



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

SEP 14 2010

REPLY TO THE ATTENTION OF:

LC-8J

CERTIFIED MAIL

Receipt No. 7001 0320 0006 0185 8207

Mr. Stanley Spungen  
Eastown Realty, Inc.  
1460 Lake Drive SE  
Grand Rapids, Michigan 49506

Stanley Spungen

TSCA-05-2010-0021

Dear Ms. Filiatraut:

I have enclosed two copies of an original fully executed Consent Agreement and Final Order in resolution of the above case. This document was filed on September 14, 2010, with the Regional Hearing Clerk.

The civil penalty in the amount of \$2,800.00 is to be paid in the manner described in paragraphs 29 and 30. Please be certain that the number **BD 2751047X012** and the docket number are written on both the transmittal letter and on the check. Payment is due by October 14, 2010 (within 30 calendar days of the filing date).

Thank you for your cooperation in resolving this matter.

Sincerely,

Pam Grace  
Pesticides and Toxics Compliance Section

Enclosures

cc: Eric Volck, Cincinnati Finance/MWD (w/Encl.)  
Richard Wagner, Counsel for Complainant/C-14J

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION 5

In the Matter of: )  
)  
Stanley Spungen )  
Grand Rapids, Michigan )  
)  
)  
)  
Respondent. )  
)  
)  
)

Docket No. TSCA-05-2010-0021  
Proceeding to Assess a Civil Penalty  
Under Section 16(a) of the Toxic  
Substances Control Act  
15 U.S.C. § 2615(a)

RECEIVED  
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Consent Agreement and Final Order Commencing and Concluding the Proceeding  
REGIONAL HEARING CLERK  
U.S. ENVIRONMENTAL  
PROTECTION AGENCY

Preliminary Statement

1. This is an administrative action commenced and concluded under Section 16(a) of the Toxic Substances Control Act (TSCA), 15 U.S.C. § 2615(a), and 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.
2. The Complainant is the Director of the Land and Chemicals Division, United States Environmental Protection Agency (EPA), Region 5.
3. Respondent is Stanley Spungen, with a place of business located at 1460 Lake Drive, SE, Grand Rapids, Michigan.
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. Respondent consents to the assessment of the civil penalty specified in this CAFO, and to the terms of this 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 this 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 1018 of the Residential Lead-Based Paint Hazard Reduction Act of 1992 (the Lead Act), 42 U.S.C. § 4852d, requires the Administrator of EPA to promulgate regulations for the disclosure of lead-based paint hazards in target housing that is offered for sale or lease.

10. On March 6, 1996, EPA promulgated regulations at 40 C.F.R. Part 745, Subpart F, Disclosure of Known Lead-Based Paint and/or Lead-Based Paint Hazards Upon Sale or Lease of Residential Property (Disclosure Rule) pursuant to 42 U.S.C. § 4852d.

11. 40 C.F.R. § 745.103 defines target housing as any housing constructed prior to 1978, except housing for the elderly or persons with disabilities (unless any child who is less than 6 years of age resides or is expected to reside in such housing) or any 0-bedroom dwelling.

12. 40 C.F.R. § 745.103 defines “lessor” as any entity that offers target housing for lease, rent, or sublease, including but not limited to individuals, partnerships, corporations, trusts, government agencies, housing agencies, Indian tribes, and nonprofit organizations.

13. 40 C.F.R. § 745.103 defines “lessee” as any entity that enters into an agreement to lease, rent or sublease target housing, including but not limited to individuals, partnerships,

corporations, trusts, government agencies, housing agencies, Indian tribes, and nonprofit organizations.

14. 40 C.F.R. § 745.113(b) requires that each contract to lease target housing include, as an attachment or within the contract, a lead warning statement; a statement by the lessor disclosing the presence of any known lead-based paint and/or lead-based paint hazards or the lack of knowledge of such presence; a list of any records or reports available to the lessor regarding lead-based paints and/or lead-based paint hazards in the target housing or a statement that no such records exist; a statement by the lessee affirming receipt of the information set out in 40 C.F.R. § 745.113(b)(2) and (3) and the *Lead Hazard Information Pamphlet*; and, the signatures and dates of signature of the lessor, agent, and lessee certifying the accuracy of their statements.

15. Under 42 U.S.C. § 4852d(b)(5) and 40 C.F.R. § 745.118(e), failure to comply with the Disclosure Rule violates Section 409 of TSCA, 15 U.S.C. § 2689, which may subject the violator to administrative civil penalties under Section 16(a) of TSCA, 15 U.S.C. § 2615(a), 42 U.S.C. § 4852d(b)(5), and 40 C.F.R. § 745.118(f).

16. The Administrator for EPA may assess a civil penalty of up to \$11,000 for each violation of Section 409 of TSCA that occurred after March 14, 2004, through July 28, 1997, pursuant to 42 U.S.C. § 4852d(b)(5), 15 U.S.C. § 2615(a), and 40 C.F.R. Part 19.

#### **Factual Allegations and Alleged Violations**

17. Between June 1, 2005 and April 21, 2006, Respondent owned apartment buildings in Grand Rapids, Michigan, at 1731 Francis, 306 Beulah, 641 Worden and 1246 Sherman (Respondent's properties).

18. Respondent's properties are "target housing" as defined in 40 C.F.R. § 745.103.

19. On the following dates, Respondent, either directly or through his authorized agent, entered into the following four lease agreements (contracts) with individuals for the lease of Respondent's properties:

| <b>Address</b>                          | <b>Date of Lease</b> |
|---|----------------------|
| 1731 Francis, Grand Rapids, Michigan    | June 1, 2005         |
| 306 Beulah SE, Grand Rapids, Michigan   | January 31, 2006     |
| 641 Worden SE, Grand Rapids, Michigan   | February 24, 2006    |
| 1246 Sherman SE, Grand Rapids, Michigan | April 21, 2006       |

20. Each of the contracts referenced in paragraph 19, above, covered a term of occupancy greater than 100-days.

21. Respondent is a "lessor," as defined in 40 C.F.R. § 745.103, because he offered the target housing referred to in paragraph 19, above, for lease.

22. Each individual who signed a lease to pay rent in exchange for occupancy of the target housing referred to in paragraph 19, above, became a "lessee" as defined in 40 C.F.R. § 745.103.

23. Respondent failed to include a lead warning statement, either within the contract or as an attachment to the contract for the lease of Respondent's properties at 1731 Francis, Grand Rapids, Michigan, and 641 Worden SE, Grand Rapids, Michigan, in violation of 40 C.F.R. § 745.113(b)(1), 15 U.S.C. § 2689, and 42 U.S.C. § 4852d(b)(5).

24. Respondent failed to include a statement disclosing either the presence of any known lead-based paint and/or lead-based paint hazards in the target housing or a lack of knowledge of such presence, either within the contract or as an attachment to the contract for the lease of Respondent's properties at 1731 Francis, Grand Rapids, Michigan, and 641 Worden SE, Grand Rapids, Michigan, in violation of 40 C.F.R. § 745.113(b)(2), 15 U.S.C. § 2689, and 42 U.S.C. § 4852d(b)(5).

25. Respondent failed to include a list of any records or reports available to the lessor regarding lead-based paint and/or lead-based paint hazards in the target housing that have been provided to the lessee or a statement that no such records are available, either within the contract or as an attachment to the contract for the lease of Respondent's properties at 1731 Francis, Grand Rapids, Michigan, 306 Beulah SE, Grand Rapids, Michigan, 641 Worden SE, Grand Rapids, Michigan, and 1246 Sherman SE, Grand Rapids, Michigan, in violation of 40 C.F.R. § 745.113(b)(3), 15 U.S.C. § 2689, and 42 U.S.C. § 4852d(b)(5).

26. Respondent failed to include a statement by the lessee affirming receipt of the information set out in 40 C.F.R. § 745.113(b)(2) and (b)(3) and the *Lead Hazard Information Pamphlet* required under 15 U.S.C. § 2696, either within the contract or as an attachment to the contract for the lease of Respondent's properties at 1731 Francis, Grand Rapids, Michigan, and 641 Worden SE, Grand Rapids, Michigan, in violation of 40 C.F.R. § 745.113(b)(4), 15 U.S.C. § 2689, and 42 U.S.C. § 4852d(b)(5).

27. Respondent failed to include the signatures of the lessor and the lessee certifying to the accuracy of their statements and the dates of such signatures, either within the contract or as an attachment to the contract for the lease of Respondent's properties at 1731 Francis, Grand

Rapids, Michigan, and 641 Worden SE, Grand Rapids, Michigan, in violation of 40 C.F.R. § 745.113(b)(6), 15 U.S.C. § 2689, and 42 U.S.C. § 4852d(b)(5).

**Civil Penalty**

28. Pursuant to Section 16(a) of TSCA, 15 U.S.C. § 2615(a), Complainant determined that an appropriate civil penalty to settle this action is \$28,000.00. In determining the penalty amount, Complainant considered the nature, circumstances, extent, and gravity of the violations, and, with respect to Respondent, ability to pay, effect on ability to continue to do business, any history of such prior violations, the degree of culpability, and Respondent's agreement to perform a supplemental environmental project. Complainant also considered EPA's *Section 1018 – Disclosure Rule Enforcement Response and Penalty Policy* dated December 2007.

29. In consideration of Respondent's agreement to perform the supplemental environmental project specified below, EPA agrees to further mitigate the penalty of \$28,000.00 to \$2,800.00. Within 30 days after the effective date of this CAFO, Respondent must pay the \$2,800.00 civil penalty by sending a cashier's or certified check, 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

30. A transmittal letter stating Respondent's name, complete address, the case docket number, and the billing document number must accompany the payment. Respondent must send a copy of the check and transmittal letter to:

Regional Hearing Clerk (E-19J)  
U.S. EPA, Region 5  
77 W. Jackson Blvd.  
Chicago, IL 60604

Pamela Grace (LC-8J)  
Pesticides and Toxics Compliance Section  
U.S. EPA, Region 5  
77 W. Jackson Blvd.  
Chicago, IL 60604

Richard Wagner (C-14J)  
Office of Regional Counsel  
U.S. EPA, Region 5  
77 W. Jackson Blvd.  
Chicago, IL 60604

31. This civil penalty is not deductible for federal tax purposes.
32. If Respondent does not pay the civil penalty timely, or any stipulated penalties due under paragraph 45, below, EPA may refer this matter to the Attorney General who will recover such amount, plus interest, in the appropriate district court of the United States under Section 16(a) of TSCA, 15 U.S.C. § 2615(a). The validity, amount and appropriateness of the civil penalty are not reviewable in a collection action.
33. 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 amount overdue from the date the payment was due at a rate established pursuant to 31 U.S.C. § 3717. 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 6 percent per year penalty on any principal amount 90 days past due.



### **Supplemental Environmental Project**

34. Respondent must complete a supplemental environmental project (SEP) designed to protect the health of the tenants by eliminating lead-based paint hazards in target housing. The SEP shall include a window replacement project. Window sashes, tracks, and the space between the interior window and the screen/storm window are the most common hazards areas. Respondent shall perform interim controls on all surfaces that have been tested positive for lead-based paint.

35. Within 12 months after the effective date of this CAFO, Respondent must complete a window replacement project by installing new Energy Star Rated vinyl thermopane double-hung windows in rental property at 1306 Underwood SE, Grand Rapids, Michigan. Respondent shall install new Energy Star Rated vinyl thermopane double-hung windows; replace basement windows with new glass block windows; and perform interim controls on all surfaces that have been tested positive for lead-based paint in rental property at 641-643 Worden Street SE, Grand Rapids, Michigan. Respondent shall install new Energy Star Rated vinyl thermopane windows in rental property at 1355 Sherman SE, Grand Rapids, Michigan. Respondent shall install new Energy Star Rated vinyl thermopane windows in rental property at 1500 Giddings SE, Grand Rapids, Michigan and perform interim control on all surfaces that have been tested positive for lead-based paint. Respondent certifies that he will employ a certified individual to perform all phases of the SEP work. Respondent shall also perform lead clearance testing as required by the Michigan Lead Abatement Act (MCL 333.5453) and the Department of Housing and Urban Development's *Guidelines for the Evaluation and Control of Lead-Based Paint Hazards in Housing* (Guidelines).

36. Respondent must spend at least \$ \$25,200.00 to complete the SEP, to perform lead clearance testing as required by Michigan Lead Abatement Act and the Guidelines.

37. Respondent certifies that he is not required to perform or develop the SEP by any law, regulation, grant, order, or agreement, or as injunctive relief as of the date he signs this CAFO. Respondent further certifies that he has not received, and is not negotiating to receive, credit for the SEP in any other enforcement action.

38. Respondent must conduct the SEP in accordance with all applicable federal and state work practice and notification requirements including, but not limited to, the Guidelines and the Michigan Lead Abatement Act.

39. The EPA may inspect the properties at 1306 Underwood SE; 641-643 Worden SE; 135 Sherman SE and 1500 Giddings SE, Grand Rapids, Michigan, at any time with reasonable notice to be given prior to entry to Eastown Realty to monitor Respondent's compliance with this CAFO's SEP requirements.

40. Respondent must submit a SEP completion report to the EPA by August 1, 2011.

This report must contain the following information:

- a. Detailed description of the SEP as completed;
- b. Description of any operating problems and the actions taken to correct the problems;
- c. Itemized costs of goods and services used to complete the SEP documented by copies of invoices, purchase orders, or canceled checks that specifically identify and itemize the individual costs of the goods and services;

- d. Certification that Respondent has completed the SEP in compliance with this CAFO; and
- e. Description of the environmental and public health benefits resulting from the SEP.

41. Respondent must submit all notices and reports required by this CAFO by first class mail to Pamela Grace of the Pesticides and Toxics Compliance Section at the address provided in paragraph 30, above.

42. In each report that Respondent submits as provided by this CAFO, it must certify that the report is true and complete by including the following statement signed by one of its officers:

I certify that I am familiar with the information in this document and that, based on my inquiry of those individuals responsible for obtaining the information, it is true and complete to the best of my knowledge. I know that there are significant penalties for submitting false information, including the possibility of fines and imprisonment for knowing violations.

43. Following receipt of the SEP completion reports described in paragraph 40, above, EPA must notify Respondent in writing that:

- a. Respondent has satisfactorily completed the SEP and the SEP report.
- b. There are deficiencies in the SEP as completed or in the SEP report and EPA will give Respondent 30 days to correct the deficiencies; or
- c. Respondent has not satisfactorily completed the SEP or the SEP report and EPA will seek stipulated penalties under paragraph 45, below.

44. If EPA exercises option b, above, Respondent may object in writing to the deficiency notice within ten days of receiving the notice. The parties will have 30 days from

EPA's receipt of Respondent's objection to reach an agreement. If the parties cannot reach an agreement, EPA will give Respondent a written decision on its objection. Respondent will comply with any requirements that EPA imposes in its decision. If Respondent does not complete the SEP as required by EPA's decision, Respondent will pay stipulated penalties to the United States under paragraph 45, below.

45. If Respondent violates any requirement of this CAFO relating to the SEP, Respondent must pay stipulated penalties to the United States as follows:

- a. If Respondent has spent less than the amount set forth in paragraph 36, above, Respondent must pay a stipulated penalty equal to the difference between the amount it spent on the SEP and the amount set forth in paragraph 36.
- b. If Respondent has completed the SEP, but the SEP is not satisfactory, Respondent must pay \$5,000, in addition to any penalty required under subparagraph a, above.
- c. If Respondent halts or abandons work on the SEP, the Respondent must pay a stipulated penalty of \$10,000, in addition to the penalty required under subparagraph 45.a, above. Such penalties will accrue as of the date for completing the SEP or the date performance ceases, whichever is earlier.
- d. If Respondent fails to comply with the schedule in paragraph 35 for implementing the SEP, fails to submit timely the SEP completion reports or fails to submit timely any other reports required in paragraph 40, Respondent must pay stipulated penalties for each failure to meet an applicable milestone, as follows:

| <u>Penalty per violation per day</u> | <u>Period of violation</u>                   |
|--------------------------------------|--|
| \$100                                | 1 <sup>st</sup> through 14 <sup>th</sup> day |

\$250

15<sup>th</sup> through 30<sup>th</sup> day

\$500

31<sup>st</sup> day and beyond

These penalties will accrue from the date Respondent was required to meet each milestone until it achieves compliance with the milestone.

46. EPA's determination of whether Respondent satisfactorily completed the SEP will bind Respondent.

47. Respondent must pay any stipulated penalties within 15 days of receiving EPA's written demand for the penalties. Respondent will use the method of payment specified in paragraph 29, above, and will pay interest, handling charges, and penalties on overdue amounts as specified in paragraph 33, above.

48. For federal income tax purposes, Respondent will neither capitalize into inventory or basis, nor deduct any costs or expenditures incurred in performing the SEP.

49. Any public statement that Respondent makes referring to the SEP must include the following language, "Stanley Spungen undertook this project under the settlement of the United States Environmental Protection Agency's enforcement action against Stanley Spungen, for violations of Section 1018 of the Residential Lead-Based Paint Hazard Reduction Act of 1992, 42 U.S.C. § 4852d".

50. If an event occurs which causes or may cause a delay in completing the SEP as required by this CAFO:

- a. Respondent must notify the EPA in writing within ten days after learning of an event which caused or may cause a delay in completing the SEP. The notice must describe the anticipated length of the delay, its cause(s), Respondent's past and

proposed actions to prevent or minimize the delay, and a schedule to carry out those actions. Respondent must take all reasonable actions to avoid or minimize any delay. If Respondent fails to notify EPA according to this paragraph, Respondent will not receive an extension of time to complete the SEP.

- b. If the parties agree that circumstances beyond the control of Respondent caused or may cause a delay in completing the SEP, the parties will stipulate to an extension of time no longer than the period of delay.
- c. If the EPA does not agree that circumstances beyond the control of Respondent caused or may cause a delay in completing the SEP, EPA will notify Respondent in writing of its decision and any delays in completing the SEP will not be excused.
- d. Respondent has the burden of proving that circumstances beyond its control caused or may cause a delay in completing the SEP. Increased costs for completing the SEP will not be a basis for an extension of time under subparagraph 50.b, above. Delay in achieving an interim step will not necessarily justify or excuse delay in achieving subsequent steps.

51. Nothing in this CAFO is intended to, nor will be construed to, constitute EPA approval of the architectural components, used or installed by the Respondent in connection with the SEP under the terms of this CAFO.

#### **General Provisions**

52. This CAFO resolves only Respondent's liability for federal civil penalties for the violations alleged in the CAFO.

53. This CAFO does not affect the right of the EPA or the United States to pursue appropriate injunctive or other equitable relief or criminal sanctions for any violations of law.

54. This CAFO does not affect Respondent's responsibility to comply with the Lead Act and the Disclosure Rule and other applicable federal, state, and local laws.

55. Respondent certifies that it is complying with the Lead-Act and the Disclosure Rule.

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

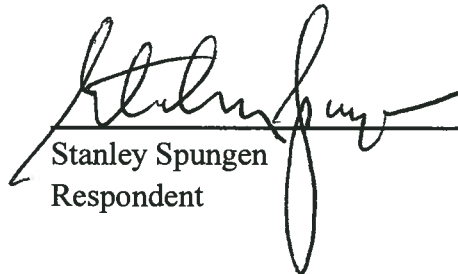
57. Each person signing this agreement certifies that he or she has the authority to sign for the party whom he or she represents and to bind that party to its terms.

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

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

**Stanley Spungen, Respondent**

7-26-2010  
Date

  
\_\_\_\_\_  
Stanley Spungen  
Respondent

**United States Environmental Protection Agency, Complainant**

9/8/10  
Date


  
\_\_\_\_\_  
Bruce F. Sypniewski  
Acting Director  
Land and Chemicals Division

**In the Matter of:**  
**Stanley Spungen**  
**Docket No. TSCA-05-2010-0021**

**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.

9-11-10  
Date

  
\_\_\_\_\_  
Susan Hedman  
Regional Administrator  
United States Environmental Protection Agency  
Region 5

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SEP 14 2010  
REGIONAL HEARING CLERK  
U.S. ENVIRONMENTAL  
PROTECTION AGENCY




**CERTIFICATE OF SERVICE**

This is to certify that the original and one copy of this Consent Agreement and Final Order in the resolution of the civil administrative action involving Stanley Spungen, was filed on September 14, 2010, with the Regional Hearing Clerk (E-19J), U.S. EPA, Region 5, 77 West Jackson Boulevard, Chicago, Illinois 60604, and that a true correct copy was sent by Certified Mail, Receipt No.7001 0320 0006 0185 8207 to:

Mr. Stanley Spungen  
Eastown Realty, Inc.  
1460 Lake Drive SE  
Grand Rapids, Michigan 49506

and forwarded intra-Agency copies to:

Marcy Toney, Regional Judicial Officer, ORC/C-14J  
Richard Wagner, Counsel for Complainant/C-14J  
Eric Volck, Cincinnati Finance/MWD

  
Frederick Brown, PTCS (LC-8J)  
U.S. EPA - Region 5  
77 West Jackson Boulevard  
Chicago, Illinois 60604

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