DENISE LEONG
Assistant Regional Counsel
United States Environmental Protection Agency, Region IX
75 Hawthorne Street
San Francisco, California 94105
(415) 972-3409
Leong.Denise@epa.gov

Sylvia Quast
Regional Counsel
United States Environmental Protection Agency, Region IX

Attorneys for Complainant

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX
75 HAWTHORNE STREET
SAN FRANCISCO, CALIFORNIA 94105

In the Matter of:	)	Docket No. CAA-09-2023-0014
	)	
Maxon Auto Corp.	)	CONSENT AGREEMENT AND
	)	FINAL ORDER PURSUANT TO
	)	40 C.F.R. §§ 22.13 and 22.18
	)	
	)	
Chino, California	)	
	)	
Respondent.	)	
	)	

I. CONSENT AGREEMENT

A. Preliminary Statement

1. This is a civil administrative penalty assessment proceeding brought under section 205(c)(1) of the Clean Air Act ("CAA" or the "Act"), 42 U.S.C. § 7524(c)(1), and sections 22.13 and 22.18 of the Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties and the Revocation/Termination or Suspension of Permits ("Consolidated Rules"), as codified at 40 C.F.R. Part 22. In accordance with 40 C.F.R. §§ 22.13 and 22.18, entry

of this Consent Agreement and Final Order ("CAFO") simultaneously initiates and concludes this matter.

2. Complainant is the Assistant Director of the Air, Waste & Chemicals Branch of the Enforcement and Compliance Assurance Division, U.S. Environmental Protection Agency Region IX (the "EPA"), who has been delegated the authority to initiate and settle civil administrative penalty proceedings under section 205(c)(1) of the CAA, 42 U.S.C. § 7424(c)(1). EPA Delegation 7-19 (January 18, 2017); EPA Region 9 Redelegation R9-7-19 (October 5, 2017); Memorandum from John W. Busterud, Regional Administrator, Region 9, to all Region 9 supervisors and employees re: EPA R9 Organizational Realignment General Redelegation of Authority (May 5, 2020).

3. Respondent is Maxon Auto Corp. ("Maxon Auto"), a California corporation distributing motor vehicle parts. Maxon Auto is headquartered at 8599 Enterprise Way in Chino, California.

4. Complainant and Respondent, having agreed that settlement of this action is in the public interest, consent to the entry of this CAFO without adjudication of any issues of law or fact herein, and Respondent agrees to comply with the terms of this CAFO.

B. Governing Law

5. This proceeding arises under Part A of Title II of the CAA, CAA §§ 202-219, 42 U.S.C. §§ 7521-7554, and the regulations promulgated thereunder. These laws aim to reduce emissions from mobile sources of air pollution, including hydrocarbons and oxides of nitrogen ("NOx").

6. Pursuant to Section 203(a)(3)(B) of CAA, 42 U.S.C. § 7522(a)(3)(B),

> The following acts and the causing thereof are prohibited—for any person to manufacture or sell, or offer to sell, or install, any part or component intended for use with, or as part of, any motor vehicle or motor vehicle engine, where a principal effect of the part or component is to bypass, defeat, or render inoperative any device or element of design installed on or in a motor vehicle or motor vehicle engine in compliance with regulations under this subchapter,

and where the person knows or should know that such part or component is being offered for sale or installed for such use or put to such use[.]

7. Violations of CAA section 203(a)(3)(B) are subject to civil penalties of up to $5,580 per defeat device violation that occurred after November 2, 2015, where penalties are assessed on or after January 6, 2023. Section 205 of the CAA, 42 U.S.C. § 7524 and 40 C.F.R. Part 19.

8. Definitions:

a. Section 302(e) of the CAA, 42 U.S.C. § 7602(e), defines "person" as "an individual, corporation, partnership, association, State, municipality, political subdivision of a State, and any agency, department, or instrumentality of the United States and any officer, agent or employee thereof."

b. Section 216(2) of the CAA, 42 U.S.C. § 7550(2), defines "motor vehicle" as "any self-propelled vehicle designed for transporting persons or property on a street or highway."

9. The CAA requires EPA to prescribe and revise, by regulation, standards applicable to the emission of any air pollutant from new motor vehicles or new motor vehicle engines which cause or contribute to air pollution, which may reasonably be anticipated to endanger public health or welfare. CAA §§ 202(a)(l) and (3)(B), 42 U.S.C. §§ 7521(a)(l) and (3)(B).

10. Highway motor vehicles are one category of motor vehicles for which the EPA has promulgated emission standards. See 42 U.S.C. § 7521; see generally 40 C.F.R. Part 86.

11. Highway motor vehicle manufacturers employ many devices and elements of design to meet these emission standards. Certain hardware devices serve as emission control systems to manage and treat exhaust from highway motor vehicles in order to reduce levels of regulated pollutants from being created or emitted into the ambient air. Such devices include catalytic converters.

C. Alleged Violations of Law

12. Respondent sells and distributes motor vehicle parts to various individual customers located throughout the United States.

13. On May 13, 2021, EPA sent an information request pursuant to section 208(a) of the CAA, 42 U.S.C. § 7542(a), to Respondent regarding hardware Respondent sold since January 1, 2018.

14. Based on Respondent's responses on June 2, 2021 and July 6, 2021 to EPA's information requests and additional information gathered during EPA's investigation, EPA alleges that Maxon Auto sold various exhaust gas recirculation delete hardware ("subject EGR delete hardware") for highway motor vehicles identified in Appendix A of this CAFO (collectively referred to as the "Devices").

15. The subject EGR delete hardware replaces and removes the EGR valve and cooler systems found on newer diesel and gas engines from highway motor vehicles for which they are designed. This delete hardware typically includes EGR block off plates and/or intake or exhaust manifolds that do not include an EGR port. In addition, EGR delete hardware includes throttle valve delete hardware that removes the throttle valve assembly from the air intake resulting in the disablement of the EGR system.

16. Hardware devices and emission control systems, such as EGRs, are "device[s] or element[s] of design installed on or in a motor vehicle or motor vehicle engine in compliance with [CAA] regulations" within the meaning of section 203(a)(3)(B) of the CAA, 42 U.S.C. § 521(a)(3)(B).

17. Each subject EGR delete hardware part is, and at all relevant times herein was, intended for use with certified motor vehicles and motor vehicle engines including Ford Motor Company

("Ford"), Fiat Chrysler Automobiles U.S. LLC ("Chrysler Dodge"), and General Motors Company ("GMC") vehicles ("Motor Vehicles").

18. A principal effect of each subject EGR delete hardware part is to bypass, defeat, or render inoperative device(s) and/or element(s) of design such as the EGR that was installed on these Motor Vehicles.

19. Respondent knew or should have known that each subject EGR delete hardware part was being offered for sale or installed for such use or put to such use.

20. Between January 1, 2018 and May 13, 2021, Maxon Auto sold 867 Devices to individual customers located throughout the United States.

21. The manufacture, sale, offering for sale, or installation of a device that bypasses, defeats, or renders inoperative a vehicle's emission control systems is prohibited under section 203(a)(3)(B) of the CAA, 42 U.S.C. § 7522(a)(3)(B).

22. On August 30, 2022, EPA sent an additional information request pursuant to section 208(a) of the CAA, 42 U.S.C. § 7542(a), to Respondent regarding several of the Respondent's imports since September 10, 2021.

23. Respondent submitted certified responses on September 28, 2022, September 29, 2022, and December 4, 2022, to EPA's additional information requests. The responses indicate that the last import of subject EGR delete hardware was on or about May 14, 2022.

D. Terms of Consent Agreement

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

a. admits that EPA has jurisdiction over the subject matter alleged in this CAFO and over Respondent;

b. neither admits nor denies the specific factual allegations contained in Section I.C of this CAFO;

c. consents to the assessment of a civil penalty under this Section, as stated below;

d. consents to the conditions specified in this CAFO;

e. waives any right to contest the allegations set forth in Section I.C of this CAFO; and

f. waives their rights to appeal the proposed Order contained in this CAFO.

E. Civil Penalty

25. Respondent submitted financial information to EPA which supports Respondent's claim that they are unable to pay a full penalty for the alleged violations.

26. Respondent agrees to:

a. pay the civil penalty of ONE HUNDRED TWENTY THOUSAND DOLLARS ($120,000) ("EPA Penalty") within 30 days of the Effective Date of this CAFO; and

b. pay the EPA Penalty using any method, or combination of methods, provided on the website https://www.epa.gov/financial/makepayment, and identifying the payment with "Docket No. CAA-09-2023-0014." Within 24 hours of payment of the EPA Penalty, send proof of payment to Nathan Dancher at dancher.nathan@epa.gov ("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 the payment has been made according to the EPA requirements, in the amount due, and identified with "Docket No. CAA-09-2023-0014").

27. If Respondent does not timely pay the civil penalty, specified in Paragraph 26, then Respondent shall pay to the EPA a stipulated penalty in the amount of FIVE HUNDRED DOLLARS ($500.00) for each day the default continues plus the remaining balance of the penalty sum specified in Paragraph 26 upon written demand by the EPA.

28. If Respondent fails to timely pay any portion of the penalty assessed under this CAFO, the EPA may:

a. request the Attorney General to bring a civil action in an appropriate district court to recover: the amount assessed; interest at rates established pursuant to 26 U.S.C. § 6621(a)(2); the United States' enforcement expenses; and a 10 percent quarterly nonpayment penalty, 42 U.S.C. § 7413(d)(5);

b. refer the debt to a credit reporting agency or a collection agency, 42 U.S.C. § 7413(d)(5), 40 C.F.R. §§ 13.13, 13.14, and 13.33;

c. 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; and

d. suspend or revoke Respondent's licenses or other privileges granted by EPA, or suspend or disqualify Respondent from doing business with EPA or engaging in programs EPA sponsors or funds, 40 C.F.R. § 13.

F. Certification of Compliance

29. Respondent certifies that as of the date of their signature of this Consent Agreement, Respondent is complying fully with section 203(a)(3) of the CAA, 42 U.S.C. § 7522(a)(3).

30. Respondent is aware of EPA's November 23, 2020 "Tampering Policy: The EPA Enforcement Policy on Vehicle and Engine Tampering and Aftermarket Defeat Devices under the Clean Air Act."

31. Respondent represents that it has permanently destroyed all the subject EGR delete hardware in its possession or control and submitted reports to EPA documenting such destruction as of the effective date of the CAFO in this matter.

32. The provisions of this CAFO shall apply to and be binding upon Respondent and their officers, directors, employees, agents, trustees, servants, authorized representatives, successors, and assigns. Respondent must give written notice and a copy of this CAFO to any successors in interest prior to any transfer of ownership or control of any portion of or interest in Respondent. Simultaneously with such notice, Respondent shall provide written notice of such transfer, assignment, or delegation to EPA. In the event of any such transfer, assignment, or delegation, Respondent shall not be released from the obligations or liabilities of this CAFO unless EPA has provided written approval of the release of said obligations or liabilities.

33. By signing this CAFO, 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.

34. By signing this CAFO, the undersigned representative of 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.

35. By signing this CAFO, Respondent certifies that the information they have 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.

36. Each party agrees to bear its own costs and attorney's fees in this action.

G. General Provisions

37. In accordance with 40 C.F.R. § 22.18(c), completion of the terms of this CAFO resolves only Respondent's liability for federal civil penalties for the violations and facts specifically alleged above.

38. This civil penalty paid pursuant to this CAFO is not deductible for federal tax purposes.

39. Nothing in this CAFO 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 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.

40. This CAFO constitutes the entire agreement between the parties and supersedes any prior agreements or understandings, whether written or oral, among the parties with respect to the subject matter hereof.

H. Effective Date

41. Respondent and Complainant agree to issuance of the attached Final Order. Upon filing, EPA will transmit a copy of the filed CAFO to the Respondent. This CAFO shall become effective after execution of the Final Order by the Regional Judicial Officer on the date of filing with the Regional Hearing Clerk.

The foregoing Consent Agreement In the Matter of: Maxon Auto Corp. Docket No. CAA-09-2023-0014 is hereby stipulated, agreed, and approved for entry:

Maxon Auto Corp., Respondent

2023.05.05

Date

Lihua Shen

Lihua Shen, Chief Executive Officer
Maxon Auto Corp.

The foregoing Consent Agreement In the Matter of: Maxon Auto Corp. Docket No. CAA-09-2023-0014 is hereby stipulated, agreed, and approved for entry:

United States Environmental Protection Agency, Complainant

KAORU MORIMOTO Digitally signed by KAORU MORIMOTO Date: 2023.06.08 11:41:08 -07'00'

_____ _____

Date

Kaoru Morimoto
Assistant Director
Enforcement and Compliance Assurance Division
United States Environmental
Protection Agency, Region IX
75 Hawthorne Street
San Francisco, CA 94105

II. FINAL ORDER

EPA Region IX and Maxon Auto Corp., having entered into the foregoing Consent Agreement,

IT IS HEREBY, ORDERED that this Consent Agreement and Final Order (Docket No. CAA-09-2023-0014), shall be entered and Respondent shall pay a civil administrative penalty in the amount of ONE HUNDRED TWENTY THOUSAND DOLLARS ($120,000), and otherwise comply with the terms set forth in the CAFO. This Final Order concludes this proceeding pursuant to 40 C.F.R. §§ 22.18 and 22.31.

BEATRICE WONG Digitally signed by BEATRICE WONG Date: 2023.06.22 07:40:12 -07'00'

_____ _____

Date

Beatrice Wong
Regional Judicial Officer
U.S. Environmental Protection Agency
Region 9

Appendix A

Maxon Auto Corp., Violations of CAA § 203 for the period January 1, 2018 through May 13, 2021 for offering for sale or sale of 867 EGR Delete Hardware

#	sku	Product Title	Vehicle Type	Qty
1	EG31901	6.0L Powerstroke Diesel Complete EGR Bypass and Delete Kit For 2003-2010 Ford	2003-2010 Ford F250 F350	83
2	EG31902	Blue EGR Valve Delete Kit & Intake Elbow For 2008-2010 Ford 6.4L Powerstroke Diesel	2008-2010 Ford F250 F350	126
3	EG31906	6.0L Powerstroke Diesel EGR Basic Bypass Delete Kit For 2003-2007 Ford F250 F350	2003-2007 Ford F250 F350	41
4	EG31908	6.7L Cummins Diesel EGR Valve Cooler Delete Kit for 2010-2016 Dodge Ram 2500	2010-2016 Dodge Ram	3
5	EG31909	6.7L Diesel Cummins EGR Valve Cooler Delete Kit For 07-09 Dodge Ram 2500 3500 L6	2007-2009 Dodge Ram	4
6	EG31911	EGR Delete & High Flow Intake Elbow For May 04-05 Chevy GMC Duramax Diesel 6.6L	2004-2005 Chevy Silverado GMC Sierra	9
7	EG31912	EGR Valve Cooler Delete Kit For 05.2007-2010 Chevy GMC 6.6L LMM Duramax Diesel	2007-2010 Chevy Silverado GMC Sierra	1
8	EG31916	Blue Delete Kit&High Flow Intake Elbow for 2006.5-2007 GM 6.6L Duramax Diesel LBZ EGR	2006-2007 Chevy Silverado GMC Sierra	19
9	EG31923	Blue EGR Valve Cooler Delete Kit for 2011-2014 Ford F250 F350 6.7L Powerstroke Diesel	2011-2014 Ford F250 F350	3
10	EG31924	Black EGR Valve Cooler Delete Kit for 2011-2014 Ford F250 F350 6.7L Powerstroke Diesel	2011-2014 Ford F250 F350	111
11	EG31926	Silver EGR Valve Delete Kit & Intake Elbow For 2008-2010 Ford 6.4L Powerstroke Diesel	2008-2010 Ford F250 F350	82
12	EG31939	Black EGR Valve Delete Kit & Intake Elbow For 2008-2010 Ford 6.4L Powerstroke Diesel	2008-2010 Ford F250 F350	175
13	EG31944	EGR Delete Cooler Valve Kit Turbo Diesel For 2004.5-2005 GM 6.6L Duramax LLY	2004-2005 Chevy Silverado GMC Sierra	6
14	EG31951	Blue Throttle Valve Delete Kit for 2007-2017 Dodge Ram L6 Turbo 6.7L Cummins Diesel	2007-2017 Dodge Ram	2

#	sku	Product Title	Vehicle Type	Qty
15	EG31952	Silver Throttle Valve Delete Kit for 2007-2017 Dodge Ram L6 Turbo 6.7L Cummins Diesel	2007-2017 Dodge Ram	73
16	EG31954	Black Throttle Valve Delete Kit for 2007-2017 Dodge Ram L6 Turbo 6.7L Cummins Diesel	2007-2017 Dodge Ram	2
17	EG31955	EGR Delete Kit fit 2006-2007 Chevy Silverado GMC Sierra 6.6L V8 Duramax LBZ	2006-2007 Chevy Silverado GMC Sierra	9
18	EG31962	J Hook EGR Cooler Delete Coolant Bypass J-Pipe for 03-07 Ford 6.0L Powerstroke	2003-2007 Ford F250 F350	1
19	EG31963	EGR Valve Block Off Plate for 2003-2007 Ford 6.0L Powerstroke Diesel Turbo	2003-2007 Ford F250 F350	49
20	EG31983	Black Intake Tube Bridge & EGR Valve Cooler Delete Kit for 11-15 GM 6.6L LML Duramax	2011-2015 Chevy Silverado GMC Sierra	1
21	EG31992	6.7L Cummins Diesel EGR Cooler Delete Kit for 2013-2018 Dodge Ram 2500 3500 4500	2013-2018 Dodge Ram 2500 3500 4500	67
			Total	**867**