written deliverable or notification as required by this Agreement or any Attachment: $750 per deliverable or notification per day for the first 30 days; $1,000 per deliverable or notification per day for the next 30 days; and $1,500 per deliverable or notification per day for all days thereafter.

c. For failing to timely or adequately complete the emissions mitigation project as required by paragraph 32 of this Agreement: $1,000 per ton or per day for the first 30 days; $1,500 per ton or per day for the next 30 days; and $2,000 per ton or per day for all days thereafter.

d. For failing to keep or supply to EPA a record required by Section C(1)(c), D(1)(b)(i), or D(2)(e) of Attachment B: $1,000 per record.

e. For failing to conduct emission testing, or catalyst inspection or testing as required by Section D of Attachment B: $5,000 per test.

f. For failing to conduct semi-annual inspections required by Section D of Attachment B: $5,000 per test lot.

g. For failing to form a Compliance Group, establish a Compliance Hotline, or provide staff training required in Attachment B: $750 per day for the first 30 days; $1,000 per day for the next 30 days; and $1,500 per day for all days thereafter.

h. For failure to cure, to EPA's satisfaction, any deficiency identified in the Semi-Annual Progress Report required by Section G of Attachment B, within 30 days of the notification by EPA of such deficiency: $500 per day for the first 30 days, $750 per day every day thereafter.

i. For the importation, distribution or sale, or the causing any of the foregoing, of any vehicle or engine following the date Respondents ceased, or should have ceased, sale and distribution of any Vehicle or Engine Model as provided in Attachment B: $1,000 per vehicle or engine.

j. For any other violation of this Agreement or any Attachments: $1,000 per violation or vehicle, as stipulated.

36. All stipulated penalties must be paid in the manner specified in Paragraph 31 of this Agreement. In addition, a copy of the transmittal letter(s) and receipts(s) must be sent to Christopher Thompson in the manner specified in Paragraph 31.

Effect of Agreement

37. On completion of the terms of this Agreement the alleged violations described in this Agreement will be deemed resolved. Nothing herein limits EPA's rights to proceed against Respondents for default or noncompliance with this Agreement, or for violations under the Act, 42 U.S.C. §§ 7401–7671q, that are not the subject matter of this Agreement or the Act's implementing regulations, or for other violations of law.

38. This Agreement in no way affects or relieves Respondents of the responsibility to comply with other United States federal, state or local laws or regulations, and does not address Respondents' potential liability to the U.S. Department of Homeland Security's Bureau of Customs and Border Protection for engines and vehicles that are seized or detained now or in the future.

General Provisions

39. All correspondence to EPA or notifications required by this Agreement must be in writing and emailed to thompson.christopher@epa.gov or mailed to:

(U.S. Postal Service Mail)
Christopher Thompson
U.S. EPA
Mail Code 2242A
1200 Pennsylvania Ave., NW
Washington, DC 20460
Attn: AED/MSEB # 7872

(Courier Service)
Christopher Thompson
U.S. EPA
Ariel Rios South, Room 1111C
1200 Pennsylvania Ave., NW
Washington, DC 20004
Attn: AED/MSEB # 7872

40. All correspondence to Respondents or notifications required by this Agreement must be in writing and emailed to export4@loncinie.com and mailed to:

Shen Zhouming
#60, Baihe Road, Nanping District
Chongqing 4000060
China

41. This Agreement becomes effective on the date executed by EPA (the Effective Date), at which time EPA will return a fully executed electronic copy to Respondents.

42. The individual or individuals executing this Agreement on behalf of Respondents are authorized to do so and such execution is intended to and does bind Respondents and their agents, affiliates, successors, and assigns.

43. This Agreement may be signed in any number of counterparts, each of which will be deemed an original and, when taken together, constitute one agreement. The counterparts are binding on each of the parties individually as fully and completely as if the parties had signed one single instrument, so that the rights and liabilities of the parties will be unaffected by the failure of any of the undersigned to execute any or all of the counterparts. Any signature page may be detached from any counterpart and attached to any other counterpart of this Agreement.

44. This Agreement constitutes the entire agreement and understanding of the parties and supersedes any prior agreements or understandings, whether written or oral, among the parties with respect to the subject matter hereof.

45. Respondents may not delegate duties under this Agreement to any other party without the written consent of EPA, which may be granted or withheld at EPA's sole discretion. If EPA so consents, the Agreement is binding on the party or parties to whom the duties are delegated.

46. Notwithstanding any other provision of this Agreement, the parties agree that on Respondents' default or failure to comply with the terms of this Agreement, EPA may refer this matter to the United States Attorney General under § 205(d) of the Act, 42 U.S.C. § 7524(d), to commence a civil action against Respondents in United States Federal District Court to enforce this Agreement, recover civil and stipulated penalties, and pursue any other available remedies. Respondents expressly waive their right to assert that the Subject Vehicles are certified or exempt from the certification requirements, or that such action is barred by 18 U.S.C. § 3282(a), other statutes of limitation, or other provisions limiting actions as a result of passage of time. Respondents acknowledge that EPA intends to use Respondents' tax identification numbers, which Respondents have appended to this Agreement, for the purpose of collecting or reporting any delinquent monetary obligations arising from this Agreement. 31 U.S.C. § 7701.

47. Each Respondent consents and submits to the jurisdiction and venue in United States Court; each Respondent waives all objections to such jurisdiction and venue; and each Respondent knowingly waives its due process rights in connection with its consent to jurisdiction and venue. Prior to the Effective Date, Respondents must appoint a duly-authorized agent located in the

United States for service of process for all matters arising under this Agreement. The agent's name and contact information is:

Ronald B. Lloyd
15683 W. Vernon
Goodyear, Arizona 85395

48. Each Respondent waives its rights, if any, to a hearing, trial or any other proceeding on any issue of fact or law relating to the matters agreed to herein.

49. Nothing in this Agreement, whether express or implied, is intended or will be construed to confer on or give to any party, other than EPA and Respondents, any rights, remedies, or other benefits.

50. The validity, enforceability, and construction of all matters pertaining to this Agreement will be determined in accordance with applicable United States law.

51. This Agreement is contingent on the truthfulness, accuracy, and completeness of Respondents' disclosures and representations to EPA including, without limitation, representations regarding importations and the construction and configuration of the Subject Vehicles.

52. This Agreement in no way affects or relieves Respondents of responsibility to comply with other United States federal, state, or local laws or regulations.

53. If any provision of this Agreement is held unenforceable, then such provision will be modified to reflect the parties' intention. All remaining provisions of this Agreement shall remain in full force and effect. Time is of the essence in this Agreement.

[SIGNATURES ON FOLLOWING PAGES]

United States Environmental Protection Agency

Administrative Settlement Agreement

In the Matter of Loncin (USA), Inc., Longting USA LLC & Chongqing Longting Power Equipment Co., Ltd.

AED/MSEB # 7872

The following agrees to the terms of this Agreement:

Loncin (USA), Inc., Longting USA LLC & Chongqing Longting Power Equipment Co., Ltd.

By (Chinese Characters): 吴明

By (Pinyin): Wuming

Typed or Printed Name: WU MING

Typed or Printed Title: GENERAL MANAGER

Tax Identification Number: _____

Date: 2011. 12.15.

United States Environmental Protection Agency

Administrative Settlement Agreement

In the Matter of Loncin (USA), Inc., Longting USA LLC & Chongqing Longting Power Equipment Co., Ltd.

AED/MSEB # 7872

The following agrees to the terms of this Agreement:

United States Environmental Protection Agency

By: _____

Date: 12/23/2011

Phillip A. Brooks, Director
Air Enforcement Division
Office of Enforcement and Compliance Assurance
U.S. Environmental Protection Agency

Attachment A – Subject Vehicles

Engine Family	Violation Type	BMS Motor-sports	Baja Motor-sports	Pep Boys	LS Motor-sports	North American Imports	Jackel Motor-sports	Total
7LGGX.250AM5	Uncertified - Voided COC, Misbuilt Cat Recordkeeping No warranty in OM	141	972		70	108	35	**1,326**
7LGGX.150AA1	Uncertified - Voided COC, Misbuilt Cat Recordkeeping No warranty in OM	1,126	462					**1,588**
7LGGX.110AM3	Uncertified - Voided COC Recordkeeping No warranty in OM	544			65	235		**844**
7LGGX0.29LTF	No warranty in OM	39			78			**117**
7LGGX0.07LTF	Uncertified - Model name (BA49) not on COC			1,980				**1,980**
8LNCX0.07A1L	Uncertified - Imported before COC eff. date (5/08)			396				**396**
8LNCX0.25LTF	Uncertified - Adj. air-fuel mix screw			864				**864**
Total # Violations		**1,850**	**1,434**	**3,240**	**213**	**343**	**35**	**7,115**

Attachment B

Compliance Plan

A. Definitions. All terms used in this Compliance Plan have their ordinary meaning unless they are defined in this Compliance Plan or in the United States Clean Air Act, 42 U.S.C. §§ 7401 *et seq*., and its implementing regulations at 40 C.F.R. Parts 85, 86, 1045, 1048, 1051, 1054, 1065, and 1068.

1. "Catalyst Test" means an evaluation performed by an independent laboratory that has been pre-approved by EPA to determine a catalyst's specifications per the attached Catalyst Measurement Worksheet.
2. "Certificate of conformity" means a certification issued by EPA under the Clean Air Act that confirms an engine family meets all requirements of the Clean Air Act and implementing regulations for a specific model year.
3. "Checklist Inspection" means an evaluation of a vehicle or engine that is performed according to the procedure provided on either the enclosed Engine (and Equipment) Inspection Checklist or the Vehicle Inspection Checklist, as appropriate, and the Catalyst Worksheet, if applicable.
4. "Emission-Related Parts" refers to the components listed in 40 C.F.R. Part 1068, Appendix I.
5. "Emission Test" means an investigation performed by an independent laboratory that has been pre-approved by EPA to evaluate all of a vehicle or engine's exhaust emissions. It must be performed according to all testing and recordkeeping procedures as would be required for the emission testing for the test vehicle's or engine's certification application (i.e., in conformity with 40 C.F.R. Parts 86, 1051, 1065, and 1068). If the air-fuel ratio of a subject test engine can be adjusted, the following three emission tests must be conducted: one test with the vehicle or engine in the configuration as received by the testing laboratory, and one test at maximum engine power (as determined by adjusting the carburetor air-fuel mixture screw and needles or replacing carburetor jets, as applicable). Using carry-over or carry-across data is not an Emission Test.
6. "Respondents" means Loncin (USA), Inc., Longting USA LLC & Chongqing Longting Power Equipment Co., and all affiliates, successors, and assignees of these companies. Affiliate(s) means any entity that, directly or indirectly or through one or more intermediaries, owns or controls, is owned or controlled by, or is under common ownership or control with Loncin (USA), Inc., Longting USA LLC or Chongqing Longting Power Equipment Co. Ltd.
7. "Running Change" means any application for any amendment to a certificate of conformity submitted to and approved by EPA for an engine family after issuance of the original certificate of conformity for that engine family.

8. "Sample" means one representative and randomly selected engine or vehicle from a Vehicle or Engine Model. If the requirements of 40 C.F.R. § 1068.103(c) are satisfied, "Sample" may also mean one representative and randomly selected engine or vehicle from a Vehicle or Engine Model that is not yet certified, but for which an application for an EPA certificate of conformity has been submitted.
9. "Subject Vehicles and Engines" means all EPA-regulated on-highway motorcycles, recreational vehicles (including all-terrain vehicles, off-highway motorcycles, and snowmobiles), that are imported or purchased by, or on behalf of, Respondents, or are covered, or purported to be covered, by a certificate of conformity held by Respondents. However, 25 or fewer vehicles or engines (per Vehicle or Engine Model) that are imported in compliance with any of the exemptions listed under 40 C.F.R. Parts 85, Subpart R, Part 90, Subpart J, Part 1054, Subpart G, or Part 1068, Subpart C, are not included in this definition.
10. "Test Lot" means all vehicles or engines from the same Vehicle or Engine Model imported into the United States by any party during a semi-annual period. The semi-annual periods commence on January 1 and July 1, respectively, of each calendar year.
11. "Vehicle or Engine Model" means a set of Subject Vehicles and Engines that is certified in the same EPA engine family, built by the same manufacturer in the same model year (as designated by the manufacturer), bearing identical Emission-Related Parts, with the same vehicle mass, transmission type, displacement and power (i.e., HP or kW), and marketed by Respondents or their dealers or distributers with the same model designation.

B. Corporate Vehicle and Engine Compliance Group

1. Respondents must establish a Vehicle and Engine Compliance Group (Compliance Group) to ensure the effective implementation of this Compliance Plan.
2. The Compliance Group must have at least four members who are natural persons and include a corporate officer, a factory relations team representative, a customer service team representative, and a employee responsible for implementing the inspections, compliance hotline, training, or reporting requirements of this Compliance Plan. At least one member of the team must be an employee of the parent affiliate of Respondents, if any, and at least one member must be an employee of Respondents' affiliates manufacturing the Subject Vehicles and Engines.
3. The Compliance Group must, within 30 days after the Compliance Plan Implementation Date, create and implement a defect investigation and reporting plan according to 40 C.F.R. § 1068.501. The plan and a report on its implementation must be provided to EPA as part of the Respondents' Semi-Annual Progress Reports.
4. It will not be a violation of this Compliance Plan for a party other than Respondents to implement any of its terms on behalf of Respondents. However, Respondents alone are responsible for the implementation of the Compliance Plan. Respondents must submit the reports and make the notifications to EPA required by this Compliance Plan and any

required certifications must be made an authorized corporate officer (or equivalent). If Respondents use an independent contractor to implement any of the requirements of this Compliance Plan, an employee of the independent contractor who is directly involved in the implementation must be a member of the Compliance Group (in addition to those members required above).

C. Compliance Protocol for Obtaining and Holding Certificates of Conformity

1. For each application for a certificate of conformity, regardless of who prepares that application, where any Respondent will become the certificate holder, one member of the Compliance Group must:
   a. Verify that the application is truthful and complete;
   b. Submit the application to EPA's Office of Transportation and Air Quality (OTAQ); and
   c. Include in that application, in addition to what OTAQ requires,[1] copies of all the records and information listed in 40 C.F.R. §§ 86.416-8(2) & 86.440-78, 90.107(d), 1045.205 & 1045.250(b)(3), 1048.205 & 1048.250(b)(3), 1051.205 & 1051.250(b)(3), or 1054.205 & 1054.250(b)(3), depending on the type of vehicle or engine at issue.

D. Compliance Protocol for Importing Vehicles and Engines

1. Pre-Importation Compliance
   a. Contracts.
      i. Respondents must assure all contracts between Respondents and manufacturers of the Subject Vehicles and Engines specify that the Subject Vehicles and Engines must be covered by a certificate of conformity, conform in all material respects to the application for the certificate of conformity, be properly labeled, and meet applicable emissions standards, including the identification, as required, of Emission-Related Parts in the certificate of conformity application and in any applicable EPA-approved running changes.
      ii. Where Respondents are not the certificate holder, the contracts must also require the Subject Vehicle and Engine manufacturers to provide Respondents, prior to importation of any Subject Vehicles and Engines to the United States, copies of all certificates of conformity for each engine family, all certificate of conformity applications, and all Running Change applications relating to the Subject Vehicles

[1] *See* ENVTL. PROT. AGENCY, RECOMMENDED APPLICATION FORMAT FOR CERTIFICATION OF OFF-HIGHWAY MOTORCYCLES AND ALL-TERRAIN VEHICLES 4, 7 (2004); ENVTL. PROT. AGENCY, INSTRUCTIONS FOR CERTIFYING NONROAD SPARK-IGNITION ENGINES (LESS THAN OR EQUAL TO 19 KILOWATTS) C-4 (2007).

and Engines for Respondents' review, comment, and approval. Respondents should contact EPA and confirm the certificate was issued by EPA.

b. Prior to importation of any Subject Vehicle and Engine to the United States, regardless of who performs the importation, Respondents must:

   i. Obtain a copy of:

      A. the results of any emission or catalyst testing performed on vehicles belonging to the same engine family by, on behalf of, or at the request of the manufacturer or certificate holder;

      B. owners manuals containing emission warranties that comply with all applicable legal requirements; and

      C. all EPA-issued certificates of conformity and their corresponding applications, including any applications for any running changes.

   ii. Provide a copy of EPA's Compliance Determination Guidelines to each employee or contractor that may make a compliance determination based on a vehicle or engine inspected in accordance with this Compliance Plan;

   iii. Perform an Emission Test on one Sample;

   iv. Perform a Catalyst Test on one catalyst (if the Vehicle or Engine Model has a catalyst) from one Sample;

   v. Conduct a Checklist Inspection on one Sample; and

   vi. Create and maintain records of all of these activities, including Inspection Checklists and detailed reports of its Emission Tests and Catalyst Tests that are at least as equal in scope to that which is required by 40 C.F.R. §§ 86.440-78, 90.107(a)-(d), 1045.250(b)(2)–(5), 1048.250(b)(2)–(5), 1051.250(b)(2)–(5), or 1054.250(b)(2)–(5), as applicable for the type of vehicle or engine at issue, for eight years.

c. If any of the foregoing documents, Emission Tests, Catalyst Tests, or Checklist Inspections indicate any nonconformance with the specifications in the application for certification or any emissions that exceed the applicable regulatory standards, Respondents must:

   A. submit an emission-defect report, if required under the applicable emission-defect regulations;

   B. notify in writing and provide supporting documentation, within 10 business days of finding the nonconformance, to: (i) the manufacturer, (ii) the certificate holder, and (iii) EPA; and

   C. cancel or postpone any outstanding purchase orders for the affected Vehicle or Engine Model, stop selling and stop importing of the affected vehicles or engines until the noncompliance is remediated to EPA's satisfaction.

2. Post-Importation Compliance

   a. Semi-Annual Inspections: For every Vehicle or Engine Model Test Lot, Respondents must:

      i. Perform an Emission Test on one Sample;

      ii. Perform a Catalyst Test on one catalyst (if the Vehicle or Engine Model has a catalyst) from one Sample; and

      iii. Conduct a Checklist Inspection on a Sample.

   b. If an inspection indicates any nonconformance with the specifications in the application for certification or any exceedance of any applicable emission standard, Respondents must:

      i. submit an emission-defect report, if required under the emission-defect regulations;

      ii. notify in writing and provide supporting documentation, within 10 business days finding the nonconformance, to: (i) the manufacturer, (ii) the certificate holder, (iii) EPA, and (iv) any dealers, distributers or customers who have purchased the affected Vehicle or Engine Model; and

      iii. require its dealers and distributors to stop selling and importing the affected Vehicle or Engine Model and cancel or postpone any pending orders with the manufacturer.

   c. Respondents may perform additional Emission Tests, Catalyst Tests, and Checklist Inspections to confirm or rebut test results.

   d. Upon fulfillment of the obligations under paragraph D(2)(b)(i)-(iii) Respondents may export or destroy the nonconforming vehicles or engines. Alternatively, Respondents may submit a proposal to EPA for corrective action, which proposal may be approved or disapproved within EPA's sole discretion.

   e. Respondents must create and maintain records of all of its semi-annual inspections, including all Inspection Checklists and reports of its Emission Tests and Catalyst Tests that are at least as equal in scope to that which is required by 40 C.F.R. §§ 86.440-78, 90.107(a)-(d), 1045.250(b)(2)–(5), 1048.250(b)(2)–(5), 1051.250(b)(2)–(5), or 1054.250(b)(2)–(5), as applicable for the type of vehicle or engine at issue, for eight years.

E. **Vehicle and Engine Compliance Hotline.** Respondents must establish a vehicle and engine compliance hotline, which may be a dedicated prompt on an existing customer service number, designed to address customer complaints regarding emissions warranties and performance of emission control components and through which employees and other interested persons may submit confidential, anonymous information about performance and implementation of this Compliance Plan. Respondents must notify all employees in writing of the establishment and purpose of this hotline. Within 10 business days after receiving any

call relating to potential non-compliance with this Compliance Plan, the performance of Emission-Related Parts, or emissions warranty matters, Respondents must investigate and submit to the Compliance Group an incident report for each call. If the investigation determines that any Subject Vehicles and Engines may not satisfy the requirements of the Clean Air Act or its implementing regulations, Respondents must take the actions listed in paragraph D(2)(b), (c).

F. Staff Training Program

1. Respondents must provide appropriate initial and annual refresher training to all employees or independent contractors implementing this Compliance Plan. Comparable initial training must be provided to any person who subsequently assumes responsibility for implementing this Compliance Plan. The training must include a review of the procedures in this Compliance Plan. The individual(s) responsible for conducting inspections under the Pre- or Post-Importation Compliance protocol must have adequate technical training to evaluate compliance with vehicle and engine design specifications and emission controls.
2. Each employee or independent contractor of Respondents implementing this Compliance Plan must certify that he or she has participated in the training, received a copy of the Compliance Plan, been informed of the Compliance Hotline, and understands that violations of the applicable regulations can result in the imposition of significant civil penalties.
3. Respondents must document its compliance with this Staff Training Program in writing and submit that documentation to EPA as part of the Progress Reports required below.

G. Semi-Annual Progress Reports

1. Beginning on the Compliance Plan Implementation Date, and continuing on a semi-annual basis for the time set forth in Paragraph 33 of the Agreement, Respondents must submit Progress Reports to EPA, regarding the implementation of the Compliance Plan. Each Progress Report must include:
   a. the total number of Subject Vehicles and Engines (organized by engine family then Vehicle or Engine Model) that have been imported or sold by any party during the reporting period;
   b. all information identified in paragraphs D(1)(b)(vi) and D(2)(e) of this Compliance Plan, including a description of any test procedures, that have not otherwise been provided in a previous Progress Report;
   c. A summary of all notifications and reports to EPA since the last Progress report, including an explanation of actions taken in response to compliance hotline calls; and
   d. The total number of emission control system warranty claims submitted for Subject Vehicles and Engines (organized by engine family then Vehicle or Engine Model), and how the claims were resolved.

2. Respondents must keep and maintain copies of each Progress Report for five years from the date Respondents submitted the report to EPA.

3. If no Subject Vehicles and Engines are imported during a reporting period, Respondents must sign and submit the following certification: "I certify under penalty of law that Respondents are not importing or selling, and are not causing the importation or sale of, any Subject Vehicles and Engines into the United States.

4. All reports or submissions required to be sent to EPA by this Compliance Plan must be in writing, signed by an authorized corporate officer (or equivalent), and include the following statement:

   I certify under penalty of law that I have examined and am familiar with the information submitted in this document and all attachments and that this document and its attachments were prepared either by me personally or under my direction or supervision in a manner designed to ensure that qualified and knowledgeable personnel properly gather and present the information contained therein. I further certify, based on my personal knowledge or on my inquiry of those individuals immediately responsible for obtaining the information, that the information is true, accurate and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fines and imprisonment for knowingly and willfully submitting a materially false statement.

   Email these reports or submissions to thompson.christopher@epa.gov or mail them to:

   (Postal Service Mail)
   Christopher Thompson
   Air Enforcement Division
   U.S. EPA
   Mail Code 2242A
   1200 Pennsylvania Ave., NW
   Washington, DC 20460

   (Courier Service)
   Christopher Thompson
   Air Enforcement Division
   U.S. EPA
   Ariel Rios South, Room 1111C
   1200 Pennsylvania Ave., NW
   Washington, DC 20004

Vehicle Inspection Checklist

Exam Date and Time:

Facility Name and Location:

Inspector Name and Company:

Please insert "N/A" for items that are not applicable to the inspected vehicle.

Importer:

Entry#: **Entry Date:** **Quantity:**

Declaration on EPA Form 3520: EPA Declaration Forms 3520-21 or 3520-1 Box letter and number marked (e.g., Box F, Recreational vehicles and engines, and Box 1, U.S. certified engine or engine installed in certified vehicle):

Vehicle Type (types of vehicles include ATVs, off-road motorcycles, snowmobiles, UTV, as defined in 40 C.F.R. § 1051.801, and highway motorcycles, as defined in 40 C.F.R. § 86.402-98):

Note presence of: headlight, taillight/stoplight, turn signal, mirror(s), horn (circle which are applicable)

Vehicle Maximum Speed (note source of information, including owner's manual):

Vehicle Identification Number (VIN) – note source of information (box, frame, COC of origin, DOT label, etc.) and any discrepancies:

Vehicle Model Year –

Based on 10th digit of the VIN (e.g. A=2010, B=2011, C=2012, etc.):

Based on EPA engine family listed on EPA label:

Based on EPA conformity statement on EPA label:

Vehicle Manufacturer – note all sources of information (box, EPA label, VIN, entry forms, owner's manual, and other documentation) and any discrepancies:

Vehicle Model – based on decals and badges on vehicle or engine:

From owner's manual, note the following for the vehicle model in question. If information is not available, respond with "N/A" –

Engine Power (HP): **Engine Displacement (cc):**

Engine Stroke: 2 / 4 (circle one) **Transmission:** Automatic / Manual (circle one)

Vehicle Date of Manufacture – note source of information (box, DOT label, EPA label, entry forms owner's manual, and other documentation) and any discrepancies:

From EPA label, note –

Engine Family:

Evaporative/Permeation Emissions Family:

Fuel Type:

Emission Control System Abbreviations:

Emission Controls – note presence and part number (if applicable) for each of the following: TWC (also fill out catalyst worksheet), OC (also fill out catalyst worksheet), O2S, HO2S, AIR, PAIR, EM, DFI, CFI, MFI, TBI

From carburetor on vehicle, note –

Manufacturer Marking(s) (including any name, other words or characters, any label or other markings (e.g., barcode)):

Part Number:

Air-Fuel Mixture Controls:

Identify any of the following if present on the vehicle/engine: idle air-fuel mixture screw, jet needle clip, needle jet, pilot jet, main jet (circle those that apply)

Does the COC application indicate that these components are adjustable parameters?

Idle air-fuel mixture screw: Yes or No (circle one)
Jet Needle Clip: Yes or No (circle one)

Does the COC application specify the range of air-fuel ratios that may occur in use with respect to the following parameters?

Needle Jet: Yes or No (circle one)
Pilot Jet: Yes or No (circle one)
Main Jet: Yes or No (circle one)

If yes to all items, move to the next question, "Fuel Tank". If no to any item: (1) note whether you can change the vehicle's air-fuel ratio in less than one hour with a few parts whose total cost is under $60 (check jets' accessibility, jets' replaceability, and carburetor bowl access).

Needle Jet: Yes or No (circle one) **Describe Markings (if any):**

Pilot Jet: Yes or No (circle one) **Describe Markings (if any):**

Main Jet: Yes or No (circle one) **Describe Markings (if any):**

(2) note whether the following components are permanently sealed or not normally accessible using ordinary tools within one half hour (check e.g., air-fuel mixture screw and jet needle clip accessibility and adjustability).

Idle Air-Fuel Mixture Screw: Yes or No (circle one)
Jet Needle Clip - Single Setting? Yes or No (circle one)
Tools used:

(3) describe any other design element that, if changed or adjusted, may affect the vehicle's air-fuel ratio.

Fuel Tank: metal or plastic (circle one)

Fuel Line Markings:

Does the EPA Label Peel Off Without Being Destroyed or Defaced? Yes or No (circle one; if 'yes,' document the removal with photographs or video)

Length of Emissions Warranty – check owner's manual and other documentation (include source of information in response):

Does Crankcase Vent Directly to Open Air? Yes or No (circle one)

Was the vehicle/engine or any portion thereof kept for further inspection? If so, identify (e.g., carburetor, exhaust system, etc.) and maintain chain of custody:

As part of the inspection, take clear photos to document the following:

- Entire vehicle (from all sides), including headlight, taillight/stoplight, turn signal, mirror(s), and horn (as applicable)
- Any model name/number or decal on the vehicle
- VIN
- EPA label
- DOT label (if applicable)
- Any of the following emission controls that are present: TWC, OC, O2S, HO2S, AIR, PAIR, EM, DFI, CFI, MFI, TBI
- Fuel tank
- Crankcase
- Carburetor (from as many sides as possible)
- Carburetor components (if applicable)
- Box (if applicable)
- Hangtag (if post-importation)