

**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 2**

_____)	
In re:)	
)	Docket No. CAA-02-2026-1206
HVAC Specialty, LLC.)	
)	
)	
_____)	

EXPEDITED SETTLEMENT AGREEMENT

A. JURISDICTION

1. This is an expedited administrative penalty assessment proceeding brought for alleged violations of the American Innovation and Manufacturing Act of 2020 ("AIM Act"), 42 U.S.C. § 7675, which governs the import of hydrofluorocarbons ("HFCs"). This proceeding is brought under Section 113(d) of the Clean Air Act ("CAA"), 42 U.S.C. § 7413(d), which authorizes the United States Environmental Protection Agency ("EPA") to bring administrative civil enforcement actions.
2. This expedited settlement agreement ("Agreement") is entered into under Section 113(d) of the CAA, as amended, 42 U.S.C. § 7413(d), and the Consolidated Rules of Practice Governing the Administrative Assessment of Penalties and the Revocation/Termination or Suspension of Permits, 40 C.F.R. Part 22.
3. Complainant is the United States Environmental Protection Agency. On the EPA's behalf, Acting Director Douglas McKenna, Region 2, Enforcement and Compliance Assurance Division is delegated the authority to settle civil administrative penalty proceedings under Section 113(d) of the CAA.
4. Respondent is HVAC Specialty, LLC and is a "person" as defined below and identified further in Table 1 of the Expedited Settlement Agreement ("ESA") Attachment 1.
5. Complainant and Respondent (together, the "Parties"), having agreed that settlement of this action is in their mutual interest, consent to the issuance of the attached final order ("Final Order" or "Order") ratifying this expedited settlement agreement before taking testimony and without adjudication of any issues of law or fact herein, and Respondent agrees to comply with the terms of this Agreement and Final Order. Furthermore, Complainant has determined, and Respondent does not dispute, that settlement of this action is in the public interest.

6. The Regional Judicial Officer is authorized to ratify this Agreement, which memorializes a settlement between Complainant and Respondent. 40 C.F.R. §§ 22.4(b) and 22.18(b).
7. The ratification of the Final Order, incorporating this Agreement, simultaneously commences and concludes this proceeding. 40 C.F.R. § 22.13(b).

B. GOVERNING LAW

8. This proceeding arises under the AIM Act, 42 U.S.C. § 7675, and Section 113 of the CAA, 42 U.S.C. § 7413, and the regulations promulgated thereunder, which impose limits on HFC production and consumption.
9. The EPA is authorized to enforce the AIM Act and any regulation promulgated thereunder utilizing the federal enforcement authorities established by Section 113 of the CAA, 42 U.S.C. § 7675(k)(1)(C). Section 113 of the CAA authorizes the Administrator of the EPA to assess a civil administrative penalty of not more than \$25,000 per day of violation. 42 U.S.C. §113(a)(3)(A), (d)(1). Pursuant to the Federal Civil Penalties Inflation Adjustment Act of 1990, Pub. L. 101-410, as amended, and its implementing regulation, the Civil Monetary Penalty Inflation Adjustment Rule, codified at 40 C.F.R. Part 19, the statutory maximum civil administrative penalty has subsequently been raised to \$59,114 per day of violation. 40 C.F.R. § 19.4, Table 1.
10. The EPA regulations at 40 C.F.R. Part 84, Subpart B, implement the AIM Act requirement to accelerate the transition of technologies in products and systems which utilize HFCs to substances with lower global warming potentials.
11. The regulations at 40 C.F.R. § 84.54(a)(10)(i) provide that “[n]o person may manufacture or import any product in the following sectors or subsectors that uses a regulated substance; (10) [c]hillers, when a stand-alone product, (i) [e]ffective January 1, 2025, chillers for comfort cooling using a regulated substance, or a blend containing a regulated substance, with a global warming potential of 700 or greater.”
12. The definitions, listed at 40 C.F.R., Part 84, Subpart B, include:
 - a) “Import” is defined as “to land on, bring into, or introduce into, or attempt to land on, bring into, or introduce into, any place subject to the jurisdiction of the United States, regardless of whether that landing, bringing, or introduction constitutes an importation within the meaning of the customs laws of the United States. Offloading used regulated substances recovered from equipment aboard a marine vessel, aircraft, or other aerospace vehicle during servicing is not considered an import.” 40 C.F.R. § 84.52 (referring back to the definition in 40 C.F.R. § 84.3).

b) "Importer" is defined as "any person who imports any product or specified component using or intended for use with a regulated substance into the United States. Importer includes the person primarily liable for the payment of any duties on the merchandise or an authorized agent acting on his or her behalf. The term also includes: (1) The consignee; (2) The importer of record; (3) The actual owner; or (4) The transferee, if the right to withdraw merchandise from a bonded warehouse has been transferred." 40 C.F.R. § 84.52.

c) "Product" is defined as "an item or category of items manufactured from raw or recycled materials which performs a function or task and is functional upon completion of manufacturing. The term includes, but is not limited to: appliances, foams, fully formulated polyols, self-contained fire suppression devices, aerosols, pressurized dispensers, and wipes." 40 C.F.R. § 84.52.

13. A current list of regulated substances, their chemical formulas, and their exchange values can be found in Appendix A to 40 C.F.R. Part 84. See 40 C.F.R. § 84.3.

14. The regulations at 40 C.F.R. § 84.64(a) provide, "the global warming potential of a regulated substance is the exchange value for the regulated substance listed in subsection (c) of the AIM Act and in appendix A to this part 84."

15. The substance at issue in this matter is R-410A, a blend of 50% HFC-32 and 50% HFC-125. The HFCs at issue in this matter are assigned the following exchange values and therefore global warming potentials:

HFC	Chemical Formula or Blends	Global Warming Potential
HFC-32	CH ₂ F ₂	675.0
HFC-125	CHF ₂ CF ₃	3,500.0

40 C.F.R. Part 84, Appendix A.

16. To determine the GWP of a blend comprised of only HFC compounds, EPA calculates the contribution of each regulated substance to the total GWP of the blend. Pursuant to 40 C.F.R. § 84.64(b), for blends containing only regulated substances the global warming potential of the blend is the sum of the global warming potentials of each constituent of the blend multiplied by the nominal mass fraction of that constituent within the blend. For example, if the percentages of the blend and the GWP (parentheses) of the constituents are: 50% HFC-32 (675.0), and HFC-125 (3,500.0), the GWP of this example would be calculated as $(0.5 \times 675.0) + (0.5 \times 3,500.0) = 2,087.5$. Therefore, as a blend of regulated substances, R-410A has a global warming potential of 2,087.5.

C. ALLEGED VIOLATION OF LAW

17. The EPA alleges that, on or about June 24, 2025, Respondent imported a product containing a regulated substance in violation of 40 C.F.R. § 84.54(a)(10)(i) for each of the regulated substances identified in Table 1 of ESA Attachment 1.

D. TERMS OF AGREEMENT

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

- a. admits that the EPA has jurisdiction over the subject matter alleged in this Agreement;
- b. admits the facts stipulated in Table 1 of ESA Attachment 1;
- c. consents to the assessment of a civil penalty as stated in Table 3 of ESA Attachment 1 and below;
- d. waives any right to contest the alleged violations of law set forth in Section C of this Agreement; and
- e. waives its right to appeal the Final Order accompanying this Agreement.

19. By signing this Agreement, respondent waives any rights or defenses that respondent has or may have for this matter to be resolved in federal court, including but not limited to any right to a jury trial, and waives any right to challenge the lawfulness of the final order accompanying the expedited settlement agreement.

20. For the purpose of this proceeding, Respondent:

- a. agrees that this Agreement states a claim upon which relief may be granted against Respondent;
- b. acknowledges that this Agreement constitutes an enforcement action for purposes of considering Respondent's compliance history in any subsequent enforcement actions related to the Respondent;
- c. certifies that it completed the corrective action as set forth in Table 4 of ESA Attachment 1;
- d. waives its right to request a hearing, any right to contest the allegations in this Expedited Settlement Agreement and Final Order and its right to appeal this Expedited Settlement Agreement and Final Order;
- e. consents to personal jurisdiction in any action to enforce this Agreement or Final Order, or both, in an appropriate United States District Court; and
- f. waives any rights it may possess at law or in equity to challenge the authority of the EPA to bring a civil action in an appropriate United States District Court to compel compliance with the Agreement or Final Order, or both, and to seek an additional penalty for non-compliance with the Agreement or Final Order and agrees that federal law shall govern in any such civil action.

E. TERMS OF PAYMENT

21. Respondent agrees to pay a civil penalty in the amount of \$6,037 six thousand and thirty-seven dollars ("Assessed Penalty"), which is stated in Table 3 of ESA Attachment 1, within thirty (30) calendar days after the date the Final Order ratifying this Agreement is filed with the Regional Hearing Clerk ("Filing Date"). Respondent shall pay the Assessed Penalty and any interest, fees, and other charges due using any method, or combination of appropriate methods, as provided on the EPA website: <https://www.epa.gov/financial/makepayment>. For additional instructions see: <https://www.epa.gov/financial/additional-instructions-making-payments-epa>.

22. When making a payment, Respondent shall:

- a. Identify every payment with Respondent's name and the docket number of this Agreement, CAA-02-2026-1206,
- b. Concurrently with any payment or within twenty-four (24) hours of any payment, Respondent shall serve proof of such payment (electronic correspondence is preferred) to the following persons:

Karen Maples, Regional Hearing Clerk
U.S. Environmental Protection Agency, Region 2
290 Broadway, Floor 16
New York, New York 10007
Region2_RegionalHearingClerk@epa.gov

Julian Velez, Enforcement Officer
U.S. Environmental Protection Agency, Region 2
290 Broadway, Floor 21
New York, New York 10007
Velez.Julian@epa.gov

and

U.S. Environmental Protection Agency
Cincinnati Finance Center
Via electronic mail to: CINWD_AcctsReceivable@epa.gov

"Proof of payment" means, as applicable, a copy of the check, confirmation of credit card or debit card payment, or confirmation of wire or automated clearinghouse transfer, and any other information required to demonstrate that payment has been made according to EPA requirements, in the amount due, and identified with the appropriate docket number and Respondent's name.

23. Interest, Charges, and Penalties on Late Payments. Pursuant to 42 U.S.C. § 7413(d)(5), 31 U.S.C. § 3717, 31 C.F.R. § 901.9, and 40 C.F.R. § 13.11, if Respondent fails to timely pay any portion of the Assessed Penalty per this Agreement, the entire unpaid balance of the Assessed Penalty and all accrued interest shall become immediately due and owing, and the EPA is authorized to recover the following amounts.

- a. Interest. Interest begins to accrue from the Filing Date. If the Assessed Penalty is paid in full within thirty (30) days, interest accrued is waived. If the Assessed Penalty is not paid in full within thirty (30) days, interest will continue to accrue until any unpaid portion of the Assessed Penalty as well as any interest, penalties, and other charges are paid in full. Per 42 U.S.C. § 7524(c)(6), interest will be assessed pursuant to 26 U.S.C. § 6621(a)(2), that is the IRS standard underpayment rate, equal to the Federal short-term rate plus 3% percentage points.
- b. Handling Charges. The United States' enforcement expenses including, but not limited to, attorneys' fees and costs of handling collection.
- c. Late Payment Penalty. A ten percent (10%) quarterly non-payment penalty.

24. Late Penalty Actions. In addition to the amounts described in the prior Paragraph, if Respondent fails to timely pay any portion of the Assessed Penalty per this Agreement, the EPA may take additional actions. Such actions the EPA may take include, but are not limited to, the following.

- a. Refer the debt to a credit reporting agency or a collection agency, pursuant to 40 C.F.R. §§ 13.13 and 13.14.
- b. Collect the debt by administrative offset (i.e., the withholding of money payable by the United States government to, or held by the United States government for, a person to satisfy the debt the person owes the United States government), which includes, but is not limited to, referral to the Internal Revenue Service for offset against income tax refunds, pursuant to 40 C.F.R. Part 13, Subparts C and H.
- c. Suspend or revoke Respondent's licenses or other privileges or suspend or disqualify Respondent from doing business with the EPA or engaging in programs the EPA sponsors or funds, pursuant to 40 C.F.R. § 13.17.
- d. Request that the Attorney General bring a civil action in the appropriate district court to enforce the Final Order and recover the full remaining balance of the Assessed Penalty, in addition to interest and the amounts described above,

pursuant to 42 U.S.C. § 7413(d)(5). In any such action, the validity, amount, and appropriateness of the Assessed Penalty and Final Order shall not be subject to review.

25. Allocation of Payments. Pursuant to 31 C.F.R. § 901.9(f) and 40 C.F.R. § 13.11(d), a partial payment of debt will be applied first to outstanding handling charges, second to late penalty charges, third to accrued interest, and last to the principal that is the outstanding Assessed Penalty amount.
26. Tax Treatment of Penalties. Pursuant to 26 U.S.C. § 162(f), penalties, interest, and other charges paid pursuant to this Agreement shall not be deductible for purposes of federal taxes.
27. By signing this Agreement, Respondent certifies that the information it has supplied concerning this matter was at the time of submission true, accurate, and complete for each such submission, response, and statement. Respondent acknowledges that there are significant penalties for submitting false or misleading information, including the possibility of fines and imprisonment for knowing submission of such information, under 18 U.S.C. § 1001.
28. By signing this Agreement, Respondent acknowledges that this Agreement and Order, including identifying information such as name, federal tax ID number, mailing and e-mail address, will be available to the public when the Agreement and Certificate of Service are filed and uploaded to a searchable database and agrees that this Agreement does not contain any confidential business information or other personally identifiable information.
29. By signing this Agreement, the undersigned representative of Complainant and the undersigned representative of Respondent each certify that they are fully authorized to execute and enter into the terms and conditions of this Agreement and has the legal capacity to bind the party they represent to this Agreement.
30. By signing this Agreement, Respondent agrees to acceptance of the Complainant's: (a) digital or an original signature on this Agreement; and (b) service of the fully executed Agreement on the Respondent by mail or electronically by e-mail. Respondent understands that the mailing or e-mail address may be made public when the Agreement and Certificate of Service are filed and uploaded to a searchable database. Complainant agrees to acceptance of the Respondent's digital or an original signature on this Agreement.
31. Each party shall bear its own attorney's fees, costs, and disbursements incurred in this proceeding.

F. EFFECT OF AGREEMENT AND ATTACHED FINAL ORDER

32. In accordance with 40 C.F.R. § 22.18(c), completion of the terms of this Agreement and Final Order resolves only Respondent's liability for federal civil penalties for the violations identified in Section C of this Agreement.
33. This Agreement constitutes the entire agreement and understanding of the Parties and supersedes any prior agreements or understandings among the Parties with respect to the subject matter hereof.
34. The terms, conditions, and compliance requirements of this Agreement may not be modified or amended after it is ratified except upon the written agreement of both parties, and approval of the Regional Judicial Officer.
35. Any violation of this Agreement or Order may result in a civil judicial action for an injunction, or civil penalties of up to \$124,426 per day per violation (with each kilogram a separate violation), or both, as provided in Section 113(b)(2) of the Act, 42 U.S.C. § 7413(b)(2), as well as criminal sanctions as provided in Section 113(c) of the Act, 42 U.S.C. § 7413(c). The EPA may use any information submitted under this Agreement in an administrative, civil judicial, or criminal action.
36. Nothing in this Agreement shall relieve Respondent of the duty to comply with all applicable provisions of the Act and other federal, state, or local laws or statutes, nor shall it restrict the EPA's authority to seek compliance with any applicable laws or regulations, nor shall it be construed to be a ruling on, or determination of, any issue related to any federal, state, or local permit.
37. Nothing herein shall be construed to limit the power of the EPA to undertake any action against Respondent or any person in response to conditions that may present an imminent and substantial endangerment to the public health, welfare, or the environment.
38. The EPA reserves the right to revoke this Agreement and settlement penalty if and to the extent that the EPA finds, after signing this Agreement, that any information provided by Respondent was materially false or inaccurate at the time such information was provided to the EPA, and the EPA reserves the right to assess and collect any and all civil penalties for any violation described herein. The EPA shall give Respondent notice of its intent to revoke, which shall not be effective until received by Respondent.
39. Respondent and Complainant agree to the Regional Judicial Officer's issuance of the attached Final Order ratifying the Agreement.

The foregoing Agreement *In the Matter of HVAC Specialty, LLC.*, Docket No. CAA-02-2026 1206 is Hereby Stipulated, Agreed, and Approved.

COMPLAINANT:

NICOLE
FOLEY KRAFT

Digitally signed by
NICOLE FOLEY KRAFT
Date: 2025.12.01
14:51:09 -05'00'


for

Signature

Douglas McKenna, Acting Director
Enforcement and Compliance Assurance Division
U.S. Environmental Protection Agency – Region 2

The foregoing Agreement *In the Matter of HVAC Specialty, LLC*, Docket No. CAA-02-2026-1206, is Hereby Stipulated, Agreed, and Approved.

FOR RESPONDENT:


Signature _____ Date 02/12/2026

Printed Name: George C. Jackson III

Title: Senior Application Engineer / Project Manager / Traffic Manager

Address: 50 Newtown Road Plainview NY 11550

e-mail: GJACKSON@WEA-INC.COM

Federal Tax Identification Number: 11-2204892

EXPEDITED SETTLEMENT AGREEMENT ATTACHMENT 1

AMERICAN INNOVATION AND MANUFACTURING ACT
OFFSITE COMPLIANCE MONITORING ACTIVITY OR INSPECTION FACTS, ALLEGED VIOLATIONS,
PENALTY, AND CORRECTIVE ACTION FORM

Table 1 – Offsite Compliance Monitoring Activity or Inspection Stipulated Facts	
Inspection Date: July 16, 2025	Docket Number: CAA-02-2026-1206
Offsite Compliance Monitoring Activity or Inspection Location: H&M International Transportation 700 Belleville Turnpike Kearny, NJ 07032	Port of Entry/Shipment Number(s): Port of New York, NY Entry number: 224-4564016-6
Person/Importer Name (“Respondent”) and Importer Number: HVAC Specialty, LLC. 84-254317300	Inspector(s) Name(s) and Email Address: Jessica Cordasco – Cordasco.Jessica@epa.gov Richard Kan – Kan.Richard@epa.gov Katherine Marmanides – Marmanides.Katherine@epa.gov
Respondent’s Address: 50 Newtown Road Plainview, New York 11803	Date of Detention or Hold: July 3, 2025
Value of Goods: \$20,123	Arrival Date: June 24, 2025
Subject HFC within the Regulated Products and Mass (in kg): R-410A: charge of 14.1 kg.	Subject Regulated Products: One (1) reversible heat pump/chiller, model HTH14-204HS

Table 2 – Description of Alleged Violation

The EPA alleges that:

- Based on the facts in Table 1, the Subject Regulated Products are products containing regulated substances above the appropriate GWP limit for the subsector of the product, and that those products were imported into the United States, in violation of the Technology Transition regulations at 40 C.F.R. § 84.54(a).

Table 3 – Civil Penalty

Complainant and Respondent agree upon the following civil penalty for settlement purposes: \$6,037, where:

HFC Allocation Regulation, Technology Transitions, and ODS Import Violations Calculation:

Monetary Value of Goods * Percentage Multiplier = Penalty

\$20,123 * 30% = **\$6,037** (See Paragraphs 15 and 16 of the Agreement for an explanation of how EPA calculates the GWP for specific blends of HFC regulated substances).

TT Product GWP ¹	Percentage Multiplier	HFC	EV
< 1,300	20%	HFC-152	53
≥ 1,300 ≤ 5,000	30%	HFC-41	92
> 5,000 ≤ 10,000	40%	HFC-152a	124
>10,000 ≤ 15,000	50%	HFC-143	353
		HFC-32	675
		HFC-245ca	693
		HFC-365mfc	794
		HFC-245fa	1,030
		HFC-134	1,100
		HFC-236cb	1,340
		HFC-236ea	1,370
		HFC-134a	1,430
		HFC-43-10mee	1,640
		HFC-227ea	3,220
		HFC-125	3,500
		HFC-143a	4,470
		HFC-236fa	9,810
		HFC-23	14,800

¹ *Id.*

Table 4 – Corrective Action

Respondent certifies that it:

- ☒ Has completed permanent destruction of the Regulated Products that Respondent imported on or about June 24, 2025, using one of the technologies listed at 40 C.F.R. § 84.29.
- ☐ Will submit to the EPA at Velez.Julian@epa.gov a copy of the destruction verification required at 40 CFR § 84.31(e)(4), within ninety (90) days of the Filing Date of the ESA.
- ☐ Has exported the Regulated Products to _____ [name and address (including country) of the recipient of the exports], a country other than Canada or Mexico (unless the point of entry to the U.S. for the Regulated Products was through Canada or Mexico), and has paid \$_____ to perform the action to export the Regulated Products.
- ☐ Will submit to the EPA at Velez.Julian@epa.gov, within thirty (30) days of the Filing Date of the ESA a record documenting such payment for export of the Regulated Products.

Respondent must check the boxes, fill in all relevant blanks, and return any enclosures, as applicable, and this Attachment 1 with the signed Agreement.

JA
2/12/2026

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In re:)	
)	Docket No. CAA-02-2026-1206
HVAC Specialty, LLC.)	
)	
)	
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Pursuant to 40 C.F.R. § 22.18(b)–(c) of the EPA’s Consolidated Rules of Practice Governing the Administrative Assessment of Penalties and the Revocation/Termination or Suspension of Permits, 40 C.F.R. Part 22, the attached Expedited Settlement Agreement resolving this matter is incorporated by reference into this Final Order and is hereby ratified.

So ordered.

Dated: 2/13/2026

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