

**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION 7  
11201 RENNER BOULEVARD  
LENEXA, KANSAS 66219**

Received by  
EPA Region 7  
Hearing Clerk

**BEFORE THE ADMINISTRATOR**

**In the Matter of** )  
 )  
South Central Diesel, Inc. ) **Docket No. CAA-07-2021-0063**  
Holdrege, Nebraska )  
 )  
Respondent.

**CONSENT AGREEMENT AND FINAL ORDER**

**Preliminary Statement**

The U.S. Environmental Protection Agency, Region 7 (EPA or Complainant) and South Central Diesel, Inc. (Respondent) have agreed to a settlement of this action before filing of a complaint, and thus this action is simultaneously commenced and concluded under Sections 22.1(a)(2), 22.13(b), and 22.18(b)(2) and (3) of the Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties and the Revocation/Termination or Suspension of Permits, as codified at 40 C.F.R. Part 22.

**Jurisdiction**

1. This proceeding is an administrative action for the assessment of civil penalties instituted pursuant to Section 205(c) of the CAA, 42 U.S.C. § 7524(c). Pursuant to Section 205(c)(1) of the CAA, 42 U.S.C. § 7524(c)(1), EPA may administratively assess a penalty for violations of Section 203(a) of the CAA, 42 U.S.C. § 7522(a), that occurred after November 2, 2015 where the penalty is assessed on or after December 23, 2020 if the penalty sought is less than \$390,092. CAA § 205(c)(1), 42 U.S.C. § 7524(c)(1); 40 C.F.R. § 19.4.

2. This Consent Agreement and Final Order serves as notice that EPA has reason to believe that Respondent has violated Section 203 of the CAA, 42 U.S.C. § 7522, and the regulations promulgated thereunder. Furthermore, this Consent Agreement and Final Order serves as notice pursuant to Section 205(c)(1) of the CAA, 42 U.S.C. § 7524(c)(1), of the EPA’s intent to issue an order assessing penalties for these violations.

**Parties**

3. Complainant is the Chief of the Air Branch, Enforcement and Compliance Assurance Division, Region 7, as duly delegated by the Administrator of EPA.

4. Respondent is South Central Diesel, Inc., a corporation doing business in Nebraska.

### **Statutory and Regulatory Background**

5. Title II of the CAA, 42 U.S.C. §§ 7521-7554, was enacted to reduce air pollution from mobile sources. In enacting the CAA, Congress found, in part, that “the increasing use of motor vehicles...has resulted in mounting dangers to the public health and welfare.” CAA § 101(a)(2), 42 U.S.C. § 7401(a)(2).

6. Section 216(a) of the CAA, 42 U.S.C. § 7550(2), defines the term “motor vehicle” as “any self-propelled vehicle designed for transporting persons or property on a street or highway.” *See also* 40 C.F.R. § 85.1703 (further defining “motor vehicle.”) These definitions are based on vehicle attributes (e.g., ability to travel over 25 miles per hour, lack of features that render street use unsafe) and make no exemption for vehicles based on their use (e.g., claim that a vehicle is used solely for competition).

7. EPA promulgated emission standards for particulate matter (PM), nitrogen oxides (NO<sub>x</sub>), hydrocarbons (HC), carbon monoxide (CO), and other pollutants emitted by motor vehicles and motor vehicle engines, including Heavy Duty Diesel Engine (HDDE) trucks, under Section 202 of the CAA, 42 U.S.C. § 7521. *See generally* 40 C.F.R. Part 86. HDDE standards “reflect the greatest degree of emission reduction achievable through the application of [available] technology.” CAA § 202(a)(3)(A)(i), 42 U.S.C. § 7521(a)(3)(A)(i).

8. To meet the emissions standards in 40 C.F.R. Part 86, HDDE manufacturers employ many devices and elements of design. The regulation at 40 C.F.R. § 86.094-2 defines the term “element of design” as “any control system (*i.e.*, computer software, electronic control system, emission control system, computer logic), and/or control system calibrations, and/or the results of systems interaction, and/or hardware items on a motor vehicle or motor vehicle engine.”

9. One element of design that HDDE manufacturers employ is retarded fuel injection timing as a primary emission control device for NO<sub>x</sub> emissions. Common emission control devices HDDE manufacturers use include diesel particulate filters (DPFs), exhaust gas recirculation (EGR) systems, selective catalyst reduction (SCR) systems, and/or diesel oxidation catalysts (DOCs). Additionally, modern HDDEs are equipped with electronic control modules (ECMs), which continuously monitor engine and other operating parameters and control the vehicle’s emission control devices.

10. EPA promulgated regulations for motor vehicles manufactured after 2007 that require HDDE trucks to have onboard diagnostic systems to detect various emission control device parameters and vehicle operations. *See* Section 202(m) of the CAA, 42 U.S.C. § 7521(m), and 40 C.F.R. §§ 86.010-18(o), 86.1806-05(n).

11. Section 203(a)(3)(B) of the CAA, 42 U.S.C. § 7522(a)(3)(B), and 40 C.F.R. § 1068.101(b)(2) prohibit any person from manufacturing or selling, or offering to sell, or

installing, any part or component intended for use with, or as part of, any motor vehicle or motor vehicle engine, where a principal effect of the part or component is to bypass, defeat, or render inoperative any device or element of design installed on or in a motor vehicle or motor vehicle engine in compliance with regulations under Title II of the CAA, and where the person knows or should know that such part or component is being offered for sale or installed for such use or put to such use.

12. Section 302(e) of the CAA, 42 U.S.C. § 7602(e), defines the term “person” as “including an individual, corporation, partnership, association, State, municipality, political subdivision of a State, and any agency, department, or instrumentality of the United States and any officer, agency, or employee thereof.”

13. Section 205(a) of the CAA, 42 U.S.C. § 7524(a), states that any person other than a manufacturer or dealer who violates Section 203(a)(3)(B) of the CAA shall be subject to a civil penalty of not more than \$2,500 with respect to each part or component for violations of Section 203(a)(3)(B). The Debt Collection Improvement Act of 1996, 31 U.S.C. § 3701, as amended, and the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, 28 U.S.C. § 2461, and implementing regulations at 40 C.F.R. Part 19, increased these statutory maximum penalties to \$4,876 for violations that occur after November 2, 2015, and are assessed after December 23, 2020.

14. Pursuant to Section 205(c)(1) of the CAA, 42 U.S.C. § 7524(c)(1), EPA may compromise, or remit, with or without conditions, any civil penalty which may be imposed under this section.

### **Factual Allegations**

15. Respondent operates a operates an industrial machinery and equipment distribution company located at 115 South East Avenue, Holdrege, Nebraska (Facility).

16. Respondent is a “person” as defined in Section 302(e) of the CAA, 42 U.S.C. § 7602(e).

17. On October 23, 2020, EPA sent a Request for Information to Respondent pursuant to Section 208 of the CAA, 42 U.S.C. § 7542 to evaluate Respondent’s compliance with Title II of the CAA and the regulations promulgated thereunder.

18. On December 20, 2020, Respondent provided a response to EPA’s Request for Information. In its response, Respondent provided invoices and other information related to the sale of at least 21 products, as set forth below.

<b>Product Number</b>	<b>Product Name</b>	<b>Emission Control Device Disabled/Bypassed/Removed/Rendered Inoperative (EGR, DPF, Catalyst, SCR)</b>	<b>Number Sold (August 19 2019 - August 2020)</b>
SD-EGRD-LLY	EGR DELETE KIT GM DURAMAX 04.5	EGR	1
SD-EGRD-LMM	2007.5-10 DMAX LMM 6.6	EGR	1
73102	04.5-05 LLY EGR DELETE KIT	EGR	1
EFI	EFI LIVE TUNE	EGR, DPF, Catalyst, SCR	1
PDR-EGRD-6.0	03-07 FORD 6.0 EGR SOLUTION KIT	EGR	2
PDR-EGRD-LMM	07-10 LMM DURAMAX EGR SOLUTION KIT	EGR	1
18233	RACE DPF PIPE GM 07.5-10	DPF, Catalyst, SCR	1
21125	RACE SCR PIPE DODGE CC 11-12	DPF, Catalyst, SCR	1
21128	RACE SCR PIPE DODGE CC 13-17	DPF, Catalyst, SCR	2
21129	RACE SCR PIPE DODGE CC 13-17	DPF, Catalyst, SCR	2
27111	RACE CAT DOWNPIPE DODGE 07.5-12	DPF, Catalyst, SCR	1
635NB		DPF, Catalyst, SCR	4
830	DPF BACK DIESEL KIT FORD 08-10	DPF, Catalyst, SCR	1
S9004P	RACE DIESEL KIT GM 07.5-10 LMM DURAMAX	DPF, Catalyst, SCR	1
Mini	Mini Max	EGR, DPF, Catalyst, SCR	1
<b>TOTAL</b>			<b>21</b>

### **Alleged Violations**

19. Complainant hereby states and alleges that Respondent has violated the CAA and federal regulations promulgated thereunder as follows:

#### **Counts 1-21**

20. Paragraphs 15 through 18 are incorporated by reference as if fully set forth herein.

21. Section 203(a)(3)(B) of the CAA, 42 U.S.C. § 7522(a)(3)(B) prohibits any person from manufacturing or selling, or offering to sell, or install, any part or component intended for use with, or as part of, any motor vehicle or motor vehicle engine, where a principal effect of the part or component is to bypass, defeat, or render inoperative any device or element of design installed on or in a motor vehicle or motor vehicle engine in compliance with regulations under

Title II of the CAA, and where the person knows or should know that such part or component is being offered for sale or installed for such use or put to such use.

22. Between August 19, 2019 and August 31, 2020, Respondent sold and/or installed at least 21 parts or components on motor vehicles or motor vehicle engines where the principal effect or the part or component is to bypass, defeat, or render inoperative elements of design of those engines.

23. Respondent knew or should have known that the parts or components it offered for sale or installed was to bypass, defeat, or render inoperative elements of design on those engines.

24. By selling and/or installing at least 21 parts or components on motor vehicles or motor vehicle engines where the principal effect or the part or component is to bypass, defeat, or render inoperative elements of design of those engines when it knew or should have known that the parts or components it offered for sale or installed was to bypass, defeat, or render inoperative elements of design on those engines, Respondent is in violation of Section 203(a)(3)(B) of the CAA, 42 U.S.C. § 7522(a)(3)(B).

### **CONSENT AGREEMENT**

25. For the purpose of this proceeding, as required by 40 C.F.R. § 22.18(b)(2), Respondent:

- (a) admits the jurisdictional allegations set forth herein;
- (b) neither admits nor denies the specific factual allegations and alleged violations stated herein;
- (c) consents to the assessment of a civil penalty, as stated herein;
- (d) consents to the issuance of any specified compliance or corrective action order;
- (e) consents to any conditions specified herein;
- (f) waives any right to contest the allegations set forth herein; and
- (g) waives its rights to appeal the Final Order accompanying this Consent Agreement.

26. For the purposes of this proceeding, Respondent:

- (a) agrees that this Consent Agreement states a claim upon which relief may be granted against Respondent;

- (b) acknowledges that this Consent Agreement constitutes an enforcement action for purposes of considering Respondent's compliance history in any subsequent enforcement actions;
- (c) waives any right of judicial review under Section 307(b)(1) of the Clean Air Act, 42 U.S.C. § 7607(b)(1);
- (d) consents to personal jurisdiction in any action to enforce this Consent Agreement or Final Order, or both, in the United States District Court; and
- (e) waives any rights it may possess at law or in equity to challenge the authority of the EPA to bring a civil action in the United States District Court to compel compliance with the Agreement or Order, or both, and to seek an additional penalty for such noncompliance, and agrees that federal law shall govern in any such civil action.

27. Respondent consents to the issuance of this Consent Agreement and Final Order and consents for the purposes of settlement to the payment of the civil penalty specified herein.

28. Respondent and EPA agree to conciliate this matter without the necessity of a formal hearing and to bear their respective costs and attorneys' fees.

### **Penalty Payment**

29. Respondent agrees that, in settlement of the claims alleged herein, Respondent shall pay a civil penalty of \$50,594 as set forth below.

30. Respondent shall pay the penalty within thirty (30) days of the effective date of the Final Order. Such payment shall identify Respondent by name and docket number and shall be made by cashiers or certified check made payable to the "United States Treasury," and sent to:

U.S. Environmental Protection Agency, Region 7  
Fines and Penalties  
Cincinnati Finance Center  
P.O. Box 979077  
St. Louis, Missouri 63197-9000.

or by alternate payment method described at <http://www.epa.gov/financial/makepayment>.

31. A copy of the check or other information confirming payment shall simultaneously be sent to:

Regional Hearing Clerk  
[R7\\_Hearing\\_Clerk\\_Filings@epa.gov](mailto:R7_Hearing_Clerk_Filings@epa.gov);

and

Kasey Barton  
Office of Regional Counsel  
*barton.kasey@epa.gov.*

32. This civil penalty is not deductible for federal tax purposes. *See* 28 U.S.C. § 162(f).

33. Respondent understands that its failure to timely pay any portion of the civil penalty may result in the commencement of a civil action in Federal District Court to recover the full remaining balance, along with penalties and accumulated interest. In such case, interest shall begin to accrue on a civil or stipulated penalty from the date of delinquency until such civil or stipulated penalty any accrued interest are paid in full. 31 C.F.R. § 901.9(b)(1). Interest will be assessed at a rate of the United States Treasury Tax and loan rates in accordance with 26 U.S.C. § 6621(a)(2). In addition to that amount and interest, Respondent will be required to pay the United States' enforcement expenses, and the United States will charge a quarterly nonpayment penalty of 10 percent of the amount of the outstanding and nonpayment penalties, pursuant to Section 205(c)(6) of the CAA, 42 U.S.C. § 7542(c)(6).

#### **Conditions**

34. As a condition of settlement, Respondent agrees to the following: By signing this Consent Agreement, the undersigned representative of Respondent certifies that from the date of Respondent's signature: (i) it will not remove or render inoperative any emissions-related device or element of design installed on or in a motor vehicle or motor vehicle engine in violation of Section 203(a)(3)(A) of the CAA, 42 U.S.C. § 7522(a)(3)(A); and (ii) it will not manufacture, sell, offer for sale, or install any part or component, including those described in Paragraph 18, in violation of Section 203(a)(3)(B) of the CAA, 42, U.S.C. § 7522(a)(3)(B). Furthermore, Respondent is aware of EPA's November 23, 2020 "Tampering Policy: The EPA Enforcement Policy on Vehicle and Engine Tampering and Aftermarket Defeat Devices under the Clean Air Act."

35. By the effective date of this Consent Agreement and Final Order, Respondent shall not provide technical support, maintenance, repair, or information pertaining to aftermarket defeat devices, including but not limited to those products listed in Paragraph 18, where a principal effect of the device is to bypass, defeat, or render inoperative any emission-related device or element of design installed on or in a motor vehicle or motor vehicle engine, and will not remove or render inoperative any emissions-related device or element of design installed on or in a motor vehicle or motor vehicle engine, installed on vehicles brought to the Facility.

36. Within 30 days of the effective date of this Consent Agreement and Final Order, Respondent must permanently destroy any defeat device remaining in its inventory and/or possession, including but not limited to tuners, by compacting or crushing the defeat devices and all of the associated parts and components to render them useless. Respondent will submit videographic and photographic evidence in accordance with Paragraph 39.

37. Within 30 days of the effective date of this Consent Agreement and Final Order, Respondent must remove any advertisements regarding sales or installation of defeat devices from its website, Facebook, and any other social media accounts.

38. Respondent must submit notice that it has complied with Paragraphs 36 and 37 via e-mail to EPA Compliance Officer Tyler Salamasick at salamasick.tyler@epa.gov within sixty days of the effective date of this Consent Agreement and Final Order.

39. In the notice that Respondent submits as provided by Paragraph 38 of this Consent Agreement and Final Order, it must certify that the notice is true and complete by including the following statement signed by one of its officers:

I certify that I am familiar with the information in this document and that, based on my inquiry of those individuals responsible for obtaining the information, it is true and complete to the best of my knowledge. I know that there are significant penalties for submitting false information, including the possibility of fines and imprisonment for knowing violations.

#### **Effect of Settlement and Reservation of Rights**

40. Full payment of the penalty proposed and performance of the conditions in this Consent Agreement shall only resolve Respondent's liability for federal civil penalties for the violations alleged herein. Complainant reserves the right to take any enforcement action with respect to any other violations of the CAA or any other applicable law.

41. The effect of settlement described in the immediately preceding paragraph is conditioned upon the accuracy of Respondent's representations to EPA, as memorialized in the paragraph directly below.

42. Respondent certifies by the signing of this Consent Agreement that it is in compliance with all requirements of the CAA and its implementing regulations.

43. Full payment of the penalty proposed and performance of the conditions in this Consent Agreement shall not in any case affect the right of the Agency or the United States to pursue appropriate injunctive relief or other equitable relief or criminal sanctions for any violations of law. This Consent Agreement and Final Order does not waive, extinguish or otherwise affect Respondent's obligation to comply with all applicable provisions of the CAA and regulations promulgated thereunder.

44. Complainant reserves the right to enforce the terms and conditions of this Consent Agreement and Final Order.

45. This Consent Agreement and Final Order constitutes an "enforcement response" as that term is used in EPA's Clean Air Act Mobile Source Civil Penalty Policy to determine Respondent's "history of compliance" under Section 205 of the CAA, 42 U.S.C. § 7524.



### **General Provisions**

46. Respondent consents to receiving the filed Consent Agreement and Final Order electronically at the following e-mail address: mike.mostek@mosteklaw.com.

47. By signing this Consent Agreement, the undersigned representative of Respondent certifies that he or she is fully authorized to enter the terms and conditions of this Consent Agreement and to legally bind Respondent to it.

48. This Consent Agreement shall apply to and be binding upon Respondent and Respondent's agents, successors, and/or assigns. Respondent shall ensure that all contractors, employees, consultants, or other persons or entities acting for Respondent with respect to matters included herein comply with the terms of this Consent Agreement.

49. This Consent Agreement shall not dispose of the proceeding without a final order from the Regional Judicial Officer or Regional Administrator ratifying the terms of this Consent Agreement. This Consent Agreement and Final Order shall be effective upon the filing of the Final Order by the Regional Hearing Clerk for EPA, Region 7. Unless otherwise stated, all time periods stated herein shall be calculated in calendar days from such date.

**COMPLAINANT:**

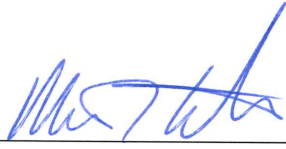
**U.S. Environmental Protection Agency**

Date: \_\_\_\_\_ By: \_\_\_\_\_  
Tracey Casburn  
Air Branch Chief  
Enforcement and Compliance Assurance Division

Date: \_\_\_\_\_ By: \_\_\_\_\_  
Kasey Barton  
Assistant Regional Counsel  
Office of Regional Counsel

**RESPONDENT:**

**South Central Diesel, Inc.**

Date: 7-8-2021 By: 

Michael T. Wiser  
Printed Name

Manager  
Title

**FINAL ORDER**

Pursuant to Section 205(c) of the CAA, 42 U.S.C. § 7524(c), and the Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties and the Revocation/Termination or Suspension of Permits, 40 C.F.R. Part 22, the foregoing Consent Agreement resolving this matter is hereby ratified and incorporated by reference into this Final Order.

Respondent is ORDERED to comply with all of the terms of the Consent Agreement. In accordance with 40 C.F.R. § 22.31(b), the effective date of the foregoing Consent Agreement and this Final Order is the date on which this Final Order is filed with the Regional Hearing Clerk.

**IT IS SO ORDERED.**

Date: \_\_\_\_\_ By: \_\_\_\_\_  
Karina Borromeo  
Regional Judicial Officer  
United States Environmental Protection Agency  
Region 7

**CERTIFICATE OF SERVICE**

I certify that that a true and correct copy of the foregoing Consent Agreement and Final Order was sent this day in the following manner to the addressees:

Copy via Email to Complainant:

Kasey Barton  
*barton.kasey@epa.gov*

Copy via Email to Respondent:

Mike Mostek  
*mike.mostek@mosteklaw.com*

Dated this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Signed