

Enclosure

CLEAN AIR ACT MOBILE SOURCE EXPEDITED SETTLEMENT AGREEMENT

DOCKET NO. CAA-14-8133

Respondent: Kandi USA, Inc.  
10955 Arrow Route, Suite 101  
Rancho Cucamonga, CA 91730

1. The parties enter into this Clean Air Act Mobile Source Expedited Settlement Agreement (Agreement) in order to settle the civil violations discovered as a result of the inspection specified in Table 1, attached, incorporated into this Agreement by reference. The civil violations that are the subject of this Agreement are described in Table 2, attached, incorporated into the Agreement by reference, regarding the vehicles/engines specified therein.
2. Respondent admits to being subject to the Clean Air Act (CAA) and its associated regulations and that the United States Environmental Protection Agency (EPA) has jurisdiction over the Respondent and the Respondent's conduct described in Table 2. Respondent does not contest the findings detailed therein, and waives any objections Respondent may have to the EPA's jurisdiction.
3. Respondent consents to the payment of a penalty in the amount of \$9,400, further described in Table 3, attached, incorporated into this Agreement by reference. Respondent agrees to follow the instructions in "CAA Mobile Source Expedited Settlement Agreement Instructions," attached, incorporated into this Agreement by reference. Respondent certifies that the required remediation, detailed in Table 3, has been carried out.
4. By its first signature below, the EPA approves the findings resulting from the inspection and alleged violations set forth in Table 1 and Table 2. Upon signing and returning this Agreement to the EPA, Respondent consents to the terms of this Agreement without further notice. Respondent acknowledges that this Agreement is binding on the parties signing below, and becomes effective on the date of the EPA Air Enforcement Division Director's ratifying signature.

APPROVED BY EPA:

  
for Phillip A. Brooks, Director, Air Enforcement Division

Date: 10/17/2014

APPROVED BY RESPONDENT:

Name (print): Wangyuan Hu

Title (print): President

Signature: 

Date: 11-10-2014

RATIFIED BY EPA:

  
for Phillip A. Brooks, Director, Air Enforcement Division

Date: Nov 19, 2014

**Table 1 - Inspection Information**

<b>Entry/Inspection Date(s):</b>		<b>Docket Number:</b>	
March 12 and 14, 2012 /March 28, 2012		C A A - 1 4 - 8 1 3 3	
<b>Inspection Location:</b>		<b>Entry/Inspection Number(s)</b>	
Price Transfer, CBP Warehouse		E S 3 - 2 0 6 0 0 4 9 - 8	
<b>Address:</b>			
2711 East Dominguez Street		E S 3 - 2 0 6 0 0 6 0 - 5	
<b>City:</b>		<b>Inspector(s) Name(s):</b>	
Long Beach		Joseph Lapka, Colin Wang	
<b>State:</b>	<b>Zip Code:</b>	<b>EPA Approving Official:</b>	
CA	90810	Phillip A. Brooks	
<b>Respondent:</b>		<b>EPA Enforcement Contact:</b>	
Kandi USA, Inc.		Janice Chan (R9), (415) 972-3308	

**Table 2 - Description of Violation and Vehicles/Engines**

The nonroad recreational vehicles described below (the Subject Vehicles) were found to be uncertified with respect to engine/vehicle standards under Title II of the Clean Air Act (CAA) and 40 C.F.R. Parts 1051 and 1068. A sampled catalyst taken from one of the Subject Vehicles during the March 28, 2012 inspection, was found to be materially different from the catalyst design specified in the Application for the Certificate of Conformity (AFC and COC, respectively) for engine family BKNDX.150GMA. Specifically, testing and analysis of the catalyst precious metal (PM) content of this sampled catalyst revealed that (1) the sample contained Rhodium, whereas the certified design had none, and (2) the measured PM loading was 30% less than the PM loading of the certified design. Because a COC covers only vehicles that are materially the same (including catalyst design) as those described in the AFC, and the amount and chemical constitution of the catalyst PM is material to emissions, the Subject Vehicles are not covered by a valid COC. The EPA has found no evidence that the Subject Vehicles are otherwise excluded from coverage. CAA § 203(a)(1), 42 U.S.C. § 7522(a)(1), prohibits the importation or introduction into U.S. commerce of nonroad engines or vehicles unless they are covered by a valid EPA COC or are properly excluded. By importing the Subject Vehicles and introducing them into U.S. commerce, Kandi USA, Inc., committed 64 violations of CAA § 203(a)(1), 42 U.S.C. § 7522(a)(1).

Equipment Description	Model Vehicles	Engine Family	Manufacturer	Model Year	Entry Date	Quantity
Recreational Vehicles (ATVs)	MDL-GA013-2	BKNDX.150GMA	Zhejiang Kangdi Vehicles Co., Ltd.	2011	March 12, 2012	63
Recreational Vehicle (Go Kart)	KD-150GKA-2				March 14, 2012	1

**Table 3 - Penalty and Required Remediation**

Penalty	\$9,400
Required Remediation	Kandi USA, Inc., must (1) export the Subject Vehicles in its inventory to a country other than Canada or Mexico, and (2) provide the EPA with a report documenting the exportation, or a report proving that it has no Subject Vehicles in its inventory.