

EXPEDITED SETTLEMENT AGREEMENT
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX



In the matter of:	)	
	)	Docket No. CAA-09-2026-0121
	)	
AC Pro Inc.	)	
9409 Buffalo Avenue	)	
Rancho Cucamonga, CA 91730	)	
_____	)	

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”) 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, 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, Amy C. Miller-Bowen, Director of the Enforcement & Compliance Assurance Division, U.S. Environmental Protection Agency, Region 9 is delegated the authority to settle civil administrative penalty proceedings under Section 113(d) of the CAA.
4. Respondent is AC Pro Inc. 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,

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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. § 7413(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 A, implement the AIM Act requirement to phase down HFC production and consumption.
11. The regulations at 40 C.F.R. Part 84, Subpart A, apply to any person who imports a regulated substance. 40 C.F.R. § 84.1(b).
12. 40 C.F.R. § 84.5(b)(1) states that “[n]o person may import bulk regulated substances, either as a single component or a multicomponent substance, except . . . [i]f the importer of record possesses at the time they are required to submit reports to EPA pursuant to § 84.31(c)(7), and expends at the time of ship berthing for vessel arrivals, border crossing for land arrivals such as trucks, rails, and autos, and first point of terminus in U.S. jurisdiction for arrivals via air, consumption or application-specific allowances in a quantity equal to the exchange-value weighted equivalent of the regulated substances imported, whether present as a single component or a multicomponent blend.”
13. The regulations at 40 C.F.R. § 84.5(b)(7) state that “every kilogram of bulk regulated substances imported ... constitutes a separate violation of this subpart.”

14. The definitions, listed at 40 C.F.R. Part 84, Subpart A, include:

- a) "Allowance" is defined as a "limited authorization for the production or consumption of a regulated substance established under subsection (e) of Section 103 in Division S, Innovation for the Environment, of the Consolidated Appropriations Act, 2021 (Pub. L. 116-260) (the AIM Act). An allowance allocated under subsection (e) of Section 103 in Division S of the AIM Act does not constitute a property right." 40 C.F.R. § 84.3.
- b) "Application-specific allowance" is defined as "a limited authorization granted in accordance with subsection (e)(4)(B)(iv) of the AIM Act for the production or import of a regulated substance for use in the specifically identified applications that are listed in that subsection and in accordance with the restrictions contained at § 84.5(c)." 40 C.F.R. § 84.3.
- c) "Bulk" is defined as "a regulated substance of any amount that is in a container for the transportation or storage of that substance such as cylinders, drums, ISO tanks, and small cans. A regulated substance that must first be transferred from a container to another container, vessel, or piece of equipment in order to realize its intended use is a bulk substance. A regulated substance contained in a manufactured product such as an appliance, an aerosol can, or a foam is not a bulk substance." 40 C.F.R. § 84.3.
- d) "Consumption allowances" are "a limited authorization to produce and import regulated substances; however, consumption allowances may be used to produce regulated substances only in conjunction with production allowances." 40 C.F.R. § 84.3.
- e) "Exchange value" is defined as the "value assigned to a regulated substance in accordance with AIM Act subsections (c) and (e), as applicable, and as provided in Appendix A to 40 C.F.R. Part 84." 40 C.F.R. § 84.3.
- f) "Exchange value equivalent" is defined as "the exchange value-weighted amount of a regulated substance obtained by multiplying the mass of a regulated substance by the exchange value of that substance." 40 C.F.R. § 84.3.
- g) "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. § 84.3.
- h) "Importer" is defined as "any person who imports 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) [t]he consignee; (2) [t]he importer of record; (3) [t]he actual owner; or (4) [t]he transferee, if the right to draw merchandise in a bonded warehouse has been transferred.” 40 C.F.R. § 84.3.

- i) “Person” is defined as “any individual or legal entity, including an individual, corporation, partnership, association; state, municipality, political subdivision of a state, Indian tribe; any agency, department, or instrumentality of the United States; and any officer, agent, or employee thereof.” 40 C.F.R. § 84.3.
- j) “Regulated substance” is defined as “a hydrofluorocarbon listed in the table contained in subsection (c)(1) of the AIM Act and a substance included as a regulated substance by the Administrator under the authority granted in subsection (c)(3).” 40 C.F.R. § 84.3.

15. 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.

16. The exchange value of a blend is calculated by summing the exchange value of each constituent of the blend multiplied by the nominal mass fraction of the constituent within that blend. 40 C.F.R. § 84.64.

17. The HFC at issue in this matter is assigned the following exchange value:

HFC	Chemical Formula or Blends	Exchange Value
HFC-32	Difluoromethane	675

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

18. Pursuant to 40 C.F.R. § 84.5(b)(3), “[e]ach person meeting the definition of importer for a particular regulated substance import transaction is jointly and severally liable for a violation of paragraph (b)(1) of this section, unless they can demonstrate that the importer of record possessed and expended allowances in accordance with the requirement outlined in paragraph (b)(1)(i) or (v) of this section or another party who meets the definition of an importer met one of the exceptions set forth in paragraphs (b)(1)(ii) through (iv) of this section.”

C. ALLEGED VIOLATION(S) OF LAW

19. The EPA alleges that, on or about, November 20, 2025, Respondent violated the prohibition on importing bulk regulated substances into the United States without expending allowances as required by 40 C.F.R. § 84.5(b) for each of the 768.5 kg of R-32 identified in Table 1 of ESA Attachment 1.

D. TERMS OF AGREEMENT

20. 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 violation(s) of law set forth in Section C of this Agreement; and
- e. waives its right to appeal the Final Order accompanying this Agreement.

21. 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.

22. 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 noncompliance with the Agreement or Final Order and agrees that federal law shall govern in any such civil action.

E. TERMS OF PAYMENT

23. Respondent agrees to pay a civil penalty in the amount of \$3,191 ("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>.

24. When making a payment, Respondent shall:

- a. Identify every payment with Respondent’s name and the docket number of this Agreement, CAA-09-2026-0121,
- b. Concurrently with any payment or within 24 hours of any payment, Respondent shall serve proof of such payment (electronic correspondence is preferred) to the following person(s):

Regional Hearing Clerk
U.S. Environmental Protection Agency, Region IX
75 Hawthorne Street
San Francisco, CA 94105
R9HearingClerk@epa.gov

Rachel Dye, Enforcement Inspector
U.S. Environmental Protection Agency, Region IX
600 Wilshire Blvd., Suite 940
Los Angeles, CA 90017
Dye.Rachel@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, 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.

25. 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.
26. 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.

27. 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.
28. 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.
29. 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.
30. 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.
31. 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.
32. 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 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.
33. Each party shall bear its own attorney's fees, costs, and disbursements incurred in this proceeding.

F. EFFECT OF AGREEMENT AND ATTACHED FINAL ORDER

34. 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 violation(s) identified in Section C of this Agreement.
35. 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.

36. 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.
37. 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.
38. 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.
39. 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.
40. 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.
41. Respondent and Complainant agree to the Regional Judicial Officer issuance of the attached Final Order ratifying the Agreement.

The foregoing Agreement In the Matter of AC Pro Inc. Docket No. CAA-09-2026-0121 is
Hereby Stipulated, Agreed, and Approved.

COMPLAINANT:

Amy C. Miller-Bowen, Director
Enforcement & Compliance Assurance Division
U.S. Environmental Protection Agency, Region IX

The foregoing Agreement In the Matter of AC Pro Inc., Docket No. CAA-09-2026-0121, is Hereby Stipulated, Agreed, and Approved.

FOR RESPONDENT:



Signature

8/17/26

Date

Printed Name: Eric Petty_____

Title: Chief Financial Officer_____

9409 Buffalo Ave, Rancho Cucamonga, CA 91730
Address: _____

33-020609200
Federal Tax Identification Number: _____

EXPEDITED SETTLEMENT AGREEMENT ATTACHMENT 1

AMERICAN INNOVATION AND MANUFACTURING ACT INSPECTION FACTS, ALLEGED VIOLATIONS, PENALTY, AND CORRECTIVE ACTION FORM

Table 1 – Offsite Compliance Monitoring Activity or Inspection Stipulated Facts	
Inspection Dates: December 15, 2025 December 19, 2025	Docket Number: CAA-09-2026-0121
Inspection Location: Price 3 1130 E. 230 th St. Carson, CA 90745	Port of Entry/Shipment Number: Port of Los Angeles/Long Beach Entry Number: 231-52764210
Person/Importer Name (“Respondent”) and Importer Number: AC Pro Inc. 33-020609200	Inspector Name and Email Address: Rachel Dye Dye.Rachel@epa.gov
Respondent Address: 9409 Buffalo Avenue Rancho Cucamonga, CA 91730	Date of Detention or Hold: December 12, 2025
Value of Goods: \$15,957	Arrival Date: November 20, 2025
Subject Regulated Product(s) and Mass (in kg): (“Subject HFCs”) R-32 ¹ (768.5 kg total, 81 cylinder(s) at approx. 9.5 kg each)	MTEVe: 518.7
Did the importer have and expend allowances equal to the imported HFCs? No	Container and Quantity: 1 container: EGHU3428783 81 refrigerant cylinders
Did the importer receive any non-objection notices from the EPA? No	

¹R-32 is also known as the following regulated substance: HFC-32.

Table 2 – Description of Alleged Violation(s)

The EPA alleges that:

- 1) Based on the facts in Table 1, the Subject HFCs are bulk regulated substances that were imported without the importer expending consumption or application-specific allowances in a quantity equal to the exchange-value weighted equivalent of the regulated substances imported, in violation of the HFC Allocation regulations at 40 C.F.R. § 84.5(b).

Table 3 – Civil Penalty

Complainant and Respondent agree upon the following civil penalty for settlement purposes: \$3,191, where:

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

Monetary Value of Goods * Percentage Multiplier = Penalty

\$15,957 * 20% = \$3,191

Violation Type	Total Penalty Amount
Late advance reporting (40 C.F.R. § 84.31(c)(7))	\$1,000
Failure to provide any advance reporting (40 C.F.R. § 84.31(c)(7))	\$2,000
Late quarterly reports (40 C.F.R. § 84.31(c)(1))	\$2,500
Incomplete or inaccurate quarterly reporting (40 C.F.R. § 84.31(c)(1))	\$3,000
Failure to submit quarterly reports (40 C.F.R. § 84.31(c)(1))	\$3,500
Late annual reports (40 C.F.R. § 84.33(a); 40 C.F.R. § 84.60(a))	\$10,000
Incomplete or inaccurate annual reporting (40 C.F.R. § 84.33(a); 40 C.F.R. § 84.60(a))	\$10,000
Failure to submit annual reports (40 C.F.R. § 84.33(a); 40 C.F.R. § 84.60(a))	\$15,000
Failure to maintain records (40 C.F.R. § 98.3(g))	\$5,000
Late annual GHG reports (40 C.F.R. § 98.3(b))	\$10,000
Incomplete or inaccurate annual GHG reporting (40 C.F.R. § 98.3(b); 40 C.F.R. § 98.3(h))	\$10,000
Failure to submit annual GHG reports (40 C.F.R. § 98.3(b))	\$15,000

HFC EV ²	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

TT Product GWP ³	Percentage Multiplier
< 1,300	20%
≥ 1,300 ≤ 5,000	30%
> 5,000 ≤ 10,000	40%
>10,000 ≤ 15,000	50%

ODS	Percentage Multiplier
Any ODS listed as a class I or class II controlled substance in 40 C.F.R. Part 82, whether on its own or in a blend	40%

Table 4 – Corrective Action	
Respondent certifies that it: ☒ has exported the Subject HFCs to ZHEJIANG SANMEI CHEMICAL IND. CO., LTD. NO 218, QINGNIAN ROAD, ZHEJIANG PROVINCE, 321200 CHINA [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 Subject HFCs was through Canada or Mexico), and has paid \$ <u>\$2,800</u> to perform the action to export the Subject HFCs. ☒ will submit to the EPA at Dye.Rachel@epa.gov within thirty (30) days of the Filing Date of the ESA a record documenting such payment for export of the Subject HFCs. Respondent must check the boxes, fill in all relevant blanks, and return any enclosures, as applicable, and this Attachment 1 with the signed Agreement.	

² EVs are found in Appendix A of 40 C.F.R. Part 84.

³ *Id.*