

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

In the Matter of:)	
)	
Bits International Corporation)	ADMINISTRATIVE
)	SETTLEMENT AGREEMENT
)	AED/MSEB # 7127
)	
Respondent.)	

This Administrative Settlement Agreement is made and entered into by and between the United States Environmental Protection Agency (EPA) and Bits International Corporation, 1175 West New Haven Avenue, Melbourne, Florida, (Respondent) regarding compliance by Respondent with the requirements of the Clean Air Act (Act) and the regulations promulgated thereunder at 40 C.F.R. Part 90.

Purpose

1. The purpose of this Administrative Settlement Agreement (Agreement) is to provide for resolution and remediation of any and all claims by EPA under the Act and Part 90 arising out of the importation of the 260 generators containing the nonroad engines described in Attachment 1 to this Agreement (Subject Engines), while ensuring that prior violations are identified and resolved, and future violations are avoided.

Definitions:

2. For the purposes of this Agreement, the following definitions apply:
 - a. *This matter:* as used in this Agreement means Respondent's importation of the Subject Engines and any civil liability that may apply to such violation.

- b. *Certificate of Conformity*: the document issued by EPA to a manufacturer under 40 C.F.R. § 90.108 after EPA determines that the manufacturer's application is complete and that the engine family meet the requirements of Part 90 and the Act. Issuance of the Certificate of Conformity permits production and introduction into commerce of engines built in accordance with the manufacturer's application after the date of the Certificate and before expiration of the covered model year.
- c. *Certified engine*: a nonroad engine built after the applicable dates of the regulations and that is covered by a Certificate of Conformity.
- d. *Uncertified engine*: a nonroad engine built after the applicable dates of the regulations but which is not covered by a Certificate of Conformity issued by EPA.
- e. *Applicable regulation and dates*: 40 C.F.R. Part 90, is applicable to all nonroad spark-ignition engines at or below 19 kW, beginning with model year 1997 and subsequent model years.

Regulatory Authority:

- 3. Sections 203(a) and 213(d) of the Clean Air Act, 42 U.S.C. § 7542, and 42 U.S.C. § 7547, prohibit the sale, offering for sale, introduction, commerce, or the importation of any nonroad vehicle or engine unless such vehicle or engine is covered by a Certificate of Conformity issued and in effect.
- 4. 40 C.F.R. § 90.1(a) defines the applicability of 40 C.F.R. Part 90 regulations to nonroad spark-ignition engines and vehicles that have a gross power output at or below 19 kilowatts and that are used for any purpose.

5. 40 C.F.R. § 90.1003(a)(1)(ii) prohibits any person from importing into the United States any nonroad engine manufactured after the applicable effective date of the regulations, unless such engine is covered by a certificate of conformity.
6. 40 C.F.R. § 90.1003(a)(4)(ii) prohibits the sale, introduction, or delivery into commerce by engine manufacturer of a nonroad engine manufactured after the applicable effective date of the regulations, unless a label or tag is affixed to the engine.
7. 40 C.F.R. § 90.3 defines an engine manufacturer as any person who, among other things, imports nonroad engines for resale, or who acts for and is under the control of any such person in connection with the distribution of such engines.
8. 40 C.F.R. § 90.114 requires the engine manufacturer to affix, at the time of manufacture of a certified engine, a permanent and legible label identifying each nonroad engine. The

in the equipment, must contain the content required by 40 C.F.R. § 90.114 and must be attached in such a manner that it cannot be removed without destroying or defacing the label.

Background

9. On August 30, 2005, Respondent imported equipment containing the Subject Engines into Miami, Florida.
10. On October 14, 2005, U. S. Customs and Border Protection (Customs) seized the equipment containing the Subject Engines described in Paragraph 9 of this Agreement, at Miami, Florida, where it is presently being held because the Subject Engines were not properly labeled.
11. EPA has determined that

- a. Respondent is the importer of the Subject Engines,
 - b. the Subject Engines are certified under Sections 203(a) and 213(d) of the Act,
 - c. the Subject Engines are subject to the requirements of 40 C.F.R. § 90.114, and
 - d. at the time of entry into the United States, the labels on the Subject Engines did not contain the information required by 40 C.F.R. § 90.114 and were not attached in conformance with 40 C.F.R. § 90.114 because they could be peeled off in one piece.
12. Based on the above, EPA has determined that Respondent is liable for 260 violations of 40 C.F.R. § 90.114.

Terms of Agreement

13. Within thirty (30) days of this Agreement, or such longer period of time if required by the Customs, Respondent shall
- a. Affix permanent and legible labels identifying each Subject Engine (the engine manufacturer has authorized Respondent to do this). The label must be meet the requirements of 40 C.F.R. § 90.114. The application of the labels shall be carried out under the supervision of Customs. Respondent shall certify to EPA and provide supporting documents that the labels are permanently affixed, legible and readily visible to the average person after the engine is installed in the equipment, or
 - b. Export/destroy each Subject Engine. This exportation or destruction shall be carried out under the supervision of Customs. Respondent shall certify to EPA and provide supporting documents that the subject engines were either exported

or destroyed. Exportation of the Subject Engines shall be to any country other than Canada or Mexico.

14. EPA has determined to reduce the civil penalty for the 260 violations identified in Paragraph 13 of this Agreement to \$7,000, provided Respondent successfully completes the terms of this Agreement. Respondent shall pay \$7,000 to the United States of America within thirty (30) days from the date that this Agreement is executed by EPA (the due date). Late payment of the civil penalty is subject to interest and fees as specified in 31 U.S.C. § 3717. Respondent agrees to pay the amount by certified check or cashier's check payable to the United States of America, and to mail the payment to:

U.S. Environmental Protection Agency
Washington Accounting Operations
P.O. Box 360277M
Pittsburgh, Pennsylvania 15251
Attn: AED/MSEB - 7127

15. A copy of the check shall be sent to Angela E. Fitzgerald via facsimile 202/564-0015 or at the address specified in Paragraph 17 of this Agreement.
16. Within 90 days of the date of this Agreement, Respondent shall provide EPA with a detailed plan reasonably calculated to ensure that all nonroad engines imported after the date of this Agreement into the United States by Respondent have proper EPA emission information labels affixed to each engine, and are imported in a manner that complies with all other applicable regulations, including Part 90.
17. Response to Paragraph 16 shall be sent via courier delivery to Angela E. Fitzgerald, at the following address:

Angela E. Fitzgerald (Ariel Rios South - 1117A)
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, DC 20004

General Provisions

18. The effective date of this Agreement is the date that EPA executes the Agreement and provides a copy of the executed Agreement to Respondent.
19. Respondent hereby represents that the individual executing this Agreement on behalf of Respondent is authorized to do so on behalf of Respondent and that such execution is intended and is sufficient to bind Respondent, Respondent's agents, assigns, or successors.
20. Notwithstanding any other provisions of this Agreement, upon Respondent's failure to timely perform pursuant to Paragraphs 13-17 of this Agreement, or default of 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. Respondent specifically agrees 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 90. Respondent expressly waives Respondent's right to assert that such action is barred by any applicable statutes of limitation, see *e.g.* 28 U.S.C. § 2462.
21. This settlement is contingent upon the truthfulness, accuracy and completeness of Respondent's disclosure and representations to EPA, and the prompt and complete remediation of any violations in accordance with this agreement.

Stipulated Penalties

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

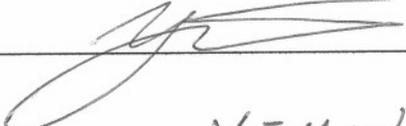
- a. For failure to pay the penalty, or provide proof thereof, pursuant to Paragraph 14 of this Agreement, \$250.00 per day;
 - b. For failure to label, or in the alternative, export or destroy, the Subject Engines, and provide proof thereof, pursuant to Paragraph 13 of this Agreement, \$250.00 per day;
 - c. For failure to submit to EPA, in writing, a plan to prevent further violations, pursuant to Paragraphs 16 - 17 of this Agreement, \$250.00 per day.
23. All stipulated penalties under Paragraph 22 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 accordance with Paragraph 14 of this Agreement and shall be paid within five days of written demand by EPA. 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 Respondent's violation of this Agreement or of the statutes or regulations upon which the Agreement is based.

Enforcement

24. 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 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 Respondent of responsibility to comply with other state, federal or local law or regulations.

The following agree to the terms of this Agreement:

Bits International Corporation

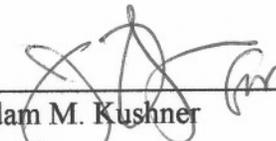
By  11/21/05
Date

(Printed name) YEMIN ZHOU

(Title) owner

**Administrative Settlement Agreement
In the Matter of United States v. Bits International Corporation**

U. S Environmental Protection Agency

By:  _____
Adam M. Kushner
Director
Air Enforcement Division

Date: 11.29.05

Bits International Corporation
 Administrative Settlement Agreement
 AED/MSEB # 7127

Attachment 1

JIANGSU JIAGDONG GROUP CO. LTD

Engine Model JD6500W

| Serial Number |
|---------------|---------------|---------------|---------------|---------------|---------------|
| 39005U21000 1 | 39005U2100 42 | 39005U2100 83 | 39005U210 126 | | |
| 39005U21000 2 | 39005U2100 43 | 39005U2100 84 | 39005U210 127 | | |
| 39005U21000 3 | 39005U2100 44 | 39005U2100 85 | 39005U210 128 | | |
| 39005U21000 4 | 39005U2100 45 | 39005U2100 86 | 39005U210 129 | | |
| 39005U21000 5 | 39005U2100 46 | 39005U2100 87 | 39005U210 130 | | |
| 39005U21000 6 | 39005U2100 47 | 39005U2100 88 | 39005U210 131 | | |
| 39005U21000 7 | 39005U2100 48 | 39005U2100 89 | 39005U210 132 | | |
| 39005U21000 8 | 39005U2100 49 | 39005U2100 90 | 39005U210 133 | | |
| 39005U21000 9 | 39005U2100 50 | 39005U2100 91 | 39005U210 134 | | |
| 39005U2100 10 | 39005U2100 51 | 39005U2100 92 | 39005U210 135 | | |
| 39005U2100 11 | 39005U2100 52 | 39005U2100 93 | 39005U210 136 | | |
| 39005U2100 12 | 39005U2100 53 | 39005U2100 94 | 39005U210 137 | | |
| 39005U2100 13 | 39005U2100 54 | 39005U2100 95 | 39005U210 138 | | |
| 39005U2100 14 | 39005U2100 55 | 39005U2100 96 | 39005U210 139 | | |
| 39005U2100 15 | 39005U2100 56 | 39005U2100 97 | 39005U210 140 | | |
| 39005U2100 16 | 39005U2100 57 | 39005U2100 98 | 39005U210 141 | | |
| 39005U2100 17 | 39005U2100 58 | 39005U2100 99 | 39005U210 142 | | |
| 39005U2100 18 | 39005U2100 59 | 39005U210 100 | 39005U210 143 | | |
| 39005U2100 19 | 39005U2100 60 | 39005U210 101 | 39005U210 144 | | |
| 39005U2100 20 | 39005U2100 61 | 39005U210 102 | 39005U210 145 | | |
| 39005U2100 21 | 39005U2100 62 | 39005U210 103 | 39005U210 146 | | |
| 39005U2100 22 | 39005U2100 63 | 39005U210 105 | 39005U210 148 | | |
| 39005U2100 23 | 39005U2100 64 | 39005U210 106 | 39005U210 149 | | |
| 39005U2100 24 | 39005U2100 65 | 39005U210 107 | 39005U210 150 | | |
| 39005U2100 25 | 39005U2100 66 | 39005U210 108 | 39005U210 151 | | |
| 39005U2100 26 | 39005U2100 67 | 39005U210 109 | 39005U210 152 | | |
| 39005U2100 27 | 39005U2100 68 | 39005U210 110 | 39005U210 154 | | |
| 39005U2100 28 | 39005U2100 69 | 39005U210 111 | 39005U210 161 | | |
| 39005U2100 29 | 39005U2100 70 | 39005U210 113 | 39005U210 162 | | |
| 39005U2100 30 | 39005U2100 71 | 39005U210 114 | 39005U210 167 | | |
| 39005U2100 31 | 39005U2100 72 | 39005U210 115 | 39005U210 172 | | |
| 39005U2100 32 | 39005U2100 73 | 39005U210 116 | 39005U210 174 | | |
| 39005U2100 33 | 39005U2100 74 | 39005U210 117 | 39005U210 177 | | |
| 39005U2100 34 | 39005U2100 75 | 39005U210 118 | 39005U210 179 | | |
| 39005U2100 35 | 39005U2100 76 | 39005U210 119 | 39005U210 181 | | |
| 39005U2100 36 | 39005U2100 77 | 39005U210 120 | 39005U210 182 | | |
| 39005U2100 37 | 39005U2100 78 | 39005U210 121 | 39005U210 262 | | |
| 39005U2100 38 | 39005U2100 79 | 39005U210 122 | | | |
| 39005U2100 39 | 39005U2100 80 | 39005U210 123 | | | |
| 39005U2100 40 | 39005U2100 81 | 39005U210 124 | | | |
| 39005U2100 41 | 39005U2100 82 | 39005U210 125 | | | |

Model Number JD5000W

Serial Number		Serial Number	Serial Number
34005U1900	10	34005U1900	62
34005U1900	11	34005U1900	63
34005U1900	12	34005U1900	64
34005U1900	13	34005U1900	65
34005U1900	14	34005U1900	66
34005U1900	15	34005U1900	67
34005U1900	16	34005U1900	68
34005U1900	17	34005U1900	69
34005U1900	18	34005U1900	70
34005U1900	19	34005U1900	71
34005U1900	20	34005U1900	72
34005U1900	21	34005U1900	73
34005U1900	22	34005U1900	74
34005U1900	23	34005U1900	75
34005U1900	24	34005U1900	76
34005U1900	25	34005U1900	77
34005U1900	26	34005U1900	78
34005U1900	27	34005U1900	79
34005U1900	28	34005U1900	80
34005U1900	29	34005U1900	81
34005U1900	30	34005U1900	82
34005U1900	31	34005U1900	83
34005U1900	32	34005U1900	84
34005U1900	33	34005U1900	85
34005U1900	34	34005U1900	86
34005U1900	35	34005U1900	87
34005U1900	36	34005U1900	88
34005U1900	37	34005U1900	89
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34005U1900	39	34005U1900	91
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34005U1900	43	34005U1900	95
34005U1900	44	34005U1900	96
34005U1900	45	34005U1900	97
34005U1900	46	34005U1900	98
34005U1900	47	34005U1900	99
34005U1900	48	34005U190	100
34005U1900	49	34005U190	101
34005U1900	50	34005U190	102
34005U1900	51	34005U190	103
34005U1900	52	34005U190	104
34005U1900	53	34005U190	105
34005U1900	54	34005U190	106
34005U1900	55	34005U190	107
34005U1900	56	34005U190	108
34005U1900	57	34005U190	109
34005U1900	59		
34005U1900	60		
34005U1900	61		