



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**

REGION 4  
ATLANTA FEDERAL CENTER  
61 FORSYTH STREET  
ATLANTA, GEORGIA 30303-8960

**MAY 08 2012**

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. Gary C. Rikard  
Butler, Snow, O'Mara, Stevens & Cannada, PLLC  
Crescent Center  
6075 Poplar Avenue, Suite 500  
Memphis, Tennessee 38119

Re: Zeon Chemicals LP  
Consent Agreement and Final Order  
Docket No. EPCRA-04-2012-2034(b)

Dear Mr. Rikard:

Enclosed please find an executed copy of the Consent Agreement and Final Order that resolves the Emergency Planning and Community Right-to-Know Act of 1986 matter (Docket No. EPCRA-04-2012-2034(b)) involving Zeon Chemicals LP. The CAFO was filed with the Regional Hearing Clerk, as required by 40 C.F.R. Part 22 and became effective on the date of the filing.

Also enclosed, please find a copy of the "Notice of Securities and Exchange Commission Registrants' Duty to Disclose Environmental Legal Proceedings." This document puts you on notice of your potential duty to disclose to the Security and Exchange Commission any environmental enforcement actions taken by the Environmental Protection Agency. If you have any questions with regards to the SEC's environmental disclosure requirements, you may refer to the contact phone number at the bottom of the SEC Notice.

If you have any questions, please call Ms. Erika White at (404) 562-9195.

Sincerely,

A handwritten signature in black ink, appearing to read "Caron B. Falconer".

Caron B. Falconer  
Chief

/EPCRA Enforcement Section

Enclosures

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION 4

RECEIVED  
EPA REGION IV

2012 MAY -8 AM 10:26

HEARING CLERK

IN THE MATTER OF: )  
)  
Zeon Chemicals LP )  
)  
Respondent. )  
\_\_\_\_\_ )

Docket Number: EPCRA-04-2012-2034

CONSENT AGREEMENT AND FINAL ORDER

I. Nature of the Action

1. This is a civil penalty proceeding pursuant to Section 325 of the Emergency Planning and Community Right-to-Know Act (EPCRA), 42 U.S.C. § 11045, and pursuant to the Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties and the Revocation/Termination or Suspension of Permits (Consolidated Rules), codified at 40 C.F.R. Part 22. Complainant is the Director of the Air, Pesticides and Toxics Management Division, Region 4, United States Environmental Protection Agency (EPA). Respondent is Zeon Chemicals LP.

2. The authority to take action under Section 325 of EPCRA, 42 U.S.C. § 11045, is vested in the Administrator of EPA. The Administrator of EPA has delegated this authority under EPCRA to the Regional Administrators by EPA Delegation 22-3-A, dated May 11, 1994. The Regional Administrator, Region 4, has redelegated this authority to the Director, Air, Pesticides and Toxics Management Division, by EPA Region 4 Delegation 22-3-A, dated November 8, 1994. Pursuant to that delegation, the Director of the Air, Pesticides and Toxics Management Division has the authority to commence an enforcement action as the Complainant in this matter.

3. Complainant and Respondent have conferred for the purpose of settlement pursuant to 40 C.F.R. § 22.18 and desire to resolve this matter and settle the allegations described herein without a formal hearing. Therefore, without the taking of any evidence or testimony, the making of any argument, or the adjudication of any issue in this matter, and in accordance with 40 C.F.R. § 22.13(b) and 22.18(b), this Consent Agreement and Final Order (CAFO) will simultaneously commence and conclude this matter.

II. Preliminary Statements

4. Respondent is Zeon Chemicals LP (Zeon), a corporation doing business in the State of Mississippi.

5. Respondent is a "person" as defined in Section 329(7) of EPCRA, 42 U.S.C. § 11049(7).

6. Respondent owns and operates a “facility” as that term is defined by Section 329(4) of EPCRA, 42 U.S.C. § 11049(4).

7. Respondent’s facility is located at 1301 West 7<sup>th</sup> Street, Hattiesburg, Mississippi.

### III. EPA’s Allegation of Violation

#### Violation of EPCRA Section 313

8. Section 313 of EPCRA, 42 U.S.C. § 11023, and 40 C.F.R. §§ 372.22 and 372.30, require the owner or operator of a facility that (a) has 10 or more full-time employees; (b) is in a Standard Industrial Classification (SIC) major group or industry listed in 40 C.F.R. § 372.23(a) for which the corresponding North American Industry Classification System (NAICS) subsector and industry codes are listed in 40 C.F.R. §§ 372.23(b) and 372.23(c); and (c) manufactured, processed, or otherwise used a toxic chemical listed in Section 313(c) and 40 C.F.R. § 372.65, in excess of an applicable threshold quantity established under EPCRA Section 313(f) and set forth in 40 C.F.R. § 372.25, during the calendar year, to complete and submit a toxic chemical release inventory reporting Form R (EPA Form 9350-1) to the Administrator of EPA and to the State in which the facility is located, by July 1 for the preceding calendar year for each toxic chemical known by the owner or operator to be manufactured, processed, or otherwise used in quantities exceeding the established threshold quantity during the preceding calendar year.

9. As set forth at EPCRA Section 313(f) and 40 C.F.R. § 372.25, the reporting threshold amount for a toxic chemical manufactured or processed at a facility is 25,000 pounds per calendar year. The reporting threshold for a toxic chemical otherwise used at a facility is 10,000 pounds.

10. Respondent has 10 or more full-time employees, as defined at 40 C.F.R. § 372.3 at its facility.

11. Respondent’s facility is classified under SIC code 2822 and the NAICS code 325212.

12. Respondent’s facility is classified in a covered SIC code as described at 40 C.F.R. § 372.22 and in a covered NAICS code as described at 40 C.F.R. § 372.23.

13. Epichlorohydrin, ethylene oxide, and toluene are toxic chemicals listed under EPCRA Section 313(c) and 40 C.F.R. § 372.65.

14. Respondent’s facility processed epichlorohydrin and ethylene oxide in excess of the 25,000 pound threshold quantity during calendar year 2009. Respondent’s facility also otherwise used toluene in excess of the 10,000 pound threshold quantity during calendar year 2009.

15. Respondent failed to submit a Form R or a Form A for epichlorohydrin, ethylene oxide, and toluene to the Administrator of EPA and to the official designated by the Governor of the State of Mississippi by July 1 of the required reporting year.

16. EPA alleges that Respondent violated the reporting requirements of Section 313 of EPCRA, 42 U.S.C. § 11023, at its facility for calendar year 2009, and is therefore subject to the assessment of penalties under Section 325 of EPCRA, 42 U.S.C. § 11045.

17. Pursuant to Section 325(c) of EPCRA, 42 U.S.C. § 11045(c), and 40 C.F.R. Part 19, EPA may assess a civil penalty of not more than \$37,500 for each violation of Section 313 that occurred after January 12, 2009. Each day a violation of Section 313 continues constitutes a separate violation. Civil penalties under Section 325(c) of EPCRA, 42 U.S.C. § 11045(c), may be assessed by an Administrative Order.

#### IV. Consent Agreement

18. For the purposes of this CAFO, Respondent admits the jurisdictional allegations set out above but neither admits nor denies the factual allegations set out above.

19. Respondent waives any right to contest the allegations and its right to appeal the proposed Final Order accompanying the Consent Agreement.

20. Respondent consents to the assessment of and agrees to pay the civil penalty as set forth in this CAFO.

21. Respondent agrees to complete the Supplemental Environmental Project (SEP) set forth in this CAFO.

22. Respondent certifies that as of the date of its execution of this CAFO, it is in compliance with all relevant requirements of EPCRA at the facility.

23. Compliance with this CAFO shall resolve the allegations of violations contained herein. This CAFO shall not otherwise affect any liability of Respondent to the United States other than as expressed herein. Complainant does not waive any right to bring an enforcement action against Respondent for a violation of any federal or state statute, regulation or permit, to initiate an action for imminent and substantial endangerment, or to pursue criminal enforcement.

24. Complainant and Respondent agree to settle this matter by their execution of this CAFO. The parties agree that the settlement of this matter is in the public interest and that this CAFO is consistent with the applicable requirements of EPCRA.

#### V. Final Order

25. Respondent shall pay a civil penalty of THIRTEEN THOUSAND FIFTY FIVE DOLLARS (\$13,055) for the violations alleged in Section III.

26. Respondent shall pay the penalty by forwarding a cashier's or certified check, payable to "Treasurer, United States of America," to one of the following addresses:

By Mail:

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

By Overnight:

U.S. Bank  
Government Lockbox 979077 US  
EPA Fines and Penalties  
1005 Convention Plaza  
Mail Station SL-MO-C2-GL  
St. Louis, MO 63101  
(314) 418-1028

The check shall reference on its face the name and the Docket Number of the CAFO.

27. At the time of payment, Respondent shall send a separate copy of the check, and a written statement that payment has been made in accordance with this CAFO, to the following persons at the following addresses:

Regional Hearing Clerk  
U.S. EPA, Region 4  
61 Forsyth Street, S.W.  
Atlanta, Georgia 30303

Erika White  
U.S. EPA, Region 4  
Air, Pesticides & Toxics Management Division  
61 Forsyth Street, S.W.  
Atlanta, Georgia 30303

Saundi Wilson  
U.S. EPA, Region 4  
Office of Environmental Accountability  
61 Forsyth Street, S.W.  
Atlanta, Georgia 30303

28. For the purposes of state and federal income taxes, Respondent shall not be entitled, and agrees not to attempt, to claim a deduction for any civil penalty payment made pursuant to this CAFO. Any attempt by Respondent to deduct any such payments shall constitute a violation of this CAFO.

#### VI. Supplemental Environmental Project

29. Respondent shall undertake and complete, in accordance with the approved SEP in this matter, the following Pollution Reduction project within 180 days of the effective date of this CAFO. Zeon shall expend FIFTY FOUR THOUSAND DOLLARS (\$54,000) for the conceptual design and installation of a water scrubber for its T-18 Epichlorohydrin Storage Tank. EPA has agreed to value the SEP at \$54,000. In order to receive credit for the SEP, Respondent

must fully and timely complete the SEP project. If Respondent does not fully and timely complete the project, Respondent shall be required to pay a stipulated penalty pursuant to Paragraph 37, irrespective of the amount of money the Respondent has spent. Respondent has represented in the SEP Proposal that the design, and installation of the water scrubber for its T-18 Epichlorohydrin Storage Tank is expected to result in an estimated reduction of approximately 1,050 pounds of Epichlorohydrin per year.

30. Respondent agrees to the following language concerning the SEP:

“Respondent certifies that it is not a party to any open federal financial assistance transaction that is funding or could be used to fund the same activity as the SEP. Respondent further certifies that, to the best of its knowledge and belief after reasonable inquiry, there is no such open federal financial transaction that is funding or could be used to fund the same activity as the SEP, nor has the same activity been described in an unsuccessful federal financial assistance transaction proposal submitted to EPA within two years of the date of this settlement (unless the project was barred from funding as statutorily ineligible). For the purposes of this certification, the term “open federal financial assistance transaction” refers to a grant, cooperative agreement, loan, federally-guaranteed loan guarantee, or other mechanism for providing federal financial assistance whose financial performance period has not yet expired.”

31. Respondent agrees that EPA may conduct an inspection at any time in order to confirm that the SEP is being undertaken in conformity with the representations made herein.

32. No later than thirty (30) calendar days after the completion of the project, Respondent shall submit to EPA a SEP Completion Report. The Report shall be sent to the EPCRA Enforcement Section, to the attention of Erika White at the address provided above. The Report shall include the following:

- (a) an affidavit from an authorized company official, attesting that the SEP has been completed or explaining in detail any failure to complete it; and
- (b) copies of appropriate documentation, including invoices and receipts, showing a total expenditure of FIFTY FOUR THOUSAND DOLLARS (\$54,000), or greater, was spent to design and install a water scrubber for the T-18 Epichlorohydrin Storage Tank as described in paragraph 29.

Upon request, Respondent shall send EPA any additional documentation requested by EPA.

33. Within 12 months after the completion of the SEP, Respondent shall submit an Emission Reduction Report documenting the reductions in Epichlorohydrin emissions as a result of performing the SEP. The report shall include a summary of emissions prior to the installation of the new water scrubber compared to emissions after the system has been installed and operated for 12 months.

34. For Federal Income Tax purposes, Respondent agrees that it will neither capitalize into inventory or basis nor deduct any costs or expenditures incurred in performing the SEP.

35. Respondent certifies that, as of the date this CAFO is signed, it is not required to perform any part of the SEP by any federal, state or local law, regulation, permit or order, or by any agreement or grant. Respondent further certifies that, as of this date, it has not received and is not negotiating to receive, credit for any part of the SEP in any other enforcement action of any kind.

36. Any public statement, oral or written, by Respondent making any reference to the SEP shall include the following language:

"This project was undertaken in connection with the settlement of an enforcement action taken by the U.S. Environmental Protection Agency for violations of Section 313 of the Emergency Planning and Community Right-to-Know Act of 1986."

37. If Respondent fails to timely and fully complete any part of the SEP, including failure to spend the minimum amount of FIFTY FOUR THOUSAND DOLLARS (\$54,000), Respondent shall pay to the United States a stipulated penalty of the difference between \$54,000 and the actual SEP expenditure.

38. Failure of Respondent to satisfactorily demonstrate substantial achievement of estimated pollution reduction stated in paragraph 29 shall be considered a failure to completely and fully complete the SEP, and Respondent shall pay to the United States a stipulated penalty of THIRTY NINE THOUSAND ONE HUNDRED SIXTY FIVE DOLLARS (\$39,165).

For purposes of this paragraph, whether Respondent has satisfactorily demonstrated substantial achievement of estimated pollution reduction and whether Respondent made a good faith effort to do so shall be in the sole discretion of EPA.

39. If Respondent fails to timely submit a SEP Completion Report as required by this CAFO, Respondent shall pay to the United States a stipulated penalty of \$100 for each calendar day that the report is late.

40. Pursuant to 31 U.S.C. § 3717, EPA is entitled to assess interest and penalties on debts owed to the United States and a charge to cover the cost of processing and handling a delinquent claim. Interest will therefore begin to accrue on the civil penalty from the effective date of this CAFO if the penalty is not paid by the date required. Interest will be assessed at the rate established by the Secretary of Treasury pursuant to 31 U.S.C. § 3717. A charge will be assessed to cover the costs of debt collection, including processing and handling costs and attorney fees. In addition, a penalty charge will be assessed on any portion of the debt that remains delinquent more than ninety (90) days after payment is due.

41. Complainant and Respondent shall bear their own costs and attorney fees in this matter.

42. This CAFO shall be binding upon the Respondent, its successors and assigns.

43. The following individual is authorized to receive service for EPA in this proceeding:

Caron B. Falconer  
U.S. EPA, Region 4  
Air, Pesticides & Toxic Management Division  
61 Forsyth Street, S.W.  
Atlanta, Georgia 30303  
(404) 562-8451

44. Each undersigned representative of the parties to this CAFO certifies that he or she is fully authorized by the party represented to enter into this CAFO and legally bind that party to it.

VI. Effective Date

45. The effective date of this CAFO shall be the date upon which the CAFO is filed with the Regional Hearing Clerk.

AGREED AND CONSENTED TO:

Zeon Chemicals LP

By: Bob Barlow Date: 4/23/12  
Bob Barlow  
Vice President of Operations

U.S. Environmental Protection Agency

By: Douglas Neely Jr Date: 4/11/12  
Beverly H. Banister  
Director  
Air, Pesticides & Toxics  
Management Division

APPROVED AND SO ORDERED this 7<sup>th</sup> day of May 2012.

Susan B. Schub  
Susan B. Schub  
Regional Judicial Officer



CERTIFICATE OF SERVICE

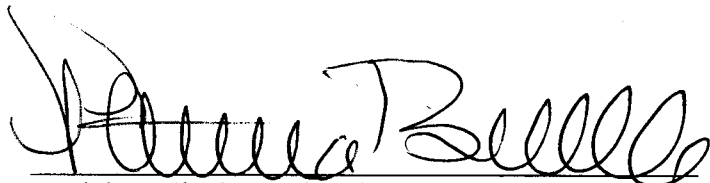
I hereby certify that I have this day served a true and correct copy of the foregoing  
Consent Agreement and Final Order: In the Matter of Zeon Chemicals LP, Docket Number  
EPCRA-04-2012-2034(b), on the parties listed below in the manner indicated:

Caron B. Falconer (Via EPA's internal mail)  
U.S. EPA, Region 4  
Air, Pesticides & Toxics Management Division  
61 Forsyth Street  
Atlanta, GA 30303

Robert Caplan (Via EPA's internal mail)  
U.S. EPA, Region 4  
Office of Environmental Accountability  
61 Forsyth Street  
Atlanta, GA 30303

Gary C. Rikard (Via Certified Mail - Return Receipt Requested)  
Butler, Snow, O'Mara, Stevens & Cannada, PLLC  
Crescent Center  
6075 Poplar Avenue, Suite 500  
Memphis, TN 38119

Date: 5-8-12



Patricia Bullock, Regional Hearing Clerk  
United States Environmental  
Protection Agency, Region 4  
Atlanta Federal Center  
61 Forsyth Street, S.W.  
Atlanta, GA 30303  
(404) 562-9511