



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION 5  
77 WEST JACKSON BOULEVARD  
CHICAGO, IL 60604-3590

OCT 28 2014

REPLY TO THE ATTENTION OF:

SC-5J

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Mr. Roger Buddig  
President  
Carl Buddig and Company  
950 175<sup>th</sup> Street  
Homewood, Illinois 60430

Re: Carl Buddig and Company, Consent Agreement and Final Order.  
Docket No. **CAA-05-2015-0004**

Dear Mr. Buddig:

Enclosed please find a fully executed Consent Agreement and Final Order (CAFO) in resolution of the above case. The U. S. Environmental Protection Agency has filed the other original CAFO with the Regional Hearing Clerk on October 28, 2014. Please pay the civil penalty in the amount of \$64,000 in the manner prescribed in paragraph(s) 36 thru 41 and reference your check with the docket number.

Please feel free to contact Ellen Riley at 312-886-9497 if you have any questions regarding the enclosed documents. Please direct any legal questions to Mary Fulghum, Associate Regional Counsel at 312-886-4683. Thank you for your assistance in resolving this matter.

Sincerely,



Michael E. Hans, Chief  
Chemical Emergency  
Preparedness & Prevention Section

Enclosure

cc: Regional Hearing Clerk  
U. S. EPA Region 5

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION 5



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**In the Matter of:** )  
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**Carl Buddig and Company** )  
**South Holland, Illinois** )  
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**Respondent.** )  
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**Proceeding to Assess a Civil Penalty  
Under Section 113(d) of the Clean Air  
Act, 42 U.S.C. § 7413(d)**

**Docket No.** CAA-05-2015-0004

**Consent Agreement and Final Order**

**Preliminary Statement**

1. This is an administrative action commenced and concluded under Section 113(d) of the Clean Air Act (the Act), 42 U.S.C. § 7413(d), and Sections 22.1(a)(2), 22.13(b), and 22.18(b)(2) and (3) 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, for violations of Section 112(r) of the Act, 42 U.S.C. § 7412(r), and the implementing regulations.
2. Complainant is the Director of the Superfund Division, United States Environmental Protection Agency (U.S. EPA), Region 5, Chicago, Illinois.
3. Respondent is Carl Buddig and Company (Respondent), a corporation doing business in the State of Illinois.

4. Where the parties agree to settle one or more causes of action before the filing of a complaint, the administrative action may be commenced and concluded simultaneously by the issuance of a consent agreement and final order (CAFO). 40 C.F.R. § 22.13(b).

5. The parties agree that settling this action without the filing of a complaint or the adjudication of any issue of fact or law is in their interest and in the public interest.

6. In order to resolve this matter without litigation, Respondent consents to entry of this CAFO and the assessment of the specified civil penalty, and agrees to comply with the terms of the CAFO.

#### **Jurisdiction and Waiver of Right to Hearing**

7. Respondent admits the jurisdictional allegations in this CAFO and neither admits nor denies the factual allegations in the CAFO.

8. Respondent waives its right to request a hearing as provided at 40 C.F.R. § 22.15(c), any right to contest the allegations in this CAFO, and its right to appeal this CAFO.

#### **Statutory and Regulatory Background**

9. Section 112(r)(1) of the Act, 42 U.S.C. § 7412(r)(1), provides that it shall be the objective of the regulations and programs authorized under this subsection to prevent the accidental release and to minimize the consequences of any such release of any substance listed pursuant to Section 112(r)(3), or any other extremely hazardous substance.

10. Section 112(r)(3) of the Act, 42 U.S.C. § 7412(r)(3), provides that the Administrator shall promulgate, not later than 24 months after November 15, 1990, an initial list of 100 substances which, in the case of an accidental release, are known to cause or may

reasonably be anticipated to cause death, injury, or serious adverse effects to human health or the environment.

11. Section 112(r)(7)(A) of the Act, 42 U.S.C. § 7412(r)(7)(A), provides that in order to prevent accidental releases of regulated substances, the Administrator is authorized to promulgate release prevention, detection, and correction requirements which may include monitoring, record-keeping, reporting, training, vapor recovery, secondary containment, and other design, equipment, work practice, and operational requirements.

12. Section 112(r)(7)(B)(i) of the Act, 42 U.S.C. § 7412(r)(7)(B)(i), provides that within 3 years after November 15, 1990, the Administrator shall promulgate reasonable regulations and appropriate guidance to provide, to the greatest extent practicable, for the prevention and detection of accidental releases of regulated substances and for response to such releases by the owners or operators of the sources of such releases.

13. Section 112(r)(7)(B)(ii) of the Act, 42 U.S.C. § 7412(r)(7)(B)(ii), provides that the regulations under this subparagraph shall require the owner or operator of stationary sources at which a regulated substance is present in more than a threshold quantity to prepare and implement a Risk Management Plan (RMP) to detect and prevent or minimize accidental releases of such substances from the stationary source, and to provide a prompt emergency response to any such releases in order to protect human health and the environment.

14. Under Section 112(r) of the Act, 42 U.S.C. § 7412(r), the Administrator initially promulgated a list of regulated substances, with threshold quantities for applicability, at 59 Fed. Reg. 4478 (January 31, 1994), which have since been codified, as amended, at 40 C.F.R. § 68.130.

15. Under Section 112(r) of the Act, 42 U.S.C. § 7412(r), the Administrator promulgated “Accidental Release Prevention Requirements: Risk Management Programs Under Clean Air Act Section 112(r)(7),” 61 Fed. Reg. 31668 (June 20, 1996), which were codified, and amended, at 40 C.F.R. Part 68: Chemical Accident Prevention Provisions (Risk Management Program Regulations).

16. Under 40 C.F.R. § 68.3, “stationary source” is defined to mean “any buildings, structures, equipment, installations, or substance emitting stationary activities which belong to the same industrial group, which are located on one or more contiguous properties, which are under the control of the same person (or persons under common control), and from which an accidental release may occur.”

17. Under 40 C.F.R. § 68.3, “process” is defined to mean “any activity involving a regulated substance including any use, storage, manufacturing, handling, or on-site movement of such substances, or combination of these activities.”

18. Under Section 112(r)(3) of the Act, 42 U.S.C. § 7412(r)(3), the Administrator has listed anhydrous ammonia (CAS No. 7664-41-7) as a substance which, in the case of an accidental release, is known to cause or may reasonably be anticipated to cause death, injury, or serious adverse effects to human health or the environment. The Administrator has further identified a threshold quantity of 10,000 lbs. for anhydrous ammonia (CAS No. 7664-41-7) for determining whether sources are subject to the Risk Management Program. 40 C.F.R. § 68.130, Tables 1 and 2.

19. 40 C.F.R. § 68.115(a) provides that a “threshold quantity of a regulated substance listed in 40 C.F.R. § 68.130 is present at a stationary source if the total quantity of the regulated substance contained in a process exceeds the threshold.”

20. 40 C.F.R. § 68.12(a) requires that the owner or operator of a stationary source subject to 40 C.F.R. Part 68 shall submit a single RMP, as provided in 40 C.F.R. §§ 68.150 through 68.185.

21. 40 C.F.R. § 68.12(d) requires that, in addition to meeting the general requirements of 40 C.F.R. § 68.12(a), the owner or operator of a stationary source with a process subject to Program 3 shall meet additional requirements identified at 40 C.F.R. § 68.12(d).

22. Section 113(d) of the Act 42 U.S.C. § 7413(d) and 40 C.F.R. Part 19 provide that the Administrator of the U.S. EPA may assess a civil penalty of up to \$32,500 per day of violation up to a total of \$270,000 for each violation of Section 112(r) of the Act that occurred from March 15, 2004 to January 12, 2009 and a civil penalty of up to \$37,500 per day of violation up to a total of \$295,000 for each violation of Section 112(r) of the Act that occurred after January 12, 2009.

23. Section 113(d)(1) of the Act limits the Administrator’s authority to matters where the first alleged date of violation occurred no more than 12 months prior to initiation of the administrative action, except where the Administrator and the Attorney General of the United States jointly determine that a matter involving a longer period of violation is appropriate for an administrative penalty action.

24. The Administrator and the Attorney General of the United States, each through their respective delegates, have determined jointly that an administrative penalty action is appropriate for the period of violations alleged in this complaint.

**Factual Allegations and Alleged Violations**

25. Respondent is a “person,” as defined at Section 302(e) of the Act, 42 U.S.C. § 7602(e).

26. Respondent owns and operates a refrigerated warehouse located at 50 West Taft Drive, South Holland, Illinois, which consists of buildings, equipment, structures, and other stationary items which are located on a single site or on contiguous or adjacent sites, and which are owned or operated by the same person (the South Holland Facility).

27. On June 25, 1999, under Section 112(r) of the Act, 42 U.S.C. § 7412, and implementing regulations at 40 C.F.R. Part 68, Respondent submitted to U.S. EPA an RMP for the South Holland Facility.

28. According to the RMP submitted to U.S. EPA by Respondent, the South Holland Facility:

- a. fell within NAICS Code 311612 as “meat processed from carcasses”;
- b. used anhydrous ammonia as a process chemical for refrigeration during its operations; and
- c. held at least 10,000 lbs. of anhydrous ammonia.

29. On September 16, 2010, an authorized representative of U.S. EPA conducted an inspection at the South Holland Facility to determine its compliance with 40 C.F.R. Part 68.

30. The South Holland Facility is a “stationary source,” as defined a 40 C.F.R. § 68.3.

31. On June 25, 1999, having held for use in its operations at the South Holland Facility 10,000 lbs. or more of anhydrous ammonia, Respondent exceeded the applicability threshold established by 40 C.F.R. § 68.130, and became subject to 40 C.F.R. Part 68.

32. For purposes of compliance with 40 C.F.R. Part 68 in its RMP, Respondent has acknowledged that it was required to meet Program 3 eligibility requirements at the South Holland Facility.

33. Based on the inspection conducted on September 16, 2010 and a review of additional information received by U.S. EPA subsequent to that date, it has identified the following alleged violations by Respondent of the Risk Management Program Regulations:

- a. Respondent failed to establish a system to promptly address Process Hazard Analysis finding and recommendations, as required under 40 C.F.R. § 68.67(e).
- b. Respondent failed to follow recognized and generally accepted good engineering practices for inspection and testing procedures, as required under 40 C.F.R. § 68.73(d)(2).
- c. Respondent failed to ensure that the frequency of inspections and tests were consistent with applicable manufacturers guidelines, as required under 40 C.F.R. § 68.73(d)(3).
- d. Respondent failed to correct deficiencies in equipment that were outside acceptable limits defined by the process safety information, as required under 40 C.F.R. § 68.73(e).
- e. Respondent failed to promptly determine and document an appropriate response to each of the findings of the compliance audit, and document that deficiencies have been corrected, as required under 40 C.F.R. § 68.79(d).

34. Section 112(r)(7)(E) of the Act, 42 U.S.C. § 7412(r)(7)(E), provides that after the effective date of any regulation or requirement promulgated pursuant to Section 112(r) of the Act, it shall be unlawful for any person to operate any stationary source in violation of such regulation or requirement.

35. Accordingly, the above-described violations of 40 C.F.R. Part 68 and Section 112(r) of the Act are subject to the assessment of a civil penalty under Section 113(d) of the Act, 42 U.S.C. § 7413(d).



**Civil Penalty**

36. Based on an analysis of the factors specified in Section 113(e) of the Act, 42 U.S.C. § 7413(e), the facts of this case, and other factors such as cooperation and compliance, as discussed in the *Final and Combined Enforcement Policy for Clean Air Act (CAA) Sections 112(r)(1), 112(r)(7), June 12, 2012*, the Complainant has determined that an appropriate civil penalty to settle this action is \$64,000.

37. Within 30 days after the effective date of this CAFO, Respondent must pay the \$64,000 civil penalty using one of the following methods;

a. By sending a cashier's or certified check, by regular U.S. Postal Service mail, payable to the "Treasurer, United States of America," to:

U.S. EPA  
Fines and Penalties  
Cincinnati Finance Center  
P.O. Box 979077  
St. Louis, MO 63197-9000

The check must note "Carl Buddig and Company" and the docket number of this CAFO.

b. By electronic transfer of funds. Please make the check payable to "Treasurer, United States of America," and send to:

Federal Reserve Bank of New York  
ABA No. 021030004  
Account No. 68010727  
33 Liberty Street  
New York, NY 10045

Field Tag 4200 of the Fedwire should read:

"D68010727 Environmental Protection Agency"

In the comment or description field of the electronic funds transfer, state the following:

Carl Buddig and Company and the docket number of this CAFO.

c. By Automated Clearinghouse (ACH) also known as REX or remittance express ACH electronic funds transfer, make check payable to "Treasurer, United States of America," and send to:

US Treasury REX/Cashlink ACH Receiver  
ABA: 051036706  
Account Number: 310006, Environmental Protection Agency  
CTX Format Transaction Code 22-checking

38. A transmittal letter stating Respondent's name, complete address, and the case docket number must accompany the payment. Respondent must send a copy of the check/electronic transfer record and transmittal letter to:

Attn: Regional Hearing Clerk, (E-19J)  
U.S. Environmental Protection Agency, Region 5  
77 West Jackson Boulevard  
Chicago, IL 60604

Ellen Riley (SC-5J)  
Chemical Emergency Preparedness and Prevention Section  
Superfund Division  
U.S. Environmental Protection Agency, Region 5  
77 West Jackson Boulevard  
Chicago, IL 60604

Mary Fulghum (C-14J)  
Office of Regional Counsel  
U.S. Environmental Protection Agency, Region 5  
77 West Jackson Boulevard  
Chicago, IL 60604

39. This civil penalty is not deductible for federal tax purposes.

40. If Respondent does not pay timely the civil penalty, U.S. EPA may bring an action to collect any unpaid portion of the penalty with interest, handling charges, nonpayment

penalties and the United States' enforcement expenses for the collection action under Section 113(d)(5) of the Act, 42 U.S.C. § 7413(d)(5). The validity, amount, and appropriateness of the civil penalty are not reviewable in a collection action.

41. Pursuant to 31 C.F.R. § 901.9, Respondent must pay the following on any amount overdue under this CAFO. Interest will accrue on any overdue amount from the date payment was due at a rate established by the Secretary of the Treasury. Respondent must pay a \$15 handling charge each month that any portion of the penalty is more than 30 days past due. In addition, Respondent must pay a quarterly nonpayment penalty each quarter during which the assessed penalty is overdue according to Section 113(d)(5) of the Act, 42 U.S.C. § 7413(d)(5). This nonpayment penalty will be 10 percent of the aggregate amount of the outstanding penalties and nonpayment penalties accrued from the beginning of the quarter.

#### **General Provisions**

42. This CAFO resolves Respondent's liability only for federal civil penalties for the violations alleged in EPA's May 23, 2013 "Notice of Intent to File a Civil Complaint against Carl Buddig and Company, South Holland, Illinois" and this CAFO.

43. The CAFO does not affect the right of U.S. EPA or the United States to pursue appropriate injunctive or other equitable relief or criminal sanctions for any violation of law.

44. This CAFO does not affect Respondent's responsibility to comply with the Act and other applicable federal, state, and local laws. Except as provided in paragraph 42, above, compliance with this CAFO will not be a defense to any actions subsequently commenced pursuant to federal laws administered by Complainant.

45. Respondent certifies that it is complying fully with 40 C.F.R. Part 68 at the South Holland Facility.

46. The terms of this CAFO bind Respondent, its successors, and assigns.

47. Each person signing this consent agreement certifies that he or she has the authority to sign for the party whom he or she represents and to bind that party to its terms.

48. Each party agrees to bear its own costs and attorneys' fees in this action.

49. This CAFO constitutes the entire agreement between the parties.

50. The effective date of this CAFO is the date when this CAFO is filed with the Regional Hearing Clerk's office.

**CONSENT AGREEMENT AND FINAL ORDER**

**In the Matter of Carl Buddig and Company**

**Docket No. CAA-05-2015-0004**

**Carl Buddig and Company, Respondent**

Date: 9-19-2014 By: James A. Gow, TREASURER  
Carl Buddig and Company

**United States Environmental Protection Agency, Complainant**

\_\_\_\_\_ Date for Samuel Barnd  
Richard C. Karl, Director  
Superfund Division

**CONSENT AGREEMENT AND FINAL ORDER**


**In the Matter of Carl Buddig and Company**

**Docket No. CAA-05-2015-0004**

**Final Order**

This Consent Agreement and Final Order, as agreed to by the parties, shall become effective immediately upon filing with the Regional Hearing Clerk. This Final Order concludes this proceeding pursuant to 40 C.F.R. §§ 22.18 and 22.31. IT IS SO ORDERED.

10/24/2014  
Date

  
\_\_\_\_\_  
Susan Hedman  
Regional Administrator  
U.S. Environmental Protection Agency  
Region 5

**In the Matter of: Carl Buddig and Company**

**Docket No.**           CAA-05-2015-0004

**Certificate of Service**

I, Jarrah Sanders, certify that I filed the original and a copy of the Consent Agreement and Final Order (CAFO) with the Regional Hearing Clerk, U.S. Environmental Protection Agency, Region 5, delivered a copy of the CAFO by intra-office mail to the Regional Judicial Officer, U.S. Environmental Protection Agency, Region 5, and mailed a second original CAFO by first-class, postage prepaid, certified mail, return receipt requested, to Respondent by placing it in the custody of the United States Postal Service addressed as follows:

Mr. Roger Buddig  
President  
Carl Buddig and Company  
950 175<sup>th</sup> Street  
Homewood, Illinois 60430

Mr. Bryan E. Keyt  
Bryan Cave LLP  
161 North Clark Street  
Suite 4300  
Chicago, Illinois 60601

On the 28 day of October, 2014



U.S. Environmental Protection Agency  
Region 5