UNITED STATES ENVIRONMENTAL PROTECTION AGENCY REGION 1

Received by EPA Region 1 Hearing Clerk

In the Matter of:)
Charles Dridge LLC) Docket No. TSCA-01-2022-0027
Charles Bridge, LLC)
P.O. Box 628)
Old Lyme, CT 06371)
Respondent)
) Proceeding under Section 16(a) of the
) Toxic Substances Control Act,
) 15 U.S.C. § 2615(a)
)

PROPOSED INITIAL DECISION AND DEFAULT ORDER

I. Introduction

This proceeding was commenced on February 22, 2022, with the filing of a Complaint by the Complainant, the United States Environmental Protection Agency, Region 1 ("EPA"), against Respondent, Charles Bridge, LLC ("Charles Bridge" or "Respondent"). The Complaint charges Respondent with four violations of Section 409 of Toxic Substances Control Act ("TSCA"), 15 U.S.C. § 2689, the Residential Lead-Based Paint Hazard Reduction Act of 1992 ("the Act"), 42 U.S.C. § 4851 *et seq.*, and the federal regulations promulgated thereunder, entitled "Disclosure of Known Lead Based Paint and/or Lead Based Paint Hazards Upon Sale or Lease of Residential Property," as set forth at 40 C.F.R. Part 745, Subpart F (the "Disclosure Rule"). The complaint proposed a total penalty of \$56,109.

The Complaint was filed on February 22, 2022, and service was completed on February 23, 2022. To date, Respondent has not filed an Answer, and has not requested an extension of

time for filing an Answer. In accordance with Rule 22.17(a) of the Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties and the Revocation /Termination or Suspension of Permits ("Rules of Practice"), the failure to file a timely Answer to the complaint constitutes an admission of the facts alleged in the complaint and grounds for an assessment of the proposed penalty of \$56,109. For the reasons discussed below, Respondent should be found to be in default pursuant to Section 22.17(a) of the Rules of Practice, 40 C.F.R. § 22.17(a), and should be assessed the proposed penalty of \$56,109.

II. Findings of Fact and Conclusions of Law

- The Complainant is the United States Environmental Protection Agency, Region 1
 ("EPA").
- 2. The Respondent is Charles Bridge, LLC ("Respondent"), a "lessor" as defined in 40 C.F.R. § 745.103. Respondent is a limited liability company organized under the laws of the State of Maine.
- 3. Respondent owns and manages multiple residential buildings in Bangor, Maine, including a unit located at 308 Union Street, Bangor, Maine.

Service of the Complaint

- 4. The Complaint was served on Respondent's attorney, Nolan H. Tanous, Esq., on February 22, 2022, by electronic mail and on February 23, 2022, by express mail hand-delivery via United Parcel Service of America, Inc. Attorney Tanous's office signed for receiving the Complaint on February 23, 2022.
- 5. Therefore, service was complete as to Respondent as of February 23, 2022.
- 6. Respondent did not settle the matter, file a written Answer or request a hearing or an extension of time to file an Answer within the thirty-day day period specified under 40 C.F.R.

§ 22.15(a).

- 7. On June 13, 2022, Complainant filed a Motion for Default Order.
- 8. To date, Respondent has not filed an Answer to the Complaint.
- 9. In accordance with 40 C.F.R. § 22.17(a), Respondent is in DEFAULT and all the facts alleged by Complainant shall be deemed admitted against Respondent.

Violations of the Toxic Substances Control Act Regulations

- 10. Respondent is a limited liability company organized under the laws of the State of Maine and owns and manages multiple residential buildings in Bangor, Maine. At times relevant to the allegations in the Complaint, Respondent owned and offered for lease a residential apartment unit located at 308 Union Street, Bangor, Maine. One child, age 1, was resident.
- 11. Respondent was and is the "lessor" of the unit located at 308 Union Street, Bangor, Maine as defined in 40 C.F.R. § 745.103.
- 12. The 308 Union Street property is target housing as defined in Section 401(17) of TSCA and 40 C.F.R. § 745.103. This residential unit does not satisfy the requirements for an exemption under the provisions of the Act, TSCA (including 15 U.S.C. § 2681(17)).
- 13. Forty 40 C.F.R. § 745.107(a)(1) requires a lessor to provide a lessee, before the lessee is obligated under any contract to lease target housing, with an EPA-approved lead hazard information pamphlet (*Protect Your Family From Lead in Your Home*) or an equivalent pamphlet that has been approved for use in particular states by EPA.
- 14. Forty C.F.R. § 745.113(b)(1) requires a lessor to ensure that before the lessee is obligated under any contract to lease target housing, each contract to lease target housing includes a Lead Warning Statement within, or as an attachment to, the contract.

- 15. Forty C.F.R. § 745.113(b)(2) requires that a contract to lease target housing must include as an attachment to or within the lease contract a statement by the lessor disclosing the presence of known lead-based paint and/or lead-based paint hazards in the target housing being leased, or indicating no knowledge of the presence of lead-based paint and/or lead-based paint hazards.
- 16. Forty 40 C.F.R. § 745.113(b)(3) requires a lessor to ensure that before a lessee is obligated under any contract to lease target housing, the contract to lease target housing includes within or as an attachment to the contract a list of any records or reports available pertaining to lead-based paint and/or lead-based paint hazards in the target housing being leased or, if no such records or reports are available, the lessor shall so indicate.
- 17. On September 16, 2020, EPA issued an Information Request Letter ("IRL") to Respondent. The IRL sought records and other information relating to Respondent's compliance with Disclosure Rule requirements.
- 18. On September 30, 2020, in response to the IRL, Respondent submitted information regarding the 308 Union Street residential property. Respondent also provided EPA with leases, inspection reports, and disclosure forms for Respondent's other properties. Further EPA investigation indicated a child, age 1, resided in the 308 Union Street residential property at the time of Respondent's response to the IRL.
- 19. On or about March 24, 2020, a lessee became obligated to rent an apartment at 308 Union Street.
- 20. In a notarized affidavit submitted as an attachment to Complainant's Memorandum in Support of Motion for Default Order, the lessee states Respondent failed to provide the lessee with an EPA-approved lead hazard information pamphlet and information pertaining to lead-based paint in the target housing before the lessee entered into a contract to lease the target

housing.

- 21. Respondent failed to provide the lessee who became obligated to rent the 308 Union Street property, with an EPA-approved lead hazard information pamphlet before the lessee entered into a contract to lease target housing as required by 40 C.F.R. § 745.107(a)(1), constituting one violation of TSCA Section 409, 15 U.S.C. § 2689.
- 22. Respondent failed to include a Lead Warning Statement within or attached to its contract with the lessee who became obligated to rent the 308 Union Street property as required by 40 C.F.R. § 745.113(b)(1), constituting one violation of TSCA Section 409, 15 U.S.C. § 2689.
- 23. Respondent failed to include, as an attachment to or within the lease contract with the lessee who became obligated to rent the 308 Union Street property, a statement disclosing the presence of known lead-based paint and/or lead-based paint hazards in the target housing being leased or indicating the lack of knowledge of the presence of lead-based paint and/or lead-based paint hazards as required by 40 C.F.R. § 745.113(b)(2), constituting one violation of TSCA Section 409, 15 U.S.C. § 2689.
- 24. Respondent failed to include, within or attached to the contract to lease the 308 Union Street property, a list of available records or reports pertaining to lead-based paint and/or lead-based paint hazards or an indication that no such records or reports are available as required by 40 C.F.R. §745.113(b)(3), constituting one violation of TSCA Section 409, 15 U.S.C. § 2689.

III. Determination of Civil Penalty Amount

Pursuant to Rule 22. 17(c) or the Consolidated Rules or Practice, 40 C.F. R. § 22.17(c), with regard to the issuance of a Default Order, the relief proposed in the Complaint or Motion for Default shall be ordered unless it is "clearly inconsistent with the record of the proceeding or the Act." This provision also states that if a Default Order resolves all outstanding issues and claims

in a proceeding, it shall constitute an Initial Decision. For purposes of calculating a civil penalty to be assessed in an Initial Decision, a Presiding Officer is required to determine the penalty based on the evidence in the record of the case and in accordance with any penalty criteria set forth in the underlying statute. 40 C.F.R. § 22.27(b). A Presiding Officer is also required to consider any applicable civil penalty guidelines. *Id*.

The following analysis of the penalty calculation for this matter is based upon the statutory factors, case-specific facts. and applicable civil penalty guidelines.

Section 16(a)(2)(B) of TSCA. 15 U.S.C. § 2615(a)(2)(B), requires that the following factors be considered in determining the amount or any penalty assessed under Section 16: the nature, circumstances, extent and gravity of the violation or violations and, with respect to the violator, ability to pay, effect on ability to continue to do business, any history of prior such violations, the degree of culpability, and other such matters as justice may require (the "TSCA statutory penalty factors").

Section 16 of TSCA, 15 U.S.C. § 2615, which provides that violations of TSCA Section 409, 15 U.S.C. § 2689, are subject to the assessment by EPA of civil and/or criminal penalties. Section 1018(b)(5) of the Act and 40 C.F.R. § 745.118(f) provide that, for purposes of enforcing the Disclosure Rule under TSCA, the penalty for each violation shall be no more than \$10,000. Pursuant to the Civil Penalties Inflation Adjustment Act Improvements Act of 2015, 28 U.S.C. § 2461, the Debt Collection Improvement Act and 40 C.F.R. Part 19, the maximum penalty for each violation that occurred on or after November 2, 2015, and that is assessed on or after January 12, 2022, is \$19,507 (*See* 87 Fed. Reg.1,676, January 12, 2022).

EPA has issued guidelines for assessing penalties under TSCA, December 2007 Section 1018 - Disclosure Rule Enforcement Response and Penalty Policy (the "ERPP"). The ERPP

provides a rational, consistent, and equitable calculation methodology for applying the statutory penalty factors enumerated above to particular cases. The ERPP sets forth EPA's analysis of the TSCA statutory factors as they apply to, *inter alia*, violations of the Disclosure Rule and provides a calculation methodology (or applying the statutory factors to particular cases. ERPP at 11.

Under the ERPP, there are two components of a penalty calculation, namely (1) determination or a gravity-based penalty based on the nature, circumstances, and extent or harm that may result from a respondent's violations, and (2) upward or downward adjustments to the gravity-based penalty component considering a respondent's ability to pay the penalty, effect of the penalty on a respondent's ability to continue to do business, any history of prior such violations, the degree of a respondent's culpability, and such other matters as justice may require. *Id*.

The gravity-based penalty is based on the nature, circumstances, and extent or harm that may result from a violation. The "nature" of the violation incorporates the concept of whether the violation is of a "chemical control," "control-associated data gathering," or "hazard assessment" nature. *Id.* The Disclosure Rule is most appropriately characterized as "hazard assessment" in nature. *Id.* The Disclosure Rule requirements are designed to provide potential lessees of target housing with information that will permit them to weigh and assess the risks presented by the actual or possible presence of lead-based paint and/or lead-based paint hazards in the target housing they might lease. This information is vital to lessees to make an informed decision about whether to reside in target housing because of the potential risk to all inhabitants and particularly to young children and/or pregnant women residing in that target housing. The classification of the "nature" of the violation has a direct effect on the measures used to determine the

"circumstances" and "extent of harm classification of a violation under the ERPP. ERPP at 12.

The circumstance level reflects the probability of harm a lessee will suffer resulting from a particular type of violation. "For a Disclosure Rule violation, the harm is associated with the failure to disclose information on lead-based paint and/or lead-based paint hazards." *Id.* As a result, the primary circumstance to be considered is the lessee's ability to "properly assess and weigh the factors associated with human health risk when leasing target housing." *Id.* The greater the deviation from the regulations (such as no disclosure), the greater the likelihood that the purchaser or lessee will be uninformed about the hazards associated with lead-based paint and, consequently, the greater the likelihood of harm due to exposure to lead-based paint and/or lead-based paint hazards. Under the ERPP, circumstance levels range from a 1 to 6, with Levels 1 and 2 having the highest probability of harm. Levels 3 and 4 posing a medium probability or harm, and Levels 5 and 6 posing a low probability of harm. *Id.* Appendix B of the ERPP sets forth the circumstance levels for particular violations. *Id.*

The extent of harm level of a violation may be characterized as either major, significant, or minor, depending on the degree, range and scope of a violation's potential for childhood lead poisoning. ERPP at 12-13. Major violations pose the potential for serious damage to human health and the environment. Significant violations have the potential for significant damage to human health and the environment. Finally, minor violations pose the potential for lesser damage to human health and the environment. ERPP at 13. Under the ERPP, for target housing units occupied by a pregnant woman and/or a child of less than six years of age, a major classification is deemed appropriate. *Id*. For housing units occupied by a child between six years of age and eighteen years or age, the extent of harm for violations is significant. *Id*. For housing units that are not occupied by children less than eighteen years of age, the appropriate extent of harm is

Analysis of the Penalty Calculation

Pursuant to Rule 22.17(c) of the Consolidated Rules or Practice, 40 C.F.R. § 22.17(c), with regard to the issuance or a Default Order, the relief proposed in the Complaint or Motion for Default shall be ordered unless it is "clearly inconsistent with the record of the proceeding or the Act." This provision also states that if a Default Order resolves all outstanding issue and claims in a proceeding, it shall constitute an Initial Decision. For purposes of calculating a civil penalty to be assessed in an Initial Decision, a Presiding Officer is required to determine the penalty based on the evidence in the record or the case and in accordance with any penalty criteria set forth in the underlying statute. 40 C.F.R. § 22.27(b). A Presiding Officer is also required to consider any applicable civil penalty guidelines. *Id*.

The following analysis of the penalty calculation for this matter is based upon the statutory factors, case-specific facts, and the ERPP. The ERPP provides rational, consistent and equitable methodologies for applying the TSCA statutory factors to the facts and circumstances of this matter.

A. <u>Count I: Failure to Provide Lessee with an EPA-Approved Lead Hazard Information Pamphlet</u>

Under 40 C.F.R. § 745.107(a)(1), a lessor is required to provide a lessee, before the lessee is obligated under any contract to lease target housing, with an EPA-approved lead hazard information pamphlet (*Protect Your Family From Lead in Your Home*) or an equivalent pamphlet that has been approved for use in particular states by EPA. Respondent's failure to provide the lessee who became obligated to rent the 308 Union Street property, with an EPA-approved lead hazard information pamphlet before the lessee entered into a contract to lease target housing constitutes a violation of 40 C.F.R. § 745.107(a)(1) and TSCA Section 409, 15 U.S.C.

§ 2689. Penalties for this violation may be assessed pursuant to Section 16 of TSCA.

In accordance with the ERPP, for target housing units that are occupied by children under the age of six, the appropriate extent of harm for Respondent's failure to provide an EPA-approved lead hazard information pamphlet before the lessee entered into a contract to lease target housing is major. The policy also states that the circumstance level for violations of 40 C.F.R. § 745.107(a)(1) is a Level 1 violation (high). Accordingly, under the ERPP, the penalty for a major, Level 1 violation is \$19,507. ERPP at Appendix B.

B. Count II: Failure to Include a Lead Warning Statement

Pursuant to 40 C.F.R. § 745.113(b)(1), a lessor must ensure that before the lessee is obligated under any contract to lease target housing, each contract to lease target housing includes a Lead Warning Statement within, or as an attachment to, the contract. Respondent's failure to include a Lead Warning Statement within or attached to its contract with the lessee who became obligated to rent the 308 Union Street property constitutes a violation of 40 C.F.R. § 745.113(b)(1) and TSCA Section 409 and is a violation for which penalties may be assessed pursuant to Section 16 of TSCA. Penalties for this violation may be assessed pursuant to Section 16 of TSCA.

In accordance with the ERPP, for target housing units that are occupied by children under the age of six, the appropriate extent of harm for Respondent's failure to provide a Lead Warning Statement before the lessee entered into a contract to lease target housing is major. The policy also states that the circumstance level for violations of 40 C.F.R. § 745. 113(b)(1), is a Level 2 violation (high). Accordingly, under the ERPP, the penalty for a major, Level 2 violation is \$18,301. ERPP at Appendix B.

C. <u>Count III: Failure to Disclose the Presence of Known Lead-Based Paint/Hazards or Indicating No Knowledge Thereof</u>

Under 40 C.F.R. § 745.113(b)(2), a contract to lease target housing must include as an attachment to or within the lease contract a statement by the lessor disclosing the presence of known lead-based paint and/or lead-based paint hazards in the target housing being leased, or indicating no knowledge of the presence of lead-based paint and/or lead-based paint hazards. Respondent's failure to include, as an attachment to or within the lease contract with the lessee who became obligated to rent the 308 Union Street property, a statement disclosing the presence of known lead-based paint and/or lead-based paint hazards in the target housing being leased or indicating the lack of knowledge of the presence of lead-based paint and/or lead-based paint hazards constitutes a violation of 40 C.F.R. § 745.113(b)(2), and TSCA Section 409. Penalties for this violation may be assessed pursuant to Section 16 of TSCA.

In accordance with the ERPP, for target housing units that are occupied by children under the age of six, the appropriate extent of harm for Respondent's failure to disclose the presence of known lead-based paint/hazards or indicating no knowledge thereof before the lessee entered into a contract to lease target housing is major. The policy also states that the circumstance level for violations of 40 C.F.R. § 745. 113(b)(2), is a Level 3 violation (medium). Accordingly, under the ERPP, the penalty for a major, Level 3 violation is \$13,726. ERPP at Appendix B.

D. <u>Count IV: Failure to Include a List of Records/Reports Pertaining to Lead-Based Paint or Lead-Based Paint Hazards in The Housing, or Failure to Indicate That No Such Records Exist.</u>

Pursuant to 40 C.F.R. § 745.113(b)(3), a lessor must ensure that before a lessee is obligated under any contract to lease target housing, the contract to lease target housing includes within or as an attachment to the contract a list of any records or reports available pertaining to lead-based paint and/or lead-based paint hazards in the target housing being leased or, if no such

records or reports are available, the lessor shall so indicate. Respondent's failure to include, within or attached to the contract to lease the 308 Union Street property, a list of available records or reports pertaining to lead-based paint and/or lead-based paint hazards or an indication that no such records or reports are available constitutes a violation of 40 C.F.R. § 745.113(b)(3), and TSCA Section 409. Penalties for this violation may be assessed pursuant to Section 16 of TSCA.

In accordance with the ERPP, for target housing units that are occupied by children under the age of six, the appropriate extent of harm for Respondent's failure to include a list of records/reports pertaining to lead-based paint or lead-based paint hazards in the housing, or failure to indicate that no such records exist before the lessee entered into a contract to lease target housing is major. The policy also states that the circumstance level for violations of 40 C.F.R. § 745. 113(b)(3), is a Level 5 violation (low). Accordingly, under the ERPP, the penalty for a major, Level 5 violation is \$4,575. ERPP at Appendix B.

Determination of the Adjusted Penalty

The ERPP states that upward or downward adjustments may be made to the gravity-based penalty by considering other factors, including but not limited to Respondent's ability to pay, degree or culpability, prior history and voluntary disclosures or violations. The record does not contain any information to indicate that Respondent has a prior history of TSCA violations or received an economic benefit from the violations. In addition, there is no information in the record that indicates Respondent's degree of culpability, shows voluntary disclosures, or supports other mitigating factors. Accordingly, the Complainant did not make either upward or downward adjustments to the gravity-based penalty. Accordingly, the total penalty amount assessed in the Complaint and Motion for Default results in a total penalty of \$56,109.

Penalty Calculation

In the Complaint and Motion for Default Order, Complainant proposed the assessment of a civil penalty in the amount of \$56,109 against Respondent for its violations of TSCA. For purposes of calculating the penalty, Complainant took into account the TSCA statutory factors by utilizing the penalty calculation methodology set forth in the ERPP. Utilizing the ERPP, Complainant calculated the proposed penalty as follows:

Count	Description	Penalty
1	Failure to provide lessee with an EPA-approved lead hazard information pamphlet	\$19,507
2	Failure to include as an attachment, or within the contract to lease target housing, the Lead Warning Statement	
3	Failure to disclose the presence of known lead-based paint/hazards or indicate no knowledge thereof	\$13,726
4	Failure to include a list of records/reports pertaining to lead-based paint or lead-based paint hazards in the housing, or failure to indicate that no such records exist	\$4,575
	Total	\$56,109

ORDER

In accordance with Section 22.17 of the Consolidated Rules of Practice, 40 C.F.R. § 22.17, and based on the record, the findings of fact and conclusions or law set forth above. I hereby find that Respondent is in **DEFAULT** and liable for a total penalty of \$56,109.

IT IS THEREFORE ORDERED that Respondent, Charles Bridge, shall, within thirty days after this Order becomes final under 40 C.F.R. § 22.27(c), submit by cashier's or certified check, payable to the United States Treasurer, payment in the amount of \$56,109 in one of the following ways:

CHECK PAYMENTS:

U.S. Environmental Protection Agency Fines and Penalties

Cincinnati Finance Center P.O. 13ox 979077 St. Louis, MO 63197-9000

WIRE TRANSFERS:

Federal Reserve Bank of New York ABA = 021030004 Account = 68010727 SWIFT address = FRNYUS33 33 Liberty Street New York NY 10045

Field Tag 4200 of the Fedwire message should read "D68010727 Environmental Protection Agency"

OVERNIGHT MAIL:

U.S. Environmental Protect ion Agency Cincinnati Finance Center Government Lockbox 979077 1005 Convention Plaza Mail Station SL-MO-C2-GL St. Louis, MO 630101

Contact: 314-418-1818

ON LINE PAYMENT:

There is now an On-Linc Payment Option, available through the U.S. Department of Treasury. This payment option can be accessed from the information below:

WWW.PAY.GOV

Enter sfo 1.1 in the search field. Open form and complete required fields.

Additional payment guidance is available at https://www2.epa.goc/fiancial/makepayment

Respondent shall note on the check the title and docket number of this administrative action. Respondent shall serve photocopies or any check or written notification confirming electronic fund transfer or on-line payment to:

Wanda Santiago, Regional Hearing Clerk U.S. Environmental Protection Agency, Region 1 5 Post Office Square, Suite 100 (ORC 04-6) Boston, MA 02109-3912 r1 hearing clerk filings@epa.gov

and

Peter DeCambre
Enforcement Counsel
U.S. Environmental Protection Agency, Region 1
5 Post Office Square, Suite 100 (ORC 04-3)
Boston, MA 02190-3912
decambre.peter@epa.gov

Each party shall bear its own costs in bringing or defending this action.

Should Charles Bridge fail to pay the penalty specified above in full by its due date, the entire unpaid balance of the penalty and accrued interest shall become immediately due and owing. Pursuant to the Debt Collection Act, 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 be assessed at the rate of the United States Treasury tax and loan rate, in accordance with 40 C.F.R. § 102.13(e).

In accordance with 40 C.F.R. § 22.27(a) of the Consolidated Rules of Practice, this

Default Order constitutes an Initial Decision. This Initial Decision shall become a Final Order

forty five days after its service upon a party, and without further proceedings unless: (1) a party

moves to reopen the hearing within twenty days alter service of this Initial Decision, pursuant to

40 C.F.R. § 22.28(a); (2) a party appeals the Initial Decision to the Environmental Appeals

Board within thirty days after this Initial Decision is served upon the parties; (3) a party moves to

set aside a Default Order that constitutes an Initial Decision; or (4) the Environmental Appeals

Board elects, upon its own initiative, to review this Initial Decision, pursuant to 40 C.F.R.

§ 22.30(b).

Within thirty days after the Initial Decision is served, any party may appeal any adverse order or ruling of the Presiding Officer by filing an original and one copy or a notice of appeal and an accompanying appellate brief with the Environmental Appeals Board. 40 C.F.R. § 22.27(a). If a party intends to file a notice of appeal to the Environmental Appeals Board, it should be sent to the following address:

U.S. Environmental Protection Agency Clerk of the Board Environmental Appeals Board (MC 1103B) 1200 Pennsylvania Avenue, N.W. Washington, D.C. 20460-0001

Where a Respondent fails to appeal an Initial Decision with the Environmental Appeals Board pursuant to 40 C.F.R. § 22.30 of the Consolidated Rules of Practice. and that Initial Decision becomes a Final Order pursuant to 40 C.F.R. § 22.27(c) of the Consolidated Rules, Respondent waives its right to judicial review.

SO ORDERED, this Day of 2022.
LeAnn Jensen
Regional Judicial Officer/ Presiding Officer
U.S. EPA Region 1