



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

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

SEP 18 2013

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Marsh Prause
Attorney at Law
Smith Moore Leatherwood LLC
300 North Greene Street, Suite 1400
Greensboro, North Carolina 27401

Re: John and Joan Knowles
Proposed Consent Agreement and Final Order
Docket Number: TSCA-04-2013-2742(b)

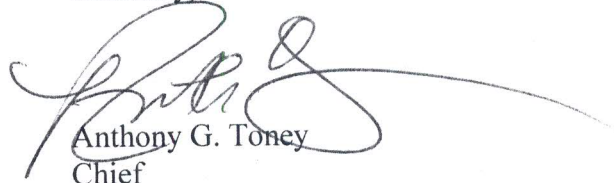
Dear Mr. Prause:

Enclosed is a copy of the ratified Consent Agreement and Final Order (CAFO) in the above-referenced matter. The original CAFO has been filed with the Regional Hearing Clerk and served on the parties as directed in Section 22.6 of the Consolidated Rules of Practice, 40 C.F.R. Part 22. Please inform your client that payment is required in accordance with Section V of the CAFO and the penalty information along with payment instructions are listed there.

Also enclosed is a copy of a document entitled "Notice of Securities and Exchange Commission Registrants' Duty to Disclose Environmental Legal Proceedings." This document puts your client on notice of its potential duty to disclose to the Securities and Exchange Commission any environmental enforcement actions taken by the U. S. Environmental Protection Agency Region 4. Where used in the document "SEC" refers to the Securities and Exchange Commission.

Should you or your client have any questions about this matter or the company's compliance status in the future, please contact Mr. Alex Winston of the EPA Region 4 staff at (404) 562-8994 or by email at Winston.Alex@epa.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'Anthony G. Toney', with a long horizontal flourish extending to the right.

Anthony G. Toney
Chief
Pesticides and Toxic
Substances Branch

Enclosures

cc: John and Joan Knowles

UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY
REGION 4
ATLANTA, GEORGIA

HEARING CLERK

2013 SEP 18 AM 7:05

RECEIVED
EPA REGION IV

In the Matter of:)

John Knowles and Joan Knowles)

Respondents.)

Docket No.: TSCA-04-2013-2742(b)

CONSENT AGREEMENT AND FINAL ORDER

I. Nature of the Action

1. This is a civil penalty proceeding pursuant to Section 16(a) of the Toxic Substances Control Act (TSCA), 15 U.S.C. § 2615(a), and pursuant to the Consolidated Rules of Practice Governing Administrative Assessment of Civil Penalties and the Revocation/Termination or Suspension of Permits (Consolidated Rules), 40 C.F.R. Part 22. The authority to take action under Section 16(a) of TSCA, 15 U.S.C. § 2615(a) is vested in the Administrator of the United States Environmental Protection Agency. The Administrator of the EPA has delegated this authority under TSCA to the Regional Administrator of the EPA Region 4 by the EPA Delegation 12-2-A, dated May 11, 1994. The Regional Administrator of the EPA Region 4 has re-delegated this authority under TSCA to the Director of the Air, Pesticides, and Toxics Management Division, by the EPA Region 4 Delegation 12-2-A, dated January 14, 2009. In accordance with 40 C.F.R. § 22.3(a), the Complainant in this matter is the Director of the Air, Pesticides, and Toxics Management Division. Respondents are John Knowles and Joan Knowles, doing business in the State of North Carolina.

2. Complainant and Respondents 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), this Consent Agreement and Final Order, (CAFO), will simultaneously commence and conclude this matter.

II. Preliminary Statements

3. The Administrator of the EPA promulgated regulations at 40 C.F.R. Part 745, Subpart F under the authority of Section 1018 of the Residential Lead-Based Paint Hazard Reduction Act of 1992, 42 U.S.C. § 4852d, also known as Title X of the Housing and Community Development Act of 1992. Pursuant to Title X, it is a prohibited act under Section 409 of TSCA, 15 U.S.C. § 2689, for any person to fail or refuse to comply with a provision of Title X or any rule or order issued under Title X.
4. Pursuant to Section 16 of TSCA, 15 U.S.C. § 2615, the penalty for each violation of Title X of TSCA shall not exceed \$10,000. The Debt Collection Improvement Act of 1996 requires the EPA to review and adjust penalties, as necessary, for inflation at least once every four years. As such, pursuant to the Adjustment of Civil Monetary Penalties for Inflation Rule, 40 C.F.R. Part 19, the revised maximum penalty for each violation of Title X occurring after January 30, 1997, through January 12, 2009, is \$11,000 and for each violation occurring after January 12, 2009, the maximum penalty is \$16,000.
5. Pursuant to 40 C.F.R. § 22.5(c)(4) the following individual is authorized to receive service for the EPA in this proceeding:

Alex Winston
Lead and Children's Health Section
U.S. EPA Region 4
61 Forsyth Street
Atlanta, Georgia 30303-8960
(404) 562-8994.

III. Specific Allegations

6. Respondents are Lessors, as defined at 40 C.F.R. § 745.103, of residential housing located in Carrboro and Greensboro, North Carolina. These residential units are "target housing," as defined at 40 C.F.R. § 745.103.
7. Based on information obtained by the EPA on or about November 21, 2011, relating to Respondents' contracts to lease their target housing described above, the EPA alleges that Respondents violated Section 409 of TSCA and 40 C.F.R. Part 745, Subpart F as follows:
 - a. Pursuant to 40 C.F.R. § 745.107(a)(1), a Lessor shall provide the Lessee(s) an EPA-approved lead hazard information pamphlet before the Lessee(s) is obligated under any contract to lease target housing. Respondents failed to provide Lessee(s) an EPA-approved lead hazard information pamphlet in at least one lease.
 - b. Pursuant to 40 C.F.R. § 745.107(a)(2), a Lessor shall disclose to the Lessee(s) the presence of any known lead-based paint and/or lead-based paint hazards in the target housing. Respondents failed to disclose to the Lessee(s) the presence of any known lead-based paint in at least one lease.
 - c. Pursuant to 40 C.F.R. § 745.107(a)(3), a Lessor shall disclose to each Agent the presence of any known lead-based paint and/or lead-based paint hazards in the target housing, and the existence of any available records or reports pertaining to lead-based paint. Respondents failed to disclose to the Agent the presence of any known lead-based paint and the existence of any records or reports in at least one lease.

- d. Pursuant to 40 C.F.R. § 745.107(a)(4), a Lessor shall provide to the Lessee(s) any records or reports available to the Lessor pertaining to lead-based paint and/or lead-based paint hazards in the target housing. Respondents failed to provide to the Lessee(s) any records or reports in at least one lease.
- e. Pursuant to 40 C.F.R. § 745.113(b)(1), each contract to lease target housing shall include, as an attachment to or within the contract, the Lead Warning Statement. Respondents failed to include an appropriate statement in at least one lease.
- f. Pursuant to 40 C.F.R. § 745.113(b)(2), each contract to lease target housing shall include, as an attachment to or within the contract, a statement disclosing the presence of known lead-based paint and/or lead-based paint hazards in the target housing being leased, or a statement indicating no knowledge of the presence of lead-based paint and/or lead-based paint hazards. Respondents failed to include an appropriate statement in at least one lease.
- g. Pursuant to 40 C.F.R. § 745.113(b)(3), each contract to lease target housing shall include, as an attachment to or within the contract, a list of any records or reports available to the Lessor that pertain to lead hazard information, or an indication that no such list exists. Respondents failed to include the appropriate information in at least one lease.
- h. Pursuant to 40 C.F.R. § 745.113(b)(4), each contract to lease target housing shall include in the contract for lease a statement by the Lessee(s) affirming receipt of the information. Respondents failed to include the appropriate information in at least one lease.

- i. Pursuant to 40 C.F.R. § 745.113(b)(5), each contract to lease target housing shall include, as an attachment to or within the contract, a statement by the one or more Agents involved in the transaction to lease target housing that the Agent(s) has informed the Lessor of the Lessor's obligations and that the Agent(s) is aware of his duty to ensure compliance. Respondents failed to include the appropriate information in at least one lease.
- j. Pursuant to 40 C.F.R. § 745.113(b)(6), each contract to lease target housing shall include in the contract for lease signatures of the Lessor, Agent, and Lessee(s) certifying to the accuracy of their statements, as well as dates. Respondents failed to include the appropriate information in at least one lease.
- k. Pursuant to 40 C.F.R. § 745.113(c)(1), a Lessor shall retain a copy of the completed disclosure records for no less than three years from the completion date of the lease. Respondents failed to retain a copy of the completed disclosure records.

IV. Consent Agreement

8. For the purposes of this CAFO, Respondents admit the jurisdictional allegations set forth above and neither admit nor deny the factual allegations set forth above.
9. Respondents waive their right to a hearing on the allegations contained herein and their right to appeal the proposed Final Order accompanying the Consent Agreement.
10. Respondents consent to the assessment of the penalty proposed by the EPA and agree to pay the civil penalty as set forth in this CAFO.
11. Respondents certify that as of the date of its execution of this CAFO, they are in compliance with all relevant requirements of 40 C.F.R. Part 745, Subpart F.

12. Compliance with this CAFO shall resolve the allegations of the violations contained herein. This CAFO shall not otherwise affect any liability of Respondents to the United States. Other than as expressed herein, neither the EPA nor Complainant waives any right to bring an enforcement action against Respondents for violation of any federal or state statute, regulation or permit, to initiate an action for imminent and substantial endangerment, or to pursue criminal enforcement.
13. Complainant and Respondents 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 TSCA.

V. Final Order

14. Respondents are assessed a civil penalty of **TWELVE THOUSAND DOLLARS (\$12,000)**. Eight payments will be made to complete payment of the entire civil penalty including interest. The first payment is due within thirty (30) days of the effective date of this CAFO and subsequent payments will be due in ninety (90) day intervals thereafter. Including the civil penalty and interest, the total amount that will be paid upon the completion of all payments will be **TWELVE THOUSAND ONE HUNDRED THIRTY-EIGHT DOLLARS AND 08 CENTS (\$12,138.08)**. Respondents shall make payments in accordance with the following schedule:

<u>Payment No.</u>	<u>Payment Due Date</u>	<u>Payment Due</u>
1	within 90 days of date CAFO filed	\$1,517.26
2	within 180 days of date CAFO filed	\$1,517.26
3	within 270 days of date CAFO filed	\$1,517.26
4	within 360 days of date CAFO filed	\$1,517.26
5	within 450 days of date CAFO filed	\$1,517.26
6	within 540 days of date CAFO filed	\$1,517.26
7	within 630 days of date CAFO filed	\$1,517.26
8	within 720 days of date CAFO filed	\$1,517.26

15. Respondents shall remit each installment payment of the penalty by either a cashier's or certified check made payable to the "Treasurer, United States of America."

The Respondents shall note on the face of the check the Respondents' Name and the Docket Number TSCA-04-2013-2742(b) associated with this CAFO.

The penalty payment shall be sent by one of the methods below.

Address for payment submittal using the United States Postal Service (USPS)

(excluding USPS overnight mail):

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

Address for payment submittal using USPS overnight mail or other delivery

service (e.g., Federal Express, United Parcel Service, DHL, etc.):

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

16. At the time of payment, Respondents shall send a separate copy of the check and a written statement that the payment is being 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
Atlanta, Georgia 30303-8960;

Alex Winston
Lead and Children's Health Section
U.S. EPA Region 4
61 Forsyth Street
Atlanta, Georgia 30303-8960; and

Saundi J. Wilson
Office of Environmental Accountability
U.S. EPA Region 4
61 Forsyth Street
Atlanta, Georgia 30303-8960.

17. If Respondents fail to make one of the installment payments in accordance with the schedule set forth above, the entire unpaid balance of the penalty and all accrued interest shall become due immediately upon such failure, and Respondents shall immediately pay the entire remaining principal balance of the civil penalty along with any interest that has accrued up to the time of such payment. In addition, Respondents shall be liable for and shall pay administrative handling charges and late payment penalty charges as described below in the event of any such failure or default.
18. Further, if Respondents fail to pay the installment payments in accordance with the schedule set forth above, the EPA may refer the debt to a collection agency, a credit reporting agency, or to the Department of Justice for filing of a collection action in the appropriate United States District Court. In any such collection action, the validity, amount, and appropriateness of the assessed penalty and of this CAFO shall not be subject to review.
19. Notwithstanding Respondents' agreement to pay the assessed civil penalty in accordance with the installment schedule set forth above, Respondents may pay the entire civil penalty of **TWELVE THOUSAND DOLLARS (\$12,000)** within thirty (30) calendar days after the date on which a copy of this CAFO is mailed or hand-delivered to

Respondents and, thereby, avoid the payment of interest pursuant to 40 C.F.R. § 13.11(a).

In addition, Respondents may, at any time after commencement of payments under the installment schedule, elect to pay the entire principal balance remaining, together with interest accrued up to the date of such full payment.

20. For the purposes of state and federal income taxation, Respondents shall not be entitled, and agree not to attempt, to claim a deduction for any civil penalty payment pursuant to this CAFO. Any attempt by Respondents to deduct any such payments shall constitute a violation of this CAFO.
21. Pursuant to 31 U.S.C. § 3717, the 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 date of entry of this CAFO, if the penalty is not paid by the date required. A charge will also be assessed to cover the administrative costs, both direct and indirect, of overdue debts.
22. Complainant and Respondents shall bear their own costs and attorney fees in this matter.
23. This CAFO shall be binding upon the Respondents, their successors and assigns.
24. 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 binds that party to this CAFO.

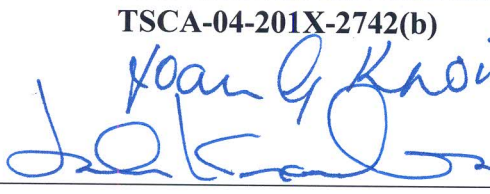
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VI. Effective Date

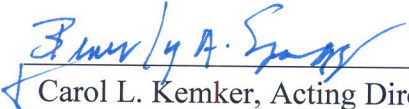
25. The effective date of this CAFO shall be the date on which the CAFO is filed with the Regional Hearing Clerk.

AGREED AND CONSENTED TO:

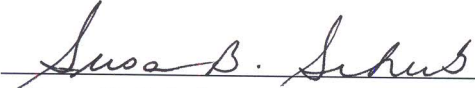
Respondents: John Knowles and Joan Knowles
Docket No.: TSCA-04-201X-2742(b)

By:  Date: 9/5/2013
Name: JOHN KNOWLES, JOAN G KNOWLES
Title: RESPONDENTS

Complainant: U.S. ENVIRONMENTAL PROTECTION AGENCY

By:  Date: 9/13/2013
Carol L. Kemker, Acting Director
Air, Pesticides and Toxics
Management Division

APPROVED AND SO ORDERED this 17 day of Sept., 2013.

By: 
Susan B. Schub
Regional Judicial Officer

CERTIFICATE OF SERVICE

I hereby certify that on the date set out below, I filed the original and one copy of the foregoing Consent Agreement and Final Order and served a true and correct copy of the foregoing Consent Agreement and Final Order, In the Matter of John Knowles and Joan Knowles, Docket Number: TSCA-04-2013-2742(b), to the addressees listed below:

John and Joan Knowles
111 Beverly Place
Greensboro, North Carolina 27403

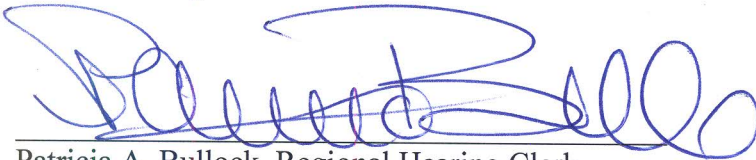
(via Certified Mail, Return Receipt Requested)

Alex Winston
Lead and Children's Health Section
U.S. EPA Region 4
61 Forsyth Street
Atlanta, Georgia 30303-8960

(via EPA's internal mail)

Robert Caplan, Senior Attorney
Office of Environmental Accountability
U.S. EPA Region 4
61 Forsyth Street
Atlanta, Georgia 30303-8960

(via EPA's internal mail)



Patricia A. Bullock, Regional Hearing Clerk
U.S. Environmental Protection Agency, Region 4
61 Forsyth Street
Atlanta, Georgia 30303-8960
(404) 562-9511

Date: 9-18-13