

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

In the Matter of: )		
Yuan Cheng International Inc., )		ADMINISTRATIVE
)		SETTLEMENT AGREEMENT
)		AED/MSEB-7269
Respondent. )		

This Administrative Settlement Agreement is made and entered into by and between the United States Environmental Protection Agency (EPA) and Yuan Cheng International Inc., 10830 Ada Avenue, Montclair, California 91763 (Yuan Cheng or Respondent).

**Purpose:**

1. The purpose of this Administrative Settlement Agreement (Agreement) is to resolve 140 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. Parts 1051 and 1068, and the On-Highway Motorcycle Regulations, 40 C.F.R. Part 86.

**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 motor vehicle or 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 recreational vehicle, (e.g., all-terrain vehicle (ATV), off-highway motorcycle, or go cart), from being manufactured for sale, sold, offered for sale, introduced or delivered for introduction into commerce, or imported into

the United States unless the recreational vehicle is covered by an EPA- issued certificate of conformity (EPA-COC), or is excluded or exempt from complying with the Recreational Engine and Vehicle Regulations, 40 C.F.R. Parts 1051 and 1068.

5. 40 C.F.R.§ 86.407-78 prohibits a new motorcycle from being manufactured for sale, sold, offered for sale, introduced or delivered for introduction into commerce, or imported into the United States unless the motorcycle is covered by an EPA- COC, or is excluded or exempt from meeting the regulatory requirements.

**Definitions:**

6. For the purposes of this Agreement, the following definitions apply:
  - a. *Certified vehicle or engine:* A vehicle or engine built after the applicable dates of the regulations and that is covered by a certificate of conformity.
  - b. *Certificate of Conformity:* The document issued by EPA to a manufacturer under the applicable regulations after EPA determines that the manufacturer's application is complete and that the engine family meets the requirements of 40 C.F.R. Part 86 or 1051 and the CAA.
  - c. *Export:* To transport to a location outside of the United States and its territories, Canada, and Mexico.
  - d. *Destroy:* The complete destruction of the subject vehicles. The complete disassembly of the vehicle. The engine shall be crushed or broken in such a manner that the engine or its parts can never be used to power anything, and the vehicle shall be disassembled and broken down in such a manner that it can never be reassembled.
  - e. *This matter:* As used in this Agreement means Respondent's importation of the 140 motor vehicles or recreational vehicles as described in Paragraph 7 of this Agreement (subject vehicles) and any civil liability that may apply to such violations.

**Alleged Violations:**

7. On or about August 6, 2007, Respondent imported into Jacksonville, Florida 140 subject vehicles as described in Appendix A to this Agreement.
8. The U.S. Customs and Border Protection (U.S. Customs) inspected the vehicles. As a result of the U.S. Customs inspection, EPA determined that the subject vehicles were not covered by an EPA-COC, in violation of 40 C.F.R. §§ 86.407-78 and 1068.101.
9. During August 2007, EPA requested that U.S. Customs located in Jacksonville, Florida seize the subject vehicles.
10. Based on the foregoing, EPA alleges that Respondent committed 137 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. EPA also alleges that Respondent committed three violations of Section 203(a) of the CAA, 42 U.S.C. § 7522(a), and the On-Highway Motorcycle Regulations, 40 C.F.R. Part 86.

**Corrective Action:**

11. No later than thirty days from the effective date of this Agreement, or such longer period of time if required by U.S. Customs, Respondent shall export or destroy the subject vehicles. The exportation or destruction of the subject engines shall be carried out under the supervision of U.S. Customs. Respondent shall also submit to EPA a written report no later than fifteen days from the date of the corrective action that fully describes the corrective action taken, identify the subject vehicles by vehicle identification number, and certify the corrective action was conducted as described. The report shall also include supporting documents to further verify that the subject vehicles were either exported or destroyed.
12. Respondent agrees to accept civil liability for all fines, penalties or forfeitures resulting from the re-importation of any of the subject vehicles by Respondent or any of its affiliates. Respondent further agrees with respect to any contract of sale of a subject

vehicle by Respondent or its affiliates to put the buyer on notice that the subject vehicle is not certified and may not lawfully be imported or used in the United States and its territories.

**Civil Penalty:**

13. Respondent has agreed to pay a civil penalty of \$27,500 to the United States of America. The payment shall be due no later than thirty (30) 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 of this Agreement. 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(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 - 7269.

Alternatively, Respondent may pay online at [www.pay.gov](http://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:**

14. 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- 7269

**(Courier Service)**

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

**General Provisions:**

15. The effective date of this Agreement is the date that EPA executes the Agreement and provides a copy of the executed Agreement to Respondent.
16. 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.
17. Notwithstanding any other provisions of this Agreement, upon Respondent's 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. 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 86 or 1051. Respondent expressly waives Respondent's right to assert that such action is barred by any applicable statutes of limitation, *e.g.* 28 U.S.C. § 2462.
18. This settlement is contingent upon the truthfulness, accuracy and completeness of Respondent's disclosure and representation to EPA, and the prompt and complete remediation of any violations in accordance with this agreement.

**Stipulated Penalties:**

19. 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 export or destroy the subject vehicles or provide proof thereof, pursuant to Paragraphs 11 and 14, 250 per day;
  - b. For failure to timely pay the civil penalty or provide proof thereof, pursuant to Paragraphs 13 and 14, \$250.00 per day.

20. All stipulated penalties under Paragraph 19 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 13 of this Agreement. In addition, a copy of the transmittal letter(s) and payment(s) shall be sent to Jocelyn Adair, Esq. at the address specified in Paragraph 14. All stipulated penalties shall be paid to the United States of America within five 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 Respondent's violation of this Agreement or of the statutes or regulations upon which the Agreement is based.

**Enforcement:**

21. 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, and does not address Respondent's potential liability to U.S. Customs for engines that are seized or detained.

The following agree to the terms of this Agreement:

**Yuan Cheng International Inc.**

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Printed Title: \_\_\_\_\_

Date: \_\_\_\_\_

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**U.S. Environmental Protection Agency**

By: Adam M. Kushner Date: March 20, 2008

Adam M. Kushner  
Director  
Air Enforcement Division

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**Appendix A**

Importer: Yuan Chen International Inc.

Entry Number: 561-0083904-4

<b>Vehicle Type</b>	<b>Model</b>	<b>Engine Size</b>	<b>Quantity</b>
ATV	HQ150 (Axle)	150 cc	16
ATV	HQ-150 (Chain)	150 cc	50
Off-Road Motorcycle	DB03	49 cc	60
Off-Road Motorcycle	DB05	49 cc	10
On-Highway Motorcycle	SQ-BJ	110 cc	3
Go Cart	SQ-GKB-2	250 cc	1
Total			140