

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**REGION 4**

In the Matter of:

HeiQ ChemTex, Inc.

Respondent.

Docket No. **FIFRA-04-2022-0733(b)**

CONSENT AGREEMENT**I. NATURE OF ACTION**

1. This is an administrative penalty assessment proceeding brought under Section 14(a) of the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, 7 U.S.C. § 136l(a) (FIFRA or the Act), and Sections 22.13(b) and 22.18 of the Consolidated Rules of Practice Governing Administrative Assessment of Civil Penalties and the Revocation/Termination or Suspension of Permits (Consolidated Rules), as codified at Title 40 of the Code of Federal Regulations (C.F.R.) Part 22.
2. This Consent Agreement and the attached Final Order shall collectively be referred to as the CAFO.
3. Having found that settlement is consistent with the provisions of FIFRA and applicable regulations, the Parties have agreed to settle this action pursuant to 40 C.F.R. § 22.18 and consent to the entry of this CAFO without adjudication of any issues of law or fact herein.

II. PARTIES

4. Complainant is the Director of the Enforcement and Compliance Assurance Division, who has been delegated the authority on behalf of the Administrator of the United States Environmental Protection Agency to enter into this CAFO pursuant to 40 C.F.R. Part 22 and Section 14(a) of FIFRA, 7 U.S.C. § 136l(a).
5. Respondent is HeiQ ChemTex, Inc. (hereinafter ChemTex or Respondent), a corporation doing business in the State of North Carolina. This proceeding pertains to Respondent's facility located at 2725 Armentrout Drive, Concord, North Carolina 28025 (Facility).

III. GOVERNING LAW

6. Pursuant to Section 12(a)(1)(A) of FIFRA, 7 U.S.C. § 136j(a)(1)(A), it is unlawful for any person to distribute or sell to any person any pesticide that is not registered under Section 3 of FIFRA, 7 U.S.C. § 136a.
7. A “pest” is defined in Section 2(t) of FIFRA, 7 U.S.C. § 136(t), as any insect, rodent, nematode, fungus, weed, or any other form of terrestrial or aquatic plant or animal life or virus, bacteria, or other micro-organism (except viruses, bacteria, or other microorganisms on or in living man or other living animals) which the Administrator declares to be a pest under Section 25(c)(1) of FIFRA, 7 U.S.C. § 136w(c)(1).
8. The term “pesticide” is defined at Section 2(u) of FIFRA, 7 U.S.C. § 136(u), to mean, any substance or mixture of substances intended for preventing, destroying, repelling, or mitigating any pest.
9. The term “to distribute or sell” as defined by Section 2(gg) of FIFRA, 7 U.S.C. § 136(gg), includes to distribute, sell, offer for sale, hold for distribution, hold for sale, hold for shipment, ship, deliver for shipment, or to release for shipment.
10. Pursuant to 40 C.F.R. § 152.25, certain “treated articles and substances” are exempt from regulations under FIFRA, if (1) the article or substance is treated with, or contains, a pesticide to protect the article or substance itself (for example, paint treated with a pesticide to protect the paint coating, or wood products treated to protect the wood against insect or fungus infestation), and (2) the pesticide is registered for such use.
11. Pursuant to 40 C.F.R. § 152.132, supplemental distribution is permitted upon notification to the Agency if all the following conditions are met:
 - (a) The registrant has submitted to the Agency for each distributor product a statement signed by both the registrant and the distributor listing the names and addresses of the registrant and the distributor, the distributor's company number, the additional brand name(s) to be used, and the registration number of the registered product.
 - (b) The distributor product is produced, packaged and labeled in a registered establishment operated by the same producer (or under contract in accordance with § 152.30) who produces, packages, and labels the registered product.
 - (c) The distributor product is not repackaged (remains in the producer's unopened container).
 - (d) The label of the distributor product is the same as that of the registered product, except that:
 - i. The product name of the distributor product may be different (but may not be misleading);
 - ii. The name and address of the distributor may appear instead of that of the registrant;
 - iii. The registration number of the registered product must be followed by a dash, followed by the distributor's company number (obtainable from the Agency upon request);

- iv. The establishment number must be that of the final establishment at which the product was produced; and Specific claims may be deleted, provided that no other changes are necessary.
 - (e) Voluntary cancellation of a product applies to the registered product and all distributor products distributed or sold under that registration number. The registrant is responsible for ensuring that distributors under his cancelled registration are notified and comply with the terms of the cancellation.
12. Pesticides that are sold and distributed in the United States are required to be registered with the EPA, pursuant to Section 3 of FIFRA, 7 U.S.C. § 136a.
13. Pursuant to FIFRA Section 12(a)(2)(N), 7 U.S.C. § 136j(a)(2)(N) it is unlawful for any person who is a registrant, wholesaler, dealer, retailer, or other distributor to fail to file reports required by the Act.
14. Civil penalties under Section 14(a) of FIFRA, 7 U.S.C. § 136l(a) may be assessed by administrative order.

IV. FINDINGS OF FACTS

15. Respondent is a “person” as defined by Section 2(s) of FIFRA, 7 U.S.C. § 136(s), and as such is subject to FIFRA and the regulations promulgated thereunder.
16. On or about December 18, 2020, an authorized representative of the EPA conducted a for-cause inspection at the ChemTex facility (EPA Est. No. 81466-NC-1) located in Concord, North Carolina to determine the company’s compliance with FIFRA. The inspector collected invoices showing that ChemTex sold and distributed the pesticide products Viroblock KN95 Mask and Viroblock NPJ03 in 2020.
17. During the inspection, the inspector photographed the labels and packaging of the product Viroblock KN95 Mask. The label included the pesticidal claims, “Corona 99.99% virus destroyed by the fabric,” and “KN95 mask with antiviral and antibacterial surface.” The label also included a purported EPA Registration Number 49403-38-85249 suggesting that the product was considered by ChemTex to be registered with the EPA; however, the product was not registered and therefore, the registration number was false and misleading. The Viroblock KN95 mask did not meet the Treated Article Exemption as outlined in 40 C.F.R. § 152.25 and interpreted by Public Register Notice 2000-1 because the public health and antimicrobial claims made for the product went beyond promoting products that are treated with a registered pesticide for product protection alone. Therefore, the Viroblock KN95 mask was a pesticide requiring registration with the EPA pursuant to Section 3 of FIFRA, 7 U.S.C. § 136a.
18. During the inspection, the inspector also photographed stacked totes of the product Viroblock NPJ03 which showed the label affixed to each tote. Additionally, a copy of the label that was affixed was collected. Review of the labels showed that they did not include any of the language required under FIFRA for pesticide labels such as an ingredient statement, precautionary language, directions for use, net weight, an EPA Registration Number or an EPA Establishment Number. Therefore, the Viroblock NPJ03 in the totes appeared to be an unregistered pesticide.
19. Subsequent to the inspection of its facility, Respondent asserted that it had a supplemental

distribution agreement in place to sell another registrant's registered pesticide as a distributor product under the name "Viroblock NPJ03." Supplemental distribution of a registered pesticide is permitted upon notification to the EPA if all conditions outlined in 40 C.F.R. § 152.132 have been met, including requirements pertaining specifically to the label set forth in 40 C.F.R. § 152.132(d). As noted in paragraph 18 above, the labels on the totes were missing information required for supplemental distribution.

20. The name "Viroblock NPJ03" used by ChemTex for this product instead of the registered name indicated or implied that the product was effective in protecting users against viruses. However, pursuant to its registration, the registered pesticide was approved to suppress "the growth of algae, mold, mildew, fungi and bacteria which cause unpleasant odors, discoloration, staining, deterioration or corrosion only... When incorporated into treated articles, this product does not protect users of any such treated articles or others against food borne or disease-causing bacteria, viruses, germs or other disease-causing microorganisms." Because the registered pesticide is not registered for use to protect users from viruses, the name "Viroblock NPJ03" was misleading and therefore did not meet the requirements of 40 C.F.R. § 152.132(d)(1).
21. Since the label for Viroblock NPJ03 did not include all required label information and the product name was misleading, the product did not meet the requirements of supplemental distribution as outlined in 40 C.F.R. § 152.132(d). Therefore, "Viroblock NPJ03" was sold and distributed by ChemTex as an unregistered pesticide.
22. Sales records were collected during the inspection which showed that "Viroblock NPJ03" was sold and distributed by ChemTex both domestically and internationally. The "Viroblock NPJ03" product that was exported by ChemTex was not labeled in compliance with FIFRA Section 17(a)(1) and 40 C.F.R. § 168.70, which identifies the requirements for exporting unregistered pesticides from the United States. Specifically, the label was missing the statement "Not Registered for Use in the United States of America." Additionally, ChemTex was unable to produce evidence that a Foreign Purchaser Acknowledgment Statement (FPAS) was submitted before the product was exported, as required by FIFRA Section 17(a)(2).

V. ALLEGED VIOLATIONS

23. The EPA alleges that Respondent violated Section 12(a)(1)(A) of FIFRA, 7 U.S.C. § 136j(a)(1)(A), by having sold and distributed the unregistered pesticides Viroblock NPJ03 and Viroblock KN95 Mask as set forth in Section IV of this CAFO and is therefore subject to the assessment of civil penalties under Section 14 of FIFRA, 7 U.S.C. § 136l(a).
24. The EPA alleges that Respondent violated Section 12(a)(2)(N) of FIFRA, 7 U.S.C. § 136j(a)(2)(N), by exporting the unregistered pesticide Viroblock NPJ03 without the submittal of a Foreign Purchaser Acknowledgment Statement on at least three occasions and is therefore subject to the assessment of a civil penalty under Section 14(a) of FIFRA, 7 U.S.C. § 136l(a).
25. Section 14(a) of FIFRA, 7 U.S.C. § 136l(a), in conjunction with 40 C.F.R. Part 19, Adjustments of Civil Monetary Penalties for Inflation, authorizes the assessment of a civil penalty.

VI. STIPULATIONS

26. The issuance of this CAFO simultaneously commences and concludes this proceeding.
40 C.F.R. § 22.13(b).

27. 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 CAFO;
 - (b) neither admits nor denies the factual allegations set forth in Section IV (Findings of Facts) of this CAFO;
 - (c) consents to the assessment of a civil penalty as stated below;
 - (d) consents to the conditions specified in this CAFO;
 - (e) waives any right to contest the alleged violations of law set forth in Section V (Alleged Violations) of this CAFO; and
 - (f) waives its rights to appeal the Final Order accompanying this CAFO.

28. For the purpose of this proceeding, Respondent:

- (a) agrees that this CAFO states a claim upon which relief may be granted against Respondent;
- (b) acknowledges that this CAFO constitutes an enforcement action for purposes of considering Respondent's compliance history in any subsequent enforcement actions;
- (c) waives any right it may possess at law or in equity to challenge the authority of the EPA to bring a civil action in a United States District Court to compel compliance with the CAFO, and to seek an additional penalty for such noncompliance, and agrees that federal law shall govern in any such civil action;
- (d) by executing this CAFO, certifies to the best of its knowledge that Respondent is currently in compliance with all relevant requirements of FIFRA and its implementing regulations, and that all violations alleged herein, which are neither admitted nor denied, have been corrected;
- (e) waives any right it may have pursuant to 40 C.F.R. § 22.8 to be present during any discussions with, or to be served with and reply to, any memorandum or communication addressed to EPA officials where the purpose of such discussion, memorandum, or communication is to persuade such official to accept or issue this CAFO; and
- (f) agrees to comply with the terms of this CAFO.

29. In accordance with 40 C.F.R. § 22.5, the individuals named in the certificate of service are authorized to receive service related to this proceeding and the parties agree to receive service by electronic means.

VII. TERMS OF PAYMENT

30. Respondent consents to the payment of a civil penalty, which was calculated in accordance with the Act, in the amount of **THREE HUNDRED AND THIRTY-EIGHT THOUSAND NINE HUNDRED DOLLARS (\$338,900.00)**, which is to be paid within thirty (30) calendar days of the Effective Date of this CAFO.

31. Payment shall be made by cashier's check, certified check, by electronic funds transfer (EFT), or by Automated Clearing House (ACH) (also known as REX or remittance express). If paying by check, the check shall be payable to: Treasurer, United States of America, and the Facility name and docket number for this matter shall be referenced on the face of the check. If Respondent sends payment by the U.S. Postal Service, the payment shall be addressed to:

United States Environmental Protection Agency
Fines and Penalties
Cincinnati Finance Center
P.O. Box 979077
St. Louis, Missouri 63197-9000

If Respondent sends payment by non-U.S. Postal express mail delivery, the payment shall be sent to:

U.S. Bank
Government Lockbox 979077
U.S. EPA Fines & Penalties
1005 Convention Plaza
Mail Station: SL-MO-C2-GL
St. Louis, Missouri 63101
Contact Number: (314) 425-1819

If paying by EFT, Respondent shall transfer the payment to:

Federal Reserve Bank of New York
ABA: 021030004
Account Number: 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"

If paying by ACH, Respondent shall remit payment to:

US Treasury REX / Cashlink ACH Receiver
ABA: 051036706
Account Number: 310006, Environmental Protection Agency
CTX Format Transaction Code 22 – checking
Physical location of US Treasury facility:
5700 Rivertech Court
Riverdale, Maryland 20737
Contact: Craig Steffen (513) 487-2091
REX (Remittance Express): 1-866-234-5681

32. Respondent shall send proof of payment, within 24 hours of payment of the civil penalty, to:

Regional Hearing Clerk
U.S. Environmental Protection Agency, Region 4

R4_Regional_Hearing_Clerk@epa.gov

and

Kanoelehua Ho
Pesticides Enforcement Section
ho.kanoelehua@epa.gov

33. "Proof of payment" means, as applicable, a copy of the check, confirmation of credit card or debit card payment, confirmation of wire or automated clearinghouse transfer, and any other information required to demonstrate that payment has been made according to the EPA requirements, in the amount due, and identified with the Facility name and Docket No. **FIFRA-04-2022-0733(b)**.
34. Pursuant to 31 U.S.C. § 3717, 31 C.F.R. § 901.9, and 40 C.F.R. § 13.11, if Respondent fails to remit the civil penalty as agreed to herein, the EPA is entitled to assess interest and penalties on debts owed to the United States and a charge to cover the costs of processing and handling the delinquent claim. Accordingly, the EPA may require the Respondent to pay the following amounts on any amount overdue:
- (a) **Interest.** Interest will begin to accrue on the civil penalty from the Effective Date of this CAFO. If the civil penalty is paid within 30 days of the Effective Date of this CAFO, interest is waived. However, if the civil penalty is not paid in full within 30 days of the Effective Date of this CAFO, interest will continue to accrue on any unpaid portion until the unpaid portion of the penalty and accrued Interest is paid. Interest will be assessed at the rate of the United States Treasury tax and loan rate, as established by the Secretary of the Treasury, in accordance with 31 U.S.C. § 3717(a)(1), 31 C.F.R. § 901.9(b), and 40 C.F.R. § 13.11(a).
 - (b) **Non-Payment Penalty.** On any portion of a civil penalty more than ninety (90) calendar days past due, Respondent must pay a non-payment penalty of not more than six percent (6%) per annum, which will accrue from the date the penalty payment became due and is not paid, as provided in 31 U.S.C. § 3717(e)(2) and 31 C.F.R. § 901.9(d). This non-payment penalty is in addition to charges which accrue or may accrue under subparagraphs (a) and (c) and will be assessed monthly. 40 C.F.R. § 13.11(c).
 - (c) **Monthly Handling Charge.** Respondent must pay a late payment handling charge to cover the administrative costs of processing and handling the delinquent claim, based on either actual or average cost incurred. 31 C.F.R. § 901.9(c), and 40 C.F.R. § 13.11(b). Administrative costs will be assessed monthly throughout the period the debt is overdue except as provided by 40 C.F.R. § 13.12.
35. If Respondent fails to timely pay any portion of the penalty assessed under this CAFO, pursuant to Section 14 (a)(5) of FIFRA 7 U.S.C. § 136l(a)(5), the EPA may:
- (a) refer the debt to a credit reporting agency or a collection agency pursuant to Section 14(a) of FIFRA 7 U.S.C. § 136l(a), 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 to, or held by the United States for, a person to satisfy the debt the person owes the Government), which includes, but is not limited to, referral to the Internal

Revenue Service for offset against income tax refunds, 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, 40 C.F.R. § 13.17; and/or
- (d) request that the Attorney General bring a civil action in the appropriate district court to recover the amount assessed pursuant to Section 14(a)(5) of FIFRA, 7 U.S.C. § 136l(a)(5).

36. Penalties paid pursuant to this CAFO shall not be deductible for purposes of federal taxes.

VIII. EFFECT OF CAFO

- 37. In accordance with 40 C.F.R. § 22.18(c), Respondent's full compliance with this CAFO shall only resolve Respondent's liability for federal civil penalties for the violations and facts specifically alleged above.
- 38. Full payment of the civil penalty, as provided in Section VII (Terms of Payment), shall not in any case affect the right of the EPA or the United States to pursue appropriate injunctive or other equitable relief or criminal sanctions for any violations of law. 40 C.F.R. § 22.18(c),
- 39. Any violation of this CAFO may result in a civil judicial action for civil penalties as provided in Section 14(a) of the Act, 42 U.S.C. § 136l(a), as well as criminal sanctions as provided in Section 14(b) of the Act, 42 U.S.C. § 136l(b). The EPA may use any information submitted under this CAFO in an administrative, civil judicial, or criminal action.
- 40. Nothing in this CAFO shall relieve Respondent of the duty to comply with all applicable provisions of FIFRA 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, except as expressly provided herein.
- 41. 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 hazard as provided under the Act.
- 42. The terms, conditions, and compliance requirements of this CAFO may not be modified or amended except upon the written agreement of both Parties, and approval of the Regional Judicial Officer.
- 43. The provisions of this CAFO shall apply to and be binding upon Respondent and its officers, directors, employees, agents, trustees, authorized representatives, successors, and assigns.
- 44. Any change in the legal status of the Respondent, or change in ownership, partnership, corporate or legal status relating to the Facility, will not in any way alter Respondent's obligations and responsibilities under this CAFO.
- 45. By signing this Consent Agreement, Respondent acknowledges that this CAFO will be available to the public and agrees that this CAFO does not contain any confidential business information or personally identifiable information.

46. By signing this Consent Agreement, the Complainant and the undersigned representative of Respondent each certify that he or she is fully authorized to execute and enter into the terms and conditions of this CAFO and has the legal capacity to bind the party he or she represents to this CAFO.
47. By signing this Consent Agreement, both Parties agree that each party's obligations under this CAFO constitute sufficient consideration for the other party's obligations.
48. By signing this Consent Agreement, Respondent certifies that the information it has supplied concerning this matter was at the time of submission, and continues to be, 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.
49. The EPA also reserves the right to revoke this CAFO and settlement penalty if and to the extent that the EPA finds, after signing this CAFO, that any information provided by Respondent was materially false or inaccurate at the time such information was provided to the EPA. If such false or inaccurate material was provided, 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 in writing.
50. It is the intent of the parties that the provisions of this CAFO are severable. If any provision or authority of this CAFO or the application of this CAFO to any party or circumstances is held by any judicial or administrative authority to be invalid or unenforceable, the application of such provisions to other parties or circumstances and the remainder of the CAFO shall remain in force and shall not be affected thereby.
51. Unless specifically stated otherwise in this CAFO, each party shall bear its own attorney's fees, costs, and disbursements incurred in this proceeding.

IX. EFFECTIVE DATE

52. This CAFO shall become effective upon execution of the Final Order by the Regional Judicial Officer on the date of filing with the Hearing Clerk.

[Remainder of Page Intentionally Left Blank

Complainant and Respondent will Each Sign on Separate Pages]

The foregoing Consent Agreement In the Matter of **HeiQ ChemTex, Inc.**, Docket Number **FIFRA-04-2022-0733(b)** Is Hereby Stipulated, Agreed and Approved for Entry.

FOR RESPONDENT:


Signature

3/15/2023
Date

Printed Name: CARLO CENTONZE

Title: DIRECTOR

Address: 2725 Armentrout Rd
CONCORD NC 28025

The foregoing Consent Agreement In the Matter of **HeiQ ChemTex, Inc.**, Docket Number **FIFRA-04-2022-0733(b)** Is Hereby Stipulated, Agreed and Approved for Entry.

FOR COMPLAINANT:

Larry L. Lamberth
Acting Director
Enforcement and Compliance Assurance Division
U.S. Environmental Protection Agency, Region 4

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 4

In the Matter of:

HeiQ ChemTex, Inc.,

Respondent.

Docket No. **FIFRA-04-2022-0733(b)**

FINAL ORDER

The Regional Judicial Officer is authorized to ratify this Consent Agreement which memorializes a settlement between Complainant and Respondent. 40 C.F.R. §§ 22.4(b) and 22.18(b)(3). The foregoing Consent Agreement is, therefore, hereby approved, ratified and incorporated by reference into this Final Order in accordance with 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 Respondent is hereby ORDERED to comply with all of the terms of the foregoing Consent Agreement effective immediately upon filing of this Consent Agreement and Final Order with the Regional Hearing Clerk. This Final Order disposes of this matter pursuant to 40 C.F.R. §§ 22.18 and 22.31.

BEING AGREED, IT IS SO ORDERED.

Tanya Floyd
Regional Judicial Officer

CERTIFICATE OF SERVICE

I certify that the foregoing Consent Agreement and Final Order, in the Matter of **HeiQ ChemTex, Inc.**, Docket No. **FIFRA-04-2022-0733(b)**, were filed and copies of the same were emailed to the parties as indicated below.

Via email to all parties at the following email addresses:

To Respondent: David N. Luder
 Barrasso Usdin Kupperman Freeman & Sarver, L.L.C.
 909 Poydras Street, Suite 2350
 New Orleans, Louisiana 70112
 dluder@barrassousdin.com
 (504) 589-9798

To EPA: Kanoelehua Ho
 Life Scientist
 ho.kanoelehua@epa.gov

 Robert Caplan
 Senior Attorney
 caplan.robert@epa.gov

Shannon L. Richardson
r4_regional_hearing_clerk@epa.gov