

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
Region 2

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In the Matter of : **CONSENT AGREEMENT AND**
 : **FINAL ORDER**
 :
Stepan Company, :
 :
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Respondent. :
 :
 :
Proceeding under the Toxic : **Docket No.**
Substances Control Act, as amended. : **TSCA-02-2019-9144**
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This administrative proceeding for the assessment of a civil penalty is being instituted pursuant to Section 16(a) of the Toxic Substances Control Act (TSCA), 15 U.S.C. § 2615(a). The United States Environmental Protection Agency (EPA or Agency) under authority of TSCA, has promulgated regulations governing, *inter alia*, the manufacture and importation of chemical substances, including requirements for reporting such activities to the EPA.

Section 16(a) of TSCA, 15 U.S.C. § 2615(a), authorizes the Administrator of EPA to enforce against persons who violate TSCA and its implementing regulations. That provision provides, in relevant part, that “[a]ny person who violates a provision of section 2614 or 2689 of this title [Sections 15 and 409 of TSCA, 15 U.S.C. §§ 2614 and 2689, respectively] shall be liable to the United States for a civil penalty....” Complainant in this proceeding, the Director of the Enforcement and Compliance Assurance Division of EPA, Region 2, has been delegated the authority to prosecute this proceeding.

Pursuant to 40 C.F.R. § 22.13(b) of the “Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties and the Revocation or Suspension of Permits, 40 C.F.R. Part 22,” where parties agree to a settlement of one or more causes of action prior to the filing of an administrative complaint, a proceeding may be simultaneously commenced and concluded by the issuance of a Consent Agreement and Final Order (CAFO) pursuant to 40 C.F.R. §§ 22.18(b)(2) and (3).

It has been agreed by the parties to this proceeding -- Complainant and Respondent Stepan Company -- that settling this matter by entering into this Consent Agreement pursuant to 40 C.F.R. § 22.18(b)(2) constitutes an appropriate means of resolving the claims of EPA, Region 2, against Respondent without further litigation. This CAFO is being issued pursuant to 40 C.F.R. § 22.18(b)(3). No findings of fact or conclusions of law have been made in or by a tribunal. The following constitute EPA’s findings of fact and conclusions of law based upon information of which Complainant has been aware as of March 25, 2019.

FINDINGS OF FACT

1. Respondent is Stepan Company. For the period including calendar years 2012 through 2015 (hereinafter, the “relevant years”), Respondent has been (and continues to be) a corporation existing under Delaware law. For said period, Respondent owned and controlled a facility (and continues to do so) located at 201 4th Street in Fieldsboro, New Jersey.
2. For the period including the relevant years, Respondent at its facility manufactured in and/or imported into (and continues to both manufacture and import) the United States various chemical substances for commercial purposes; these chemical substances have been/are used in a number of applications such as industrial, pharmaceutical and cleaning. During the relevant years, Respondent sold and distributed into interstate commerce (and continues to do) such chemical substances.
3. On September 27, 2017, designated representatives of EPA conducted an inspection of Respondent’s Fieldsboro, New Jersey facility pursuant to the authority of Section 11 of TSCA, 15 U.S.C. § 2610.
4. Respondent, at its Fieldsboro facility, manufactured for commercial purposes the following two chemical substances (each such chemical substance identified by name and Chemical Abstract Services Registry Number [CASRN]) in quantities of 25,000 pounds or more in one or more of calendar years 2012, 2013, 2014 and 2015: **(a)** lauramidopropyl betaine (CASRN 4292-10-8) and **(b)** dodecyl dimethyl betaine (CASRN 683-10-3) (hereinafter collectively referred to as the “betaine subject chemicals”).
5. Each of the betaine subject chemicals was on the Master Inventory File (as defined in 40 C.F.R. § 711.3) as of June 1, 2016, and none was excluded from the 40 C.F.R. Part 711 Chemical Data Reporting requirements by 40 C.F.R. § 711.6.
6. Respondent did not submit to EPA the reporting information required by 40 C.F.R. § 711.15 for either of the betaine subject chemicals during the period from (and including) June 1, 2016 and October 31, 2016 (the “2016 submission period”) as required by 40 C.F.R. § 711.5.
7. Respondent, at its Fieldsboro facility, also manufactured for commercial purposes the following 11 chemical substances (each such chemical substance identified by name and CASRN) in quantities of 25,000 pounds or more in one or more in at least one of the calendar years 2012, 2013, 2014 and 2015: **(a)** sodium lauryl sulfate (CASRN 151-21-3); **(b)** ammonium lauryl sulfate CASRN 2235-54-3; **(c)** cocamidopropyl betaine (CASRN 61789-40-0); **(d)** alkylbenzenesulfonic acid (CASRN 68608-88-8); **(e)** benzenesulfonic acid sodium salt (CASRN 68608-89-9); **(f)** cetyl betaine (CASRN 693-33-4); **(g)** sulfuric acid (CASRN 7664-93-9); **(h)** cocamidopropyl dimethyl amine (CASRN 68140-01-2); **(i)** potassium dodecylbenzenesulfonate (CASRN 27177-77-1); **(j)** sodium octanesulfonate (CASRN 5324-84-5; and **(k)** alkylbenzenesulfonic acid (CASRN 68584-22-5) (hereinafter referred to as the “11 subject chemicals”).
8. Each of the 11 subject chemicals was on the Master Inventory File (as defined in 40 C.F.R. § 711.3) as of June 1, 2016, and none was excluded from the 40 C.F.R. Part 711 Chemical Data Reporting requirements by 40 C.F.R. § 711.6.

9. Respondent reported to EPA its manufacture of the 11 subject chemicals during the period from (and including) June 1, 2016 to October 31, 2016 as required by 40 C.F.R. § 711.5.
10. In the aforementioned (paragraph 9, above) report submitted, Respondent reported inaccurate production volumes for at least one year of the relevant years (*i.e.* 2012, 2013, 2014 and 2015) of the reporting period for each of these 11 subject chemicals, *i.e.* Respondent failed to meet the prescribed regulatory standard of accuracy as set forth in 40 C.F.R. § 711.15(b)(3)(iii) for each of the 11 subject chemicals.

CONCLUSIONS OF LAW

1. This is an action pursuant to Section 16(a)(1) of TSCA, 15 U.S.C. § 2615(a)(1), to assess a civil penalty against Respondent for violations of provisions of Section 15 of TSCA, 15 U.S.C. § 2614. This tribunal is vested with jurisdiction over this administrative proceeding pursuant to Section 16(a)(2) of TSCA, 15 U.S.C. § 2615(a)(2), and 40 C.F.R. § 22.1(a)(5).
2. Section 15(3)(B) of TSCA, 15 U.S.C. § 2614(3)(B), provides that it is unlawful for any person to fail or refuse to submit any reports, notices or information required by TSCA, 15 U.S.C. § 2601 *et seq.*, or a rule promulgated thereunder. A failure or refusal to submit any such required reports, notices or information constitutes a violation of Section 15(3)(B) of TSCA, 15 U.S.C. § 2614(3)(B).
3. Each of the regulations codified in the Chemical Data Reporting (“CDR”) Requirements codified in 40 C.F.R. Part 711 constitutes a rule promulgated under Section 8(a) of TSCA, 15 U.S.C. § 2607(a).
4. Any person who violates Section 15(3)(B) of TSCA, 15 U.S.C. § 2614(3)(B), shall be liable to the United States for a civil penalty pursuant to Section 16(a)(1) of TSCA, 15 U.S.C. § 2615(a)(1), as amended.
5. For the period including the relevant years, Respondent has been (and continues to be) a “person” (as defined by 40 C.F.R. § 704.3).
6. For the period including the relevant years, Respondent has been (and continues to be) a “manufacturer” (as defined by 40 C.F.R. §§ 704.3 and 711.3).
7. Each of the following is a “chemical substance” within the meaning of Section 3(2)(A) of TSCA, 15 U.S.C. § 2602(2)(A), and each is also a “reportable chemical substance” within the meaning of 40 C.F.R. § 711.3: **(a)** the betaine subject chemicals; and **(b)** the 11 subject chemicals.
8. Forty C.F.R. § 711.5 requires that “information must be reported” to EPA for “[a]ny chemical substance that is in the Master Inventory File at the beginning of the submission period described in [40 C.F.R.] § 711.20, unless the chemical substance is specifically excluded by [40 C.F.R.] § 711.6.”
9. The requirement as to who must report is set forth in 40 C.F.R. § 711.8(a)(2):

For the submission periods subsequent to the 2012 submission period [which includes the 2016 TSCA reporting period], any person who manufactured (including imported) for commercial purposes 25,000 lb (11,340 kg) or more of a chemical substance described in

[40 C.F.R.] § 711.5 at any single site owned or controlled by that person during any calendar year since the last principal reporting year (*e.g.*, for the 2016 submission period, consider calendar years 2012, 2013, 2014, and 2015, given that 2011 was the last principal reporting year).

10. For its manufacture of the betaine subject chemicals at its facility in one or more of calendar years 2012, 2013, 2014 and 2015, Respondent was (and is) subject to the 40 C.F.R. Part 711 reporting requirements, *i.e.* **(a)** Respondent was (and is) not exempted or excluded from the 40 C.F.R. Part 711 reporting requirements under either 40 C.F.R. § 711.9 or 40 C.F.R. § 711.10, and **(b)** none of said chemicals was excluded or exempted from the 40 C.F.R. Part 711 reporting requirement by 40 C.F.R. § 711.6.
11. The aforementioned (paragraph 6 of the “Findings of Fact” section, above) failures of Respondent to report for each of the betaine subject chemicals constitute separate and distinct failures or refusals by Respondent to comply with the CDR Requirements of 40 C.F.R. Part 711.
12. Each of Respondent’s failures or refusals to comply with the CDR Requirements of 40 C.F.R. Part 711 with regard to the betaine subject chemicals constitutes an unlawful act pursuant to Section 15(3) of TSCA, 15 U.S.C. § 2614(3), and thus a violation of said latter provision.
13. For its manufacture of the 11 subject chemicals at its facility in one or more of calendar years 2012, 2013, 2014 and 2015, Respondent was (and is) subject to the 40 C.F.R. Part 711 reporting requirements, *i.e.* **(a)** Respondent was (and is) not exempted or excluded from the 40 C.F.R. Part 711 reporting requirements under either 40 C.F.R. § 711.9 or 40 C.F.R. § 711.10, and **(b)** none of said chemicals was excluded or exempted from the 40 C.F.R. Part 711 reporting requirement by 40 C.F.R. § 711.6.
14. Respondent’s aforementioned (paragraph 10 of the “Findings of Fact” section, above) inaccurate reporting of production volumes for each of these 11 subject chemicals constitute separate and distinct failures or refusals of Respondent to comply with 40 C.F.R. § 711.15(b)(3)(iii).
15. Each of Respondent’s failures or refusals to comply with 40 C.F.R. § 711.15(b)(iii) with regard to the 11 subject chemicals constitutes an unlawful act pursuant to Section 15(3) of TSCA, 15 U.S.C. § 2614(3), and thus a violation of said latter provision.

AGREEMENT ON CONSENT

Based upon the foregoing, and pursuant to Section 16(a) of TSCA, 15 U.S.C. § 2615(a), and 40 C.F.R. § 22.18, it is hereby agreed by and between Complainant and Respondent, and voluntarily accepted by Respondent, that, for purposes of this Consent Agreement and in the interest of settling this matter expeditiously without the time, expense or uncertainty of a formal adjudicatory hearing on the merits, Respondent: **(a)** admits EPA, Region 2, has jurisdiction under Section 16(a)(1) of TSCA, 15 U.S.C. § 2615(a)(1), to prosecute this administrative enforcement action in a 40 C.F.R. Part 22 proceeding; **(b)** neither admits nor denies the “Findings of Fact” or “Conclusions of Law” as set forth in this document; **(c)** consents to the assessment of the civil penalty as set forth below; **(d)** consents to the

issuance of the Final Order accompanying this Consent Agreement; and (e) waives any right it might possess to seek or to obtain judicial review of, or otherwise contest, said Final Order under TSCA, the Administrative Procedure Act, 5 U.S.C. §§ 701 *et seq.*, or other applicable law.

Pursuant to 40 C.F.R. § 22.31(b), the executed Consent Agreement and accompanying Final Order shall become effective and binding when filed with the Regional Hearing Clerk of the Agency, Region 2 (such date henceforth referred to as the “effective date”).

It is further hereby agreed by and between Complainant and Respondent, and voluntarily accepted by Respondent, that there shall be compliance with the following terms and conditions:

1. Respondent shall, commencing on the date of the execution of the Final Order accompanying this Consent Agreement, maintain compliance with all applicable reporting requirements of 40 C.F.R. Part 711.
2. Respondent shall pay a civil penalty to EPA in the amount of **ONE HUNDRED NINETY THOUSAND (\$190,000.00) DOLLARS**. Said amount must be received (at the address or account set forth below) on or before thirty (30) calendar days [all subsequent references to “days” mean “calendar days”] after the Regional Administrator of EPA, Region 2, signs the Final Order accompanying this Consent Agreement (said payment date henceforth referred to as the “due date”).

Payment in accordance with the terms and schedule of this Consent Agreement shall be made by cashier’s check, certified check or electronically via Fedwire. If payments are made by cashier’s check or by certified check, such check shall be made payable to the “**Treasurer, United States of America,**” and shall be identified with a notation thereon listing the following: ***In re Stepan Company, Docket Number TSCA-02-2019-9144***. If payment is made by either form of check, such payment shall be mailed to the following address:

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

Alternatively, if Respondent chooses to make payment electronically by Fedwire, Respondent shall then provide the following information to its remitter bank when such payment in accordance with this paragraph is being made:

- a. Amount of Payment;
- b. SWIFT address: **FRNYUS33, 33 Liberty Street, New York, New York 10045;**
- c. Account Code for Federal Reserve Bank of New York receiving payment: **68010727;**
- d. Federal Reserve Bank of New York ABA routing number: **021030004;**
- e. Field Tag 4200 of the Fedwire message should read: **D 68010727 Environmental Protection Agency;**
- f. Name of Respondent: **Stepan Company;** and
- g. Case docket number: **TSCA-02-2019-9144.**

Regardless of the method of payment, payment is to be *received* on or before the due date.

3. Failure to pay the specified amount in full within the time period set forth above may result in referral of this matter to the United States Department of Justice or the United States Department of the Treasury for collection.
4. Furthermore, if the required payment is not received on or before the due date, interest therefor shall be assessed at the annual rate established by the Secretary of the Treasury pursuant to 31 U.S.C. § 3717, on the overdue amount from the date such payment was to have been made through the date such payment has been received. In addition, a late payment handling charge of \$15.00 will be assessed for each thirty (30) day period or any portion thereof, following the date such payment was to have been received, in which payment of the amount remains in arrears. In addition, a 6% per annum penalty will be applied to the principal amount that has not been received by the EPA within ninety (90) days of the date for which payment was required hereto to have been made.
5. The civil penalty provided for in this section (including any payment(s) for interest or late payment handling charge that have become due) constitutes a penalty within the meaning of 26 U.S.C. § 162(f) and does not constitute a deductible expenditure for purposes of federal or state law.
6. By entering this Consent Agreement, Respondent certifies that, as of the date of its signature, it has submitted to EPA the reports for calendar years 2012, 2013, 2014 and 2015 in compliance with the CDR Requirements for: **(a)** reports for the betaine subject chemicals; and **(b)** corrected reports for the 11 subject chemicals.
7. By entering into this Consent Agreement, Respondent hereby certifies that, as of the date of the execution of the Final Order accompanying this Consent Agreement, Respondent, in the operations at its facility in Fieldsboro, New Jersey, is aware of its obligations under the CDR Requirements and has systems in place intended to ensure full compliance with the applicable provisions of the CDR Requirements for the 2020 submission period.
8. Complainant shall mail to Respondent (to the representative designated below) a copy of the fully executed consent agreement and accompanying executed final order, and Respondent consents to service upon such representative by an employee of EPA other than the Regional Hearing Clerk of EPA, Region 2:

Russell Garrison, Esq.
Associate General Counsel
Stepan Company
22 West Frontage Road
Northfield, Illinois 60093

Delivery of the fully executed document to the address listed above in this paragraph shall constitute Respondent's receipt and acceptance of the CAFO.

9. Respondent has read this Consent Agreement, understands its terms, and consents to the issuance of the Final Order accompanying this Consent Agreement. Respondent further consents to making

payment of the entire amount of the civil penalty in accordance with the terms and schedule set forth above.

10. Any responses, documentation and other communications submitted to EPA in connection with this Consent Agreement shall be sent to:

Jesse A. Miller, Physical Scientist
U.S. Environmental Protection Agency, Region 2
Pesticides and Toxic Substances Compliance Branch
2890 Woodbridge Avenue
Edison, New Jersey 08837

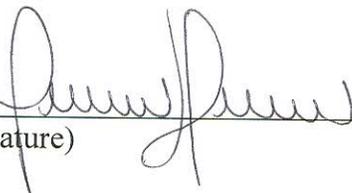
Unless the above-named EPA contact is subsequently advised in writing, EPA shall direct any future (*i.e.* subsequent to service of the fully executed CAFO having been made upon Respondent, as set forth in paragraph 8 of this section, above) written communications to the addressee identified in paragraph 8 of this section.

11. This CAFO is not intended, and shall not be construed, to waive, extinguish or otherwise affect Respondent's obligation to comply with all applicable federal, state and local law and regulations, nor is it intended or to be construed to be a ruling on or determination of any issue related to any federal, state or local permit. Payment of the civil penalty in full as provided herein, together with any late payment for interest, shall not nullify, abrogate or otherwise render nugatory Respondent's obligation to comply with applicable TSCA statutory and regulatory requirement for its manufacture and importation of chemical substances, including new chemical substances, and to maintain such compliance.
12. Full payment of the penalty amount set forth above (*i.e.* \$190,000.00) in accordance with the terms herein, as well as any interest or late payment handling charges that accrue, shall only resolve Respondent's liability for federal civil penalties for the facts and violations described in Paragraph 10 of the "Findings of Fact" and Paragraphs 11-12 and 14-15 of the "Conclusions of Law" sections, above. Nothing herein is intended or is to be construed to affect the authority of the EPA (or the United States on behalf of EPA) to pursue appropriate injunctive relief or otherwise seek equitable relief or criminal sanctions for any violation(s) of law resulting from or pertaining to, *inter alia*, Respondent's manufacture (including importation) of chemical substances for commercial purposes at Respondent's facility.
13. Respondent agrees not to contest the validity or any term of this Consent Agreement and Final Order in any action, suit or proceeding brought by the United States on behalf of EPA: **(a)** to enforce this CAFO; or **(b)** to enforce a judgment relating to this CAFO. Any failure by Respondent to perform fully any requirement herein will be considered a violation of this CAFO, and may subject Respondent to an action, suit or proceeding by the United States to enforce the provisions of this CAFO.
14. This Consent Agreement and any provision herein shall not be construed as an admission of liability in any adjudicatory or administrative proceeding, except in an action, suit or proceeding to enforce this Consent Agreement or any of its terms and conditions.

15. EPA's entering into this Consent Agreement is predicated upon Respondent not having misrepresented or concealed any material fact in any of its written or oral representations to the Agency. If any material fact has been misrepresented or concealed, EPA may, at its discretion, declare this Consent Agreement and accompanying Final Order null and void *ab initio*.
16. Compliance with the requirements and provisions of this CAFO shall not constitute a defense to any subsequent (*i.e.* following the filing of this document) action, suit or proceeding EPA (or the United States on behalf of EPA) may commence pursuant to any applicable federal statutory or regulatory provision for any violation(s) occurring after the date of the execution of the Final Order accompanying this Consent Agreement, or for any violation(s) of TSCA statutory or regulatory requirements or prohibitions not alleged herein but that may have occurred prior to the date of the execution of the Final Order accompanying this Consent Agreement.
17. If any requirement or obligation of this CAFO is held invalid or stayed by a court of competent jurisdiction, such action is not intended, and shall not, negate, abrogate or otherwise affect the validity and Respondent's obligation to comply with, and to maintain such compliance, with the remaining requirements and provisions of this CAFO.
18. Each party shall bear its own costs and fees in connection with this proceeding.
19. This CAFO is intended to, and shall, be fully binding upon the parties, their officers, directors, employees, successors and/or assigns (as applicable).
20. The undersigned signatories hereto certify that they are duly and fully authorized to enter into and ratify this Consent Agreement and all the terms, conditions and requirements set forth in this Consent Agreement, and, further, that they are authorized to bind the party on whose behalf they are signing to comply with the applicable terms, conditions and requirement set forth in this Consent Agreement.

In the Matter of Stepan Company
Docket Number TSCA-02-2019-9144

RESPONDENT
STEPAN COMPANY:

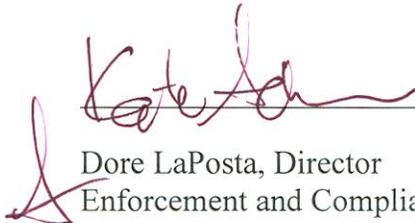
BY: 
(Signature)

NAME: ADEIANO GALIMBERTI
(Please Print)

TITLE: VP of GM North America

DATE: 05/28/2019

COMPLAINANT:

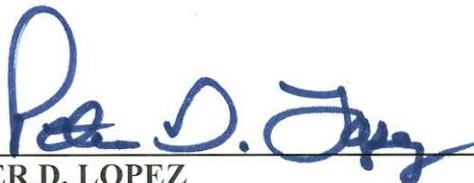


Dore LaPosta, Director
Enforcement and Compliance Assurance Division
U.S. Environmental Protection Agency - Region 2

DATE: **MAY 30 2019** _____

FINAL ORDER

The Regional Administrator of EPA, Region 2, concurs in the foregoing Consent Agreement in the case of *In the Matter of Stepan Company*, bearing Docket Number TSCA-02-2019-9144. Said Consent Agreement, having been duly accepted and entered into by the parties, shall be, and is hereby, ratified and incorporated into this Final Order, which is hereby issued and shall take effect when filed with the Regional Hearing Clerk of EPA, Region 2. 40 C.F.R. § 22.31(b). This Final Order is being entered pursuant to the authority of 40 C.F.R. § 22.18(b)(3).



PETER D. LOPEZ
Regional Administrator
United States Environmental Protection Agency –
Region 2

DATE: 6/3/19

In re Stepan Company
Docket No. TSCA-02-2019-9144

CERTIFICATE OF SERVICE

I certify that I have this day caused to be sent the foregoing "CONSENT AGREEMENT AND FINAL ORDER," bearing docket number TSCA-02-2019-9144, said Final Order having been duly executed by the Regional Administrator of the United States Environmental Protection Agency, Region 2, on June 3, 2019, in the above-referenced administrative enforcement proceeding in the following manner to the addressees listed below:

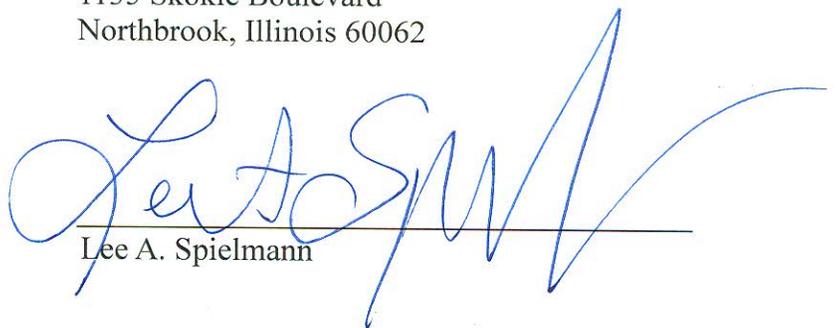
Original and One Copy
By Inter-Office Mail:

Office of Regional Hearing Clerk
U.S. Environmental Protection
Agency - Region 2
290 Broadway, 16th floor
New York, New York 10007-1866

Copy by Overnight Mail:

Russ Garrison, Esq.
Stepan Company
1135 Skokie Boulevard
Northbrook, Illinois 60062

Dated: June 4, 2019
New York, New York



Lee A. Spielmann