

U. S. ENVIRONMENTAL PROTECTION AGENCY
REGION 7
11201 RENNER BOULEVARD
LENEXA, KANSAS 66219

2014 MAY 29 AM 9:41

BEFORE THE ADMINISTRATOR

In the Matter of LHP, LLC)

130 N. 27th Street, #6)
Lincoln, Nebraska)

Respondent)

) Docket No. TSCA-07-2014-0029

) COMPLAINT AND NOTICE OF
) OPPORTUNITY FOR HEARING

COMPLAINT

Jurisdiction

1. This Complaint and Notice of Opportunity for Hearing (Complaint) serves as notice that the United States Environmental Protection Agency (EPA), Region 7 has reason to believe that Respondent has violated Section 409 of the Toxic Substances Control Act (TSCA), 15 U.S.C. 2689, by failing to comply with the regulatory requirements of 40 C.F.R. Part 745, Subpart E, *Residential Property Renovation*, promulgated pursuant to 15 U.S.C. 2682(c), 2686, and 2687.

2. This administrative action for the assessment of civil penalties is instituted pursuant to Section 16(a) of TSCA, 15 U.S.C. 2615(a), and in accordance with the EPA's Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties, Issuance of Compliance or Corrective Action Orders, and the Revocation, Termination or Suspension of Permits, 40 C.F.R. Part 22 (Consolidated Rules), a copy of which is enclosed along with this Complaint.

Parties

3. The Complainant, by delegation from the Administrator of the EPA, is the Chief of the Toxics and Pesticides Branch at EPA, Region 7.

4. Respondent LHP, LLC, is a limited liability company authorized under the laws of the state of Nebraska, performing renovations in the state of Nebraska.

Statutory and Regulatory Background

5. Congress passed the Residential Lead-Based Paint Hazard Reduction Act of 1992 (the Act), 42 U.S.C. §§ 4851 to 4856, to address the need to control exposure to lead-based paint hazards. One of the stated purposes of the Act is to implement a broad program to reduce lead-based paint hazards in the nation's housing stock. 42 U.S.C. § 4851a(2). The Act amended TSCA by adding *Title IV - Lead Exposure Reduction*, TSCA Sections 401 to 412, 15 U.S.C. §§ 2681 to 2692.

6. Section 402 of TSCA, 15 U.S.C. § 2682, requires that the Administrator of EPA promulgate regulations regarding the activities of individuals and contractors engaged in lead-based paint activities, including renovation of residences built prior to 1978, and regulations for the certification of such individuals and contractors.

7. In 1996, EPA promulgated regulations to implement Section 402(a) of TSCA, 15 U.S.C. § 2682(a). These regulations are set forth at 40 C.F.R. Part 745, Subpart L. In 1998, EPA promulgated regulations to implement Section 406(b) and Section 407 of the Act. These regulations are set forth at 40 C.F.R. Part 745, Subpart E. In 2008, EPA promulgated regulations to implement Section 402(c)(3) of TSCA, 15 U.S.C. § 2682(c)(3), by amending 40 C.F.R. Part 745, Subparts E and L (the "Renovation, Repair and Painting Rule" or the "RRP Rule"). See

Lead; Renovation, Repair, and Painting Program, 73 Fed. Reg. 21692, 21758 (issued Mar. 31, 2008) (codified at 40 C.F.R. Part 745, Subpart E). The RRP Rule pertains to lead-based paint activities, and the regulations set forth work practice standards for the renovation of residences built prior to 1978 and require certification of individuals and firms who are involved in these activities.

8. Section 401(17) of TSCA, 15 U.S.C. § 2681(17) defines *target housing* to mean any housing constructed prior to 1978, except housing for the elderly or persons with disabilities (unless any child who is less than six (6) years of age resides or is expected to reside in such housing) or any zero-bedroom dwelling.

9. 40 C.F.R. § 745.83 defines *renovation* to mean the modification of any existing structure, or portion thereof, that results in the disturbance of painted surfaces, unless that activity is performed as part of an abatement as defined by 40 C.F.R. § 745.223. The term renovation includes (but is not limited to): the removal, modification or repair of painted surfaces or painted components (e.g., modification of painted doors, surface restoration, window repair, surface preparation activity (such as sanding, scraping, or other such activities that may generate paint dust)); the removal of building components (e.g., walls, ceilings, plumbing, windows); weatherization projects (e.g., cutting holes in painted surfaces to install blown-in insulation or to gain access to attics, planning thresholds to install weather stripping), and interim controls that disturb painted surfaces.

10. 40 C.F.R. § 745.83 defines *person* as any natural or judicial person including any individual, corporation, partnership, or association; any Indian Tribe, State, or political

subdivision thereof; any interstate body; and any department, agency, or instrumentality of the Federal Government.

11. The RRP Rule sets forth the regulations for “Work Practice Standards” that must be followed by firms performing renovations on target housing. These work practice standards are outlined in 40 C.F.R § 745.85, and they require, in pertinent part:

- (a) Pursuant to 40 C.F.R. § 745.85(a)(1), the renovation firm, before beginning the renovation, must post signs clearly defining the work area and warning occupants and other persons not involved in the renovation activities to remain outside of the work area and the signs must remain in place and readable until the renovation and the post-renovation cleaning verification have been completed.
- (b) Pursuant to 40 C.F.R. § 745.85(a)(2)(ii)(A), the renovation firm, before beginning the renovation, must close all doors and windows within 20 feet of the renovation;
- (c) Pursuant to 40 C.F.R. § 745.85(a)(2)(ii)(B), the renovation firm, before beginning the renovation, must ensure that doors within the work area that will be used while the job is being performed are covered with plastic sheeting or other impermeable material in a manner that allows workers to pass through while confining dust and debris in the work area;
- (d) Pursuant to 40 C.F.R. § 745.85(a)(2)(ii)(C), the renovation firm, before beginning the renovation, must cover the ground with plastic sheeting or other disposable impermeable material extending 10 feet beyond the perimeter of surfaces undergoing renovation or a sufficient distance to collect falling paint debris, whichever is greater, unless the property line prevents 10 feet of such ground covering; and

(e) Pursuant to 40 C.F.R. § 745.85(a)(4)(i), the renovation firm must contain waste to prevent releases of dust and debris before the waste is removed from the work area for storage or disposal.

17. Failure to comply with any provision of 40 C.F.R. Part 745, Subpart E (RRP Rule) violates Section 409 of TSCA, 15 U.S.C. § 2689, which may subject the violator to administrative penalties under section 16(a) of TSCA, 15 U.S.C. § 2615(a) and 40 C.F.R. § 745.87(d).

18. Section 16(a) of TSCA, 15 U.S.C. § 2615(a), and 40 C.F.R. § 745.87(d) authorize the EPA Administrator to assess a civil penalty of up to \$25,000 for each violation of Section 409 of TSCA, 15 U.S.C. § 2689. Each day that such a violation continues constitutes a separate violation of section 15 of TSCA, 15 U.S.C. § 2614. The Debt Collection Improvement Act of 1996, 31 U.S.C. § 3701, and its implementing regulations at 40 C.F.R. Part 19, increased these statutory maximum penalties to \$37,500 for violations that occurred after January 12, 2009.

General Factual Allegations

19. Respondent, at all times referred to herein, was a person as defined in 40 C.F.R. § 745.83.

20. Respondent, at all times referred to herein, was a “firm” as defined in 40 C.F.R. § 745.83.

21. Presently, and at the time of the actions described herein, Respondent is a limited liability company authorized under the laws of the state of Nebraska, doing business in the state of Nebraska.

22. Respondent was a certified renovator and certified firm performing renovations on a residential property located at 800 A Street, Lincoln, Nebraska (Property).

23. At all times relevant to this Complaint, the renovation project at said residential property was a “renovation for compensation” subject to the RRP Rule per 40 C.F.R. § 745.82.

24. On November 9, 2012, pursuant to its authority under Section 11 of TSCA, 15 U.S.C. §2610, United State Environmental Protection Agency, Region 7 conducted work practice inspection at the work sites at the Property to evaluate Respondent’s compliance with the RRP Rule. A copy of the inspection report was mailed to Respondent on January 14, 2013.

25. At the time of inspection, referenced above, there were no children present at the Property. The Property was a circa 1908 residential property. The Property was constructed before 1978 and is target housing as defined by 40 C.F.R. § 745.103.

26. As a result of the inspection and additional information obtained by EPA, Complainant has identified the following violations of Section 409 of TSCA, the Residential Lead-Based Paint Hazard Reduction Act of 1992, and the RRP Rule, as set forth in 40 C.F.R. Part 745, Subpart E.

Alleged Violations

27. The Complainant hereby states and alleges that Respondent has violated TSCA and federal regulations promulgated thereunder, as follows:

Count One

28. Each and every preceding paragraph is incorporated by reference herein.

29. Pursuant to 40 C.F.R. § 745.85(a)(1), a renovation firm, before beginning the renovation, must post signs clearly defining the work area and warning occupants and other

persons not involved in the renovation activities to remain outside of the work area and the signs must remain in place and readable until the renovation and the post-renovation cleaning verification have been completed.

30. Respondent, at the time of the November 9, 2012, inspection of the above property, did not have posted signs clearly defining the work area and warning occupants and other persons not involved in the renovation activities to remain outside of the work area.

31. Respondent's failure to post signs or maintain the signs in place clearly defining the work area and warning occupants and other persons not involved in the renovation activities to remain outside of the work area constitutes a violation of 40 C.F.R. § 745.85(a)(1). Respondent, therefore, violated Section 409 of TSCA, 15 U.S.C. § 2689.

Count Two

32. Each and every preceding paragraph is incorporated by reference herein.

33. Pursuant to 40 C.F.R. § 745.85(a)(2)(ii)(A), the renovation firm, must close all doors and windows within 20 feet of the renovation.

36. Respondent, at the time of the November 9, 2012 inspection of the above property, had failed to close doors and windows within 20 feet of the renovation.

37. Respondent's failure to close all doors and windows within 20 feet of the renovation constitutes a violation of 40 C.F.R. § 745.85(a)(2)(ii)(A). Respondent, therefore, violated Section 409 of TSCA, 15 U.S.C. § 2689.

Count Three

38. Each and every preceding paragraph is incorporated by reference herein.

39. Pursuant to 40 C.F.R. § 745.85(a)(2)(ii)(B), the renovation firm must ensure that doors within the work area that will be used while the job is being performed are covered with plastic sheeting or other impermeable material in a manner that allows workers to pass through while confining dust and debris to the work area.

40. Respondent, at the time of the November 9, 2012 inspection of the above property, had failed to ensure that doors with the work area that were used while the job was being performed were covered with plastic sheeting or other impermeable material in a manner that allows workers to pass through while confining dust and debris to the work area.

41. Respondent's failure to ensure that doors with the work area that were used while the job was being performed were covered with plastic sheeting or other impermeable material in a manner that allows workers to pass through while confining dust and debris to the work area constitutes a violation of 40 C.F.R. § 745.85(a)(2)(ii)(B). Respondent, therefore, violated Section 409 of TSCA, 15 U.S.C. § 2689.

Count Four

42. Each and every preceding paragraph is incorporated by reference herein.

43. Pursuant to 40 C.F.R. § 745.85(a)(2)(ii)(C), the renovation firm, before beginning the renovation, must cover the ground with plastic sheeting or other disposable impermeable material extending 10 feet beyond the perimeter of surfaces undergoing renovation or a sufficient distance to collect falling paint debris, whichever is greater, unless the property line prevents 10 feet of such ground covering.

44. Respondent, at the time of the November 9, 2012, inspection of the above property, had failed to cover the ground with plastic sheeting or other disposable impermeable material

extending 10 feet beyond the perimeter of surfaces undergoing renovation or a sufficient distance to collect falling paint debris, whichever is greater, and the property line did not prevent 10 feet of such ground covering.

45. Respondent's failure to cover the ground with plastic sheeting or other disposable impermeable material extending 10 feet beyond the perimeter of surfaces undergoing renovation or a sufficient distance to collect falling paint debris, whichever is greater, unless the property line prevents 10 feet of such ground covering constitutes a violation of 40 C.F.R. § 745.85(a)(2)(ii)(C). Respondent, therefore, violated Section 409 of TSCA, 15 U.S.C. § 2689.

Count Five

46. Each and every preceding paragraph is incorporated by reference herein.

47. Pursuant to C.F.R. § 745.85(a)(4)(i), the renovation firm must ensure that waste from renovation activities must be contained to prevent releases of dust and debris before the waste is removed from the work area for storage or disposal.

48. Respondent, at the time of the November 9, 2012 inspection of the above property, had failed to contain waste from renovation activities to prevent the release of dust and debris before the waste was removed from the work area for storage or disposal.

49. Respondent's failure to contain waste from renovation activities and failure to prevent the release of dust and debris before the waste was removed from the work area for storage or disposal constitutes a violation of 40 C.F.R. § 745.85(a)(4)(i). Respondent, therefore, violated Section 409 of TSCA, 15 U.S.C. § 2689.

Relief

50. Respondent is subject to civil penalties under Section 16 of TSCA, 15 U.S.C. § 2615 for violations of Section 409 of TSCA, 15 U.S.C. § 2689. Pursuant to Section 16 of TSCA, 15 U.S.C. 2615 and based upon the facts set forth above, it is proposed that a civil administrative penalty be assessed against Respondent.

51. Section 16(a) of TSCA, 42 U.S.C. § 2615, and 40 C.F.R. § 745.87(d), authorize the EPA Administrator to assess a civil penalty of up to \$25,000 for each violation of Section 409 of TSCA. Each day that such a violation continues constitutes a separate violation of Section 15 of TSCA, 15 U.S.C. § 2614. The Debt Collection Improvement Act of 1996, 31 U.S.C. § 3701, and its implementing regulations at 40 C.F.R. Part 19, increased these statutory maximum penalties to \$37,500 for violations that occurred after January 12, 2009.

52. The proposed penalty is based upon the facts alleged in this Complaint and upon the factors set forth in Section 16(a)(2)(B) of TSCA, 15 U.S.C. 2615(a)(2)(B), including the nature, circumstances, extent and gravity of the violations, and with respect to the Respondent: (a) its ability to pay, (b) the effect on its ability to continue to do business, (c) any history of prior violations, (d) the degree of culpability, and (e) such other matters as justice may require.

53. To assess a penalty for the alleged violations in this Complaint, Complainant has taken into account the particular facts and circumstances of this case with specific reference to EPA's August 2010 Interim Final Policy entitled, "Consolidated Enforcement Response and Penalty Policy for the Pre-Renovation Education Rule; Renovation, Repair and Painting Rule; and Lead-Based Paint Activities Rule" (the "LBP Consolidated ERPP"), a copy of which is enclosed with this Complaint. The LBP Consolidated ERPP provides a rational, consistent, and

equitable calculation methodology for applying the statutory penalty factors enumerated above to particular cases. Complainant proposes that Respondent be assessed a civil penalty in the amount of Twenty-six Thousand Eight Hundred and Forty Dollars (\$26,840) for the TSCA violations alleged in this Complaint (*See Attachment 1 to this Complaint explaining the reasoning for this penalty*).

54. The proposed penalty is based on the best information available to EPA at the time the Complaint is issued. The penalty may be adjusted if the Respondent establishes bona fide issues of ability to pay or other defenses relevant to the appropriate amount of the proposed penalty.

Payment of Proposed Penalty in Full

55. A Respondent may resolve this proceeding at any time by paying the full penalty proposed in the Complaint and filing a copy of the check or other instrument of payment with the Regional Hearing Clerk. Payment of the total penalty of \$26,840 may be made by certified or cashier's check payable to the "Treasurer, United States of America," and remitted to:

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

Wire transfers should be directed to the Federal Reserve Bank of New York:

Federal Reserve Bank of New York
ABA = 021030004
Account = 68010727
SWIFT address = FRNYUS33
33 Liberty Street
New York, New York 10045
Field Tag 4200 of the Fedwire message should read

“D 68010727 Environmental Protection Agency”

A copy of the check must simultaneously be sent to the following:

Regional Hearing Clerk
U.S. Environmental Protection Agency
Region 7
11201 Renner Boulevard
Lenexa, Kansas 66219;

and

Robert W. Richards, Attorney
Office of Regional Counsel
U.S. Environmental Protection Agency
Region 7
11201 Renner Boulevard
Lenexa, Kansas 66219

Checks should reference the name and docket number of this Complaint.

Payment of Proposed Penalty in Lieu of an Answer

56. A Respondent who wishes to resolve a proceeding by paying the proposed penalty in full instead of filing an answer to the Complaint may do so within thirty (30) days of receipt of the Complaint, in accordance with the procedures set forth above. A Respondent who wishes to resolve a proceeding by paying the proposed penalty in full instead of filing an answer but who needs additional time to pay the penalty, may file a written statement with the Regional Hearing Clerk within thirty (30) days of receipt of the Complaint, in accordance with Rule 22.18(a)(1) of the Consolidated Rules. The written statement shall state that Respondent agrees to pay the proposed penalty in full within sixty (60) days of receipt of the Complaint. The written statement need not contain any response to, or admission of, the allegations in the Complaint. A Respondent must then pay the full amount of the proposed penalty within sixty (60) days of receipt of the

Complaint. Failure to pay the full penalty within sixty (60) days of receipt of the Complaint may subject a Respondent to default, as set forth below.

NOTICE OF OPPORTUNITY FOR HEARING

Answer and Request for Hearing

57. A Respondent must file a written answer within thirty (30) days of receipt of this Complaint if Respondent: (a) contests any material fact upon which this Complaint is based; (b) contends that the penalty proposed in this Complaint is inappropriate; or (c) contends that it is entitled to judgment as a matter of law. The answer shall clearly and directly admit, deny, or explain each of the factual allegations contained in this Complaint with regard to which a Respondent has any knowledge. Where a Respondent has no knowledge of a particular factual allegation, the answer shall so state. Failure to admit, deny or explain any of the factual allegations in the Complaint constitutes an admission of the allegation. The answer shall also state: (d) the circumstances or arguments which are alleged to constitute the grounds of any defense; (e) the facts that a Respondent disputes; (f) the basis for opposing the proposed penalty; and (g) whether a hearing is requested.

58. The original and one copy of the answer shall be filed with the following, in accordance with Section 22.15 of the Consolidated Rules:

Regional Hearing Clerk
U.S. Environmental Protection Agency
Region 7
11201 Renner Boulevard
Lenexa, Kansas 66219.

A copy of the answer shall be sent to:

Robert W. Richards, Attorney
Office of Regional Counsel
U.S. Environmental Protection Agency, Region 7
11201 Renner Boulevard
Lenexa, Kansas 66219

59. After the filing of Respondent's Answer to the Complaint, the Hearing Clerk at EPA Headquarters will serve as the Regional Hearing Clerk, and all further filings in this matter (except for the filing of a Consent Agreement and Final Order pursuant to 40 C.F.R. § 22.18(b)(3)) must be filed with the Hearing Clerk at the following addresses, as appropriate:

If using the US Postal Service:

Hearing Clerk
U.S. Environmental Protection Agency
Office of Administrative Law Judges
Mailcode 1900R
1200 Pennsylvania Avenue NW
Washington, DC 20460

If using UPS/FedEx/DHL:

Hearing Clerk
U.S. Environmental Protection Agency
Office of Administrative Law Judges
Ronald Reagan Building, Room M1200
1300 Pennsylvania Avenue NW
Washington, DC 20460

Default

60. If, within thirty (30) days of receipt of a Complaint, a Respondent fails to: (a) submit full payment of the proposed penalty; (b) submit a written statement to the Regional Hearing Clerk that Respondent agrees to pay the penalty within sixty (60) days of receipt of the Complaint; or (c) file a written answer to the Complaint; a Respondent may be found in default. Default by a Respondent constitutes, for the purposes of this proceeding, an admission of all facts alleged in the

Complaint and a waiver of a Respondents' right to contest such factual allegations. A Default Order may thereafter be issued by the Presiding Officer and the civil penalty proposed in the Complaint shall be assessed unless the Presiding Officer finds that the proposed penalty is clearly inconsistent with the record of the proceeding or TSCA.

Informal Settlement Conference

61. The EPA encourages settlement of a proceeding at any time if the settlement is consistent with the provisions and objectives of TSCA and the regulations upon which this action is based. Regardless of whether a Respondent requests a hearing, a Respondent may request an informal settlement conference to discuss the facts of this case, the proposed penalty, and the possibility of settlement. To request an informal settlement conference, please contact:

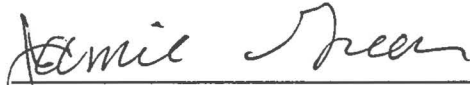
Robert W. Richards, Attorney
Office of Regional Counsel
U.S. Environmental Protection Agency, Region 7
11201 Renner Boulevard
Lenexa, Kansas 66219
Telephone (913) 551-7502
Email: richards.robert@epa.gov

62. Any settlement which may be reached as a result of such a conference shall be recorded in a written consent agreement signed by all parties or their representatives and shall conform with the provisions of Section 22.18(b)(2) of the Consolidated Rules. No settlement or consent agreement shall dispose of this proceeding without a final order from the Regional Judicial Officer or the Regional Administrator.

63. Please note that a request for an informal settlement conference does not extend the thirty (30) day period during which a written answer must be filed.

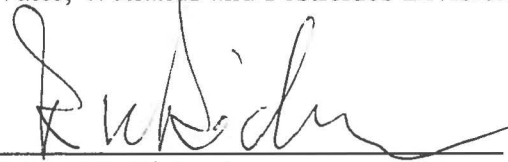
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Date: 5/28/14



Jamie Green
Chief
Toxics and Pesticides Branch
Water, Wetlands and Pesticides Division

Date: 5/28/14



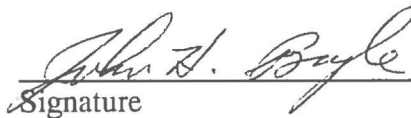
Robert W. Richards
Attorney
Office of Regional Counsel

Attachment

CERTIFICATE OF SERVICE

I hereby certify that the original and one true and correct copy of the foregoing Complaint, Compliance Order, and Notice of Opportunity for Hearing were hand delivered to the Regional Hearing Clerk, U.S. Environmental Protection Agency, Region 7, 11201 Renner Boulevard, Lenexa, Kansas 66219, on 05-29-14. A true and correct copy of the foregoing Complaint, Compliance Order, and Notice of Opportunity for Hearing together with a copy of the Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties and the Revocation or Suspension of Permits were sent by certified mail, return receipt requested, on 05-29-14 to:

LHP, LLC
130 N. 27th Street, #6
Lincoln, Nebraska



Signature