

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C.

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In the Matter of:

Taotao USA, Inc.,  
Taotao Group Co., Ltd., and  
Jinyun County Xiangyuan Industry Co., Ltd.,  
  
Respondents.

Docket No.  
CAA-HQ-2015-8065

**AMENDED COMPLAINT**

**Preliminary Statement**

1. This Amended Complaint is filed in this administrative penalty assessment proceeding under section 205(c)(1) of the Clean Air Act (CAA), 42 U.S.C. § 7524(c)(1), and the U.S. Environmental Protection Agency's (EPA) "Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties and the Revocation/Termination or Suspension of Permits," 40 C.F.R. Part 22 (Consolidated Rules). 40 C.F.R. § 22.13(a)-(c).
2. Phillip A. Brooks, Director, Air Enforcement Division, Office of Civil Enforcement, Office of Enforcement and Compliance Assurance (Complainant), is authorized by lawful delegation from the Administrator of the EPA to institute civil administrative penalty assessment proceedings under section 205(c)(1) of the CAA, 42 U.S.C. § 7524(c)(1). EPA Delegation 7-6-A (Aug. 4, 1994); Office of Enforcement and Compliance Assurance Redeflegation 7-6-A (March 5, 2013); Office of Civil Enforcement Redeflegation 7-6-A (March 5, 2013).
3. Respondents in this matter are Taotao USA, Inc. (Taotao USA), Jinyun County Xiangyuan Industry Co., Ltd. (JCXI), and Taotao Group Co., Ltd. (Taotao Group) (collectively, Respondents).

4. Taotao USA is a corporation organized under the laws of Texas with an office at 2201 Luna Road, Carrollton, Texas 75006.
5. JCXI is a corporation organized under the laws of the People's Republic of China and is located at Xinbi Industrial Zone, Xinbi Town, Jinyun County, Zhejiang, China.
6. Taotao Group is a corporation organized under the laws of the People's Republic of China and is located at No. 6 Xinmin Road, Jinyun County, Lishui City, Zhejiang, China.
7. Respondents are persons under section 302(e) of the CAA, 42 U.S.C. § 7602(e).
8. Taotao Group is a manufacturer under section 216(1) of the CAA, 42 U.S.C. § 7550(1).
9. JCXI is a manufacturer under section 216(1) of the CAA, 42 U.S.C. § 7550(1).
10. Taotao USA imports highway motorcycles manufactured by Taotao Group and recreational vehicles manufactured by JCXI into the USA.
11. Taotao USA is a manufacturer under section 216(1) of the CAA, 42 U.S.C. § 7550(1).
12. Matao Cao is the president of Taotao USA.
13. Matao Cao is the registered agent of Taotao USA; his registered business address is 659 East Royal Lane, No. 3043, Irving, Texas 75039.
14. Yuejin Cao is the president of Taotao Group.
15. Yuejin Cao is the president of JCXI.
16. Taotao Group has authorized Taotao USA to receive service of process from the EPA on its behalf.
17. JCXI has authorized Taotao USA to receive service of process from the EPA on its behalf.
18. The EPA makes the Alleged Violations of Law, below, based on inspections by EPA of vehicles manufactured by JCXI and Taotao Group, and imported by Taotao USA, conducted at Los Angeles/Long Beach Seaport, and Taotao USA's Dallas, Texas warehouse. Additional basis is provided by Taotao USA's reports to the EPA, inventory information provided by Taotao USA,

and precious metals analysis of catalytic converters of vehicles representative of the aforementioned inspected vehicles and corresponding to ten engine families.

### **Jurisdiction**

19. This action is brought under section 205(c)(1) of the CAA, 42 U.S.C. § 7524(c)(1), and the Consolidated Rules.
20. The EPA may administratively assess a civil penalty if the penalty sought is less than \$320,000. CAA § 205(c)(1), 42 U.S.C. § 7524(c)(1); 40 C.F.R. §§ 19.4 tbl. 1, 1068.125(b).
21. The Administrator and the Attorney General jointly determined that this matter, although it involves a penalty amount greater than \$320,000, is appropriate for administrative penalty assessment. CAA § 205(c)(1), 42 U.S.C. § 7524(c)(1); 40 C.F.R. §§ 19.4, 1068.125(b).
22. On January 19, 2016, Taotao USA filed its answer to the Complaint filed on November 12, 2015. Taotao Group and JCXI filed answers to the Complaint on February 9, 2016. The Environmental Appeals Board Order dated February 11, 2016, transferred the case to the Office of Administrative Law Judges. The Order of Designation issued May 9, 2016, assigned the case to Chief Administrative Law Judge Susan L. Biro.

### **Governing Law**

23. This proceeding arises under Part A of Title II of the CAA, 42 U.S.C. §§ 7521–7554, and the regulations promulgated thereunder. These laws aim to reduce emissions from mobile sources of air pollution, including hydrocarbons, oxides of nitrogen, and carbon monoxide.
  - (a) The alleged violations of law regard motor vehicles, specifically highway motorcycles, for which 40 C.F.R. Part 86 sets emission standards and section 203 of the CAA, 42 U.S.C. § 7522, sets compliance provisions. The certification, labeling, and recordkeeping requirements described below became applicable to gasoline-fueled

highway motorcycles beginning with the 1978 model year. 40 C.F.R. §§ 86.401-97, 86.407-78(a).

- (b) The alleged violations of law also regard recreational vehicles, for which 40 C.F.R. Part 1051 sets emission standards and 40 C.F.R. Part 1068 sets compliance provisions. *See* CAA § 213, 42 U.S.C. § 7547 (delegating to the EPA the authority to implement emission standards for nonroad vehicles which, once implemented, shall be enforced in the same manner as the motor vehicles regulated under section 203 of the CAA).

24. Definitions:

- (a) “Commerce” means commerce between any place in any State and any place outside thereof. CAA § 216(6), 42 U.S.C. § 7550(6).
- (b) “Engine family” means a group of engines of a single model year that are expected to have similar emission characteristics throughout their useful life. 40 C.F.R. §§ 86.420-78, 1051.230.
- (c) “Manufacturer” means any person engaged in the manufacturing or assembling of new motor vehicles, new motor vehicle engines, new nonroad vehicles or new nonroad engines, or importing such vehicles or engines for resale, or who acts for and is under the control of any such person in connection with the distribution of new motor vehicles, new motor vehicle engines, new nonroad vehicles or new nonroad engines, but shall not include any dealer with respect to new motor vehicles, new motor vehicle engines, new nonroad vehicles or new nonroad engines received by him in commerce. CAA § 216(1), 42 U.S.C. § 7550(1); 40 C.F.R. § 1051.801.
- (d) “Model year” means a manufacturer’s annual production period (as determined by the Administrator) which includes January first of such calendar year. If the manufacturer



has no annual production period, the term model year shall mean the calendar year.

40 C.F.R. §§ 86.402-78, 1051.801.

- (e) “Motor vehicle” has the meaning provided in section 216(2) of the CAA, 42 U.S.C. § 7550(2), and 40 C.F.R. § 85.1703.
- (f) “Motorcycle” means any motor vehicle with a headlight, taillight, and stoplight and having: Two wheels, or Three wheels and a curb mass less than or equal to 793 kilograms (1749 pounds). 40 C.F.R. § 86.402-98.
- (g) Highway motorcycles and recreational vehicles are considered “new” at the time of import. CAA § 216(3), 42 U.S.C. § 7550(3); 40 C.F.R. § 1051.801.
- (h) “Person” includes individuals, corporations, partnerships, associations, states, municipalities, and political subdivisions of a state. CAA § 302(e), 42 U.S.C. § 7602(e).
- (i) “Recreational Vehicle” has the meaning provided in 40 C.F.R. § 1051.801.

25. Certification Requirements:

- (a) The EPA’s certification program is designed to ensure that every vehicle sold or imported into the United States conforms in all material respects to a vehicle that has been approved by the EPA. The EPA approves vehicles by issuing certificates of conformity (COCs).
- (b) To obtain a COC, a manufacturer must submit a COC application to the EPA for each engine family and each model year that it intends to manufacture and sell in the United States. 40 C.F.R. §§ 86.416-80, 1051.201(a).
- (c) The COC application must include, among other things, identification of the covered engine family, a description of the vehicles and their emission control system, and test results from a prototype emissions data vehicle (EDV) showing that the EDV satisfies the emission standards in 40 C.F.R. § 86.410-2006 (highway motorcycles) or 40 C.F.R.

§ 1051.107 (all-terrain vehicles, a subset of recreational vehicles). 40 C.F.R.

§§ 86.416-80, 1051.205.

- (d) The EPA issues a COC on such terms as the EPA deems necessary to ensure that any new highway motorcycle covered by the COC will meet the requirements of the CAA and its regulations. 40 C.F.R. § 86.437-78(a)(2)(ii), (b)(3).
- (e) By the terms on the face of each COC, a COC covers only those highway motorcycles that conform in all material respects to the EDV tested for that COC and all other specifications in the COC application. *See also* 40 C.F.R. §§ 85.2305(b)(1), 86.437-78(a)(2)(iii), (b)(4).
- (f) A COC covers only those recreational vehicles that conform in all material respects to the specifications in the COC application. 40 C.F.R. § 1068.103.
- (g) The CAA prohibits manufacturers of new motor vehicles or new motor vehicle engines from selling, offering for sale, introducing into commerce, or delivering for introduction into commerce, or causing any of the foregoing, or in the case of any person, from importing or causing another to import a new motor vehicle into the United States unless that new motor vehicle is covered by an EPA-issued COC. CAA § 203(a)(1), 42 U.S.C. § 7522(a)(1).
- (h) A manufacturer may not sell, offer for sale, introduce into commerce, deliver for introduction into commerce, or cause any of the foregoing, or in the case of any person, import or cause another to import into the United States a recreational vehicle unless that recreational vehicle is covered by an EPA-issued COC. 40 C.F.R. § 1068.101(a)(1), (b)(5).

26. Anyone who, between March 15, 2004, and January 12, 2009, sold, offered for sale, introduced into commerce, delivered for introduction into commerce, or imported into the United States a

highway motorcycle or recreational vehicle that was not covered by a COC—or anyone who caused the foregoing—is subject to a civil penalty of up to \$32,500 for each such vehicle.

CAA § 205(a), 42 U.S.C. § 7524(a); 40 C.F.R. §§ 19.4, 1068.101(a)(1), (b)(6), (c). This penalty amount increased from \$32,500 to \$37,500 for violations that occur after January 12, 2009.

40 C.F.R. § 19.4.

### **Alleged Violations of Law**

27. Each Respondent is a “person” under the CAA.
28. Taotao Group manufactured or assembled every highway motorcycle identified in Table 1, included as Attachment 1 to this Complaint.
29. JCXI manufactured or assembled every recreational vehicle identified in Table 1.  
*See Attachment 1.*
30. Taotao USA imported for resale every highway motorcycle and recreational vehicle identified in Table 1. *See Attachment 1.*
31. Taotao USA holds EPA-granted COCs for every engine family identified in Table 1.  
*See Attachment 1.*
32. Respondents claimed that every highway motorcycle and recreational vehicle at issue in this matter was covered by a COC corresponding to the listed engine family, as detailed in Table 1.  
*See Attachment 1.*
33. Inspections of highway motorcycles and recreational vehicles manufactured by Taotao Group or JCXI, and imported by Taotao USA, were conducted by authorized federal inspectors in March 2012, June 2013, January 2016, and February 2016 at the Los Angeles/Long Beach Seaport, and in November 2013 at Taotao USA’s Dallas, Texas warehouse.
34. During the inspections, federal inspectors identified highway motorcycles and recreational vehicles representing each of the ten engine families identified in Table 1. *See Attachment 1.*

35. EPA analyzed the precious metal content of catalytic converters taken from highway motorcycles and recreational vehicles representing the ten engine families identified in Table 1. *See* Attachment 1.
36. In each catalytic converter analyzed, the required catalyst active material was either missing or not present in the quantity or concentration described in the relevant COC application.
37. Because the catalytic converters do not conform to the design specifications described in the relevant applications for COCs, the vehicles do not conform in all material respects to the specifications in the COC applications and are therefore not covered by those COCs.
38. Based on the aforementioned inspections, importation information submitted in Taotao USA's second and third annual progress reports under an earlier settlement agreement, subsequent inventory information provided by Respondents to the Complainant in response to requests for information made pursuant to section 208(a) of the CAA, 42 U.S.C. § 7542(a), and end-of-model year production reports Respondents are required to submit to EPA pursuant to 40 C.F.R. §§ 86.415-78(b) and 1051.250(a) for model years 2012 through 2015, EPA determined:
- (a) Taotao USA imported into the United States a total of approximately 109,964 uncertified vehicles (Subject Vehicles);
  - (b) JCXI manufactured, offered for sale, or introduced or delivered for introduction into commerce approximately 42,437 uncertified recreational vehicles; and
  - (c) Taotao Group offered for sale, or introduced or delivered for introduction into commerce approximately 67,527 uncertified highway motorcycles.
39. The vehicles in each of the engine families are identified in Counts 1 through 10, below, and in Table 1.

**Count 1: Engine Family ETAOC.049MC2**

40. The preceding paragraphs are incorporated by reference.

41. The catalytic converter taken from a highway motorcycle labeled as engine family ETAOC.049MC2 does not contain the catalyst active material in the quantity or concentration described in the relevant COC application.
42. Because the analyzed catalytic converter does not conform to the design specifications described in the relevant COC application, the highway motorcycle labeled as engine family ETAOC.049MC2 does not conform in all material respects to the specifications in the COC application and is therefore not covered by that COC. 40 C.F.R. §§ 85.2305(b)(1), 86.407-78(a), 86.437-78(a)(2)(iii), (b)(4).
43. In paragraph 39 of their answers dated January 19, 2016, and February 9, 2016, Taotao Group admitted to manufacturing, offering for sale, introducing or delivering for introduction into commerce, and Taotao USA admitted to importing, approximately 108 highway motorcycles labeled as engine family ETAOC.049MC2.
44. Taotao USA, itself or acting through an agent, submitted to EPA an annual report stating that 17,665 highway motorcycles labeled as engine family ETAOC.049MC2 were produced for sale in the United States.
45. Taotao Group manufactured, offered for sale, introduced or delivered for introduction into commerce, and Taotao USA imported into the United States, a total of approximately 17,665 highway motorcycles labeled as engine family ETAOC.049MC2.
46. Every highway motorcycle labeled as engine family ETAOC.049MC2 was manufactured similarly.
47. The catalytic converter for every highway motorcycle labeled as engine family ETAOC.049MC2 does not contain the catalyst active material in the quantity or concentration described in the relevant COC application.

48. Every highway motorcycle labeled as engine family ETAOC.049MC2 is not covered by a COC. 40 C.F.R. §§ 85.2305(b)(1), 86.407-78(a), 86.437-78(a)(2)(iii), (b)(4).
49. Taotao Group and Taotao USA sold, offered for sale, introduced or delivered for introduction into commerce, or imported (or caused the foregoing acts with respect to) approximately 17,665 uncertified highway motorcycles purportedly from engine family ETAOC.049MC2 in violation of section 203(a)(1) of the CAA, 42 U.S.C. § 7522(a)(1), and the regulations codified at 40 C.F.R. Part 86, Subpart E.

**Count 2: Engine Family DTAOC.150MC2**

50. The preceding paragraphs are incorporated by reference.
51. The catalytic converter taken from a highway motorcycle labeled as engine family DTAOC.150MC2 does not contain the catalyst active material in the quantity or concentration described in the relevant COC application.
52. Because the analyzed catalytic converter does not conform to the design specifications described in the relevant COC application, the highway motorcycle labeled as engine family DTAOC.150MC2 does not conform in all material respects to the specifications in the COC application and is therefore not covered by that COC. 40 C.F.R. §§ 85.2305(b)(1), 86.407-78(a), 86.437-78(a)(2)(iii), (b)(4).
53. In paragraph 47 of their answers dated January 19, 2016, and February 9, 2016, Taotao Group admitted to manufacturing, offering for sale, introducing or delivering for introduction into commerce, and Taotao USA admitted to importing, approximately 1,584 highway motorcycles labeled as engine family DTAOC.150MC2.
54. Taotao USA, itself or acting through an agent, submitted to EPA an annual report stating that 2,230 highway motorcycles labeled as engine family DTAOC.150MC2 were produced for sale in the United States.

55. Taotao Group manufactured, offered for sale, introduced or delivered for introduction into commerce, and Taotao USA imported into the United States, a total of approximately 2,230 highway motorcycles labeled as engine family DTAOC.150MC2.
56. Every highway motorcycle labeled as engine family DTAOC.150MC2 was manufactured similarly.
57. The catalytic converter for every highway motorcycle labeled as engine family DTAOC.150MC2 does not contain the catalyst active material in the quantity or concentration described in the relevant COC application.
58. Every highway motorcycle labeled as engine family DTAOC.150MC2 is not covered by a COC. 40 C.F.R. §§ 85.2305(b)(1), 86.407-78(a), 86.437-78(a)(2)(iii), (b)(4).
59. Taotao Group and Taotao USA sold, offered for sale, introduced or delivered for introduction into commerce, or imported (or caused the foregoing acts with respect to) approximately 2,230 uncertified highway motorcycles purportedly from engine family DTAOC.150MC2 in violation of section 203(a)(1) of the CAA, 42 U.S.C. § 7522(a)(1), and the regulations codified at 40 C.F.R. Part 86, Subpart E.

**Count 3: Engine Family DTAOC.049MC2**

60. The preceding paragraphs are incorporated by reference.
61. The catalytic converter taken from a highway motorcycle labeled as engine family DTAOC.049MC2 does not contain the catalyst active material in the quantity or concentration described in the relevant COC application.
62. Because the analyzed catalytic converter does not conform to the design specifications described in the relevant COC application, the highway motorcycle labeled as engine family DTAOC.049MC2 does not conform in all material respects to the specifications in the COC



application and is therefore not covered by that COC. 40 C.F.R. §§ 85.2305(b)(1), 86.407-78(a), 86.437-78(a)(2)(iii), (b)(4).

63. In paragraph 55 of their answers dated January 19, 2016, and February 9, 2016, Taotao Group admitted to manufacturing, offering for sale, introducing or delivering for introduction into commerce, and Taotao USA admitted to importing, approximately 23,638 highway motorcycles labeled as engine family DTAOC.049MC2.
64. Taotao USA, itself or acting through an agent, submitted to EPA an annual report stating that 26,357 highway motorcycles labeled as engine family DTAOC.049MC2 were produced for sale in the United States.
65. Taotao Group manufactured, offered for sale, introduced or delivered for introduction into commerce, and Taotao USA imported into the United States, a total of approximately 26,357 highway motorcycles labeled as engine family DTAOC.049MC2.
66. Every highway motorcycle labeled as engine family DTAOC.049MC2 was manufactured similarly.
67. The catalytic converter for every highway motorcycle labeled as engine family DTAOC.049MC2 does not contain the catalyst active material in the quantity or concentration described in the relevant COC application.
68. Every highway motorcycle labeled as engine family DTAOC.049MC2 is not covered by a COC. 40 C.F.R. §§ 85.2305(b)(1), 86.407-78(a), 86.437-78(a)(2)(iii), (b)(4).
69. Taotao Group and Taotao USA sold, offered for sale, introduced or delivered for introduction into commerce, or imported (or caused the foregoing acts with respect to) approximately 26,357 uncertified highway motorcycles purportedly from engine family DTAOC.049MC2 in violation of section 203(a)(1) of the CAA, 42 U.S.C. § 7522(a)(1), and the regulations codified at 40 C.F.R. Part 86, Subpart E.

**Count 4: Engine Family CTAOC.049MC1**

70. The preceding paragraphs are incorporated by reference.
71. The catalytic converter taken from a highway motorcycle labeled as engine family CTAOC.049MC1 does not contain the catalyst active material in the quantity or concentration described in the relevant COC application.
72. Because the analyzed catalytic converter does not conform to the design specifications described in the relevant COC application, the highway motorcycle labeled as engine family CTAOC.049MC1 does not conform in all material respects to the specifications in the COC application and is therefore not covered by that COC. 40 C.F.R. §§ 85.2305(b)(1), 86.407-78(a), 86.437-78(a)(2)(iii), (b)(4).
73. In paragraph 63 of their answers dated January 19, 2016, and February 9, 2016, Taotao Group admitted to manufacturing, offering for sale, introducing or delivering for introduction into commerce, and Taotao USA admitted to importing, approximately 21,275 highway motorcycles labeled as engine family CTAOC.049MC1.
74. Taotao Group manufactured, offered for sale, introduced or delivered for introduction into commerce, and Taotao USA imported into the United States, approximately 21,275 highway motorcycles labeled as engine family CTAOC.049MC1.
75. Every highway motorcycle labeled as engine family CTAOC.049MC1 was manufactured similarly.
76. The catalytic converter for every highway motorcycle labeled as engine family CTAOC.049MC1 does not contain the catalyst active material in the quantity or concentration described in the relevant COC application.
77. Every highway motorcycle labeled as engine family CTAOC.049MC1 is not covered by a COC. 40 C.F.R. §§ 85.2305(b)(1), 86.407-78(a), 86.437-78(a)(2)(iii), (b)(4).

78. Taotao Group and Taotao USA sold, offered for sale, introduced or delivered for introduction into commerce, or imported (or caused the foregoing acts with respect to) approximately 21,275 uncertified highway motorcycles purportedly from engine family CTAOC.049MC1 in violation of section 203(a)(1) of the CAA, 42 U.S.C. § 7522(a)(1), and the regulations codified at 40 C.F.R. Part 86, Subpart E.

**Count 5: Engine Family ETAOX0.12A1T**

79. The preceding paragraphs are incorporated by reference.

80. The catalytic converter taken from a recreational vehicle labeled as engine family ETAOX0.12A1T does not contain the catalyst active material in the quantity or concentration described in the relevant COC application.

81. Because the analyzed catalytic converter does not conform to the design specifications described in the relevant COC application, the recreational vehicle labeled as engine family ETAOX0.12A1T does not conform in all material respects to the specifications in the COC application and is therefore not covered by that COC. 40 C.F.R. §§ 1068.101(a)(1)(i), 1068.103(a).

82. In paragraph 71 of their answers dated January 19, 2016, and February 9, 2016, JCXI admitted to manufacturing, offering for sale, introducing or delivering for introduction into commerce, and Taotao USA admitted to importing, approximately 108 recreational vehicles labeled as engine family ETAOX0.12A1T.

83. Taotao USA, itself or acting through an agent, submitted to EPA an annual report stating that 21,547 recreational vehicles labeled as engine family ETAOX0.12A1T were produced for sale in the United States.

84. JCXI manufactured, offered for sale, introduced or delivered for introduction into commerce, and Taotao USA imported into the United States, a total of approximately 21,547 recreational vehicles labeled as engine family ETAOX0.12A1T.
85. Every recreational vehicle labeled as engine family ETAOX0.12A1T was manufactured similarly.
86. The catalytic converter for every recreational vehicle labeled as engine family ETAOX0.12A1T does not contain the catalyst active material in the quantity or concentration described in the relevant COC application.
87. Every recreational vehicle labeled as engine family ETAOX0.12A1T is not covered by a COC. 40 C.F.R. §§ 1068.101(a)(1)(i), 1068.103(a).
88. JCXI and Taotao USA sold, offered for sale, introduced or delivered for introduction into commerce, or imported (or caused the foregoing acts with respect to) approximately 21,547 uncertified recreational vehicles purportedly from engine family ETAOX0.12A1T in violation of sections 203(a)(1) and 213(d) of the CAA, 42 U.S.C. §§ 7522(a)(1) and 7547(d), and of 40 C.F.R. § 1068.101(a)(1), (b)(5).

**Count 6: Engine Family DTAOX0.15G2T**

89. The preceding paragraphs are incorporated by reference.
90. The catalytic converter taken from a recreational vehicle labeled as engine family DTAOX0.15G2T does not contain the catalyst active material in the quantity or concentration described in the relevant COC application.
91. Because the analyzed catalytic converter does not conform to the design specifications described in the relevant COC application, the recreational vehicle labeled as engine family DTAOX0.15G2T does not conform in all material respects to the specifications in the COC application and is therefore not covered by that COC. 40 C.F.R. §§ 1068.101(a)(1)(i), 1068.103(a).

92. In paragraph 79 of their answers dated January 19, 2016, and February 9, 2016, JCXI admitted to manufacturing, offering for sale, introducing or delivering for introduction into commerce, and Taotao USA admitted to importing, approximately 1,184 recreational vehicles labeled as engine family DTAOX0.15GT.
93. Taotao USA, itself or acting through an agent, submitted to EPA an annual report stating that 1,520 recreational vehicles labeled as engine family DTAOX0.15G2T were produced for sale in the United States.
94. JCXI manufactured, offered for sale, introduced or delivered for introduction into commerce, and Taotao USA imported into the United States, a total of approximately 1,520 recreational vehicles labeled as engine family DTAOX0.15G2T.
95. Every recreational vehicle labeled as engine family DTAOX0.15G2T was manufactured similarly.
96. The catalytic converter for every recreational vehicle labeled as engine family DTAOX0.15G2T does not contain the catalyst active material in the quantity or concentration described in the relevant COC application.
97. Every recreational vehicle labeled as engine family DTAOX0.15G2T is not covered by a COC. 40 C.F.R. §§ 1068.101(a)(1)(i), 1068.103(a).
98. JCXI and Taotao USA sold, offered for sale, introduced or delivered for introduction into commerce, or imported (or caused the foregoing acts with respect to) approximately 1,520 uncertified recreational vehicles purportedly from engine family DTAOX0.15G2T in violation of sections 203(a)(1) and 213(d) of the CAA, 42 U.S.C. §§ 7522(a)(1) and 7547(d), and of 40 C.F.R. § 1068.101(a)(1), (b)(5).

**Count 7: Engine Family DTAOX.124AAA**

99. The preceding paragraphs are incorporated by reference.
100. The catalytic converter taken from a recreational vehicle labeled as engine family DTAOX.124AAA does not contain the catalyst active material in the quantity or concentration described in the relevant COC application.
101. Because the analyzed catalytic converter does not conform to the design specifications described in the relevant COC application, the recreational vehicle labeled as engine family DTAOX.124AAA does not conform in all material respects to the specifications in the COC application and is therefore not covered by that COC. 40 C.F.R. §§ 1068.101(a)(1)(i), 1068.103(a).
102. In paragraph 87 of their answers dated January 19, 2016, and February 9, 2016, JCXI admitted to manufacturing, offering for sale, introducing or delivering for introduction into commerce, and Taotao USA admitted to importing, approximately 814 recreational vehicles labeled as engine family DTAOX.12AAA.
103. Taotao USA, itself or acting through an agent, submitted to EPA an annual report stating that 864 recreational vehicles labeled as engine family DTAOX.124AAA were produced for sale in the United States.
104. JCXI manufactured, offered for sale, introduced or delivered for introduction into commerce, and Taotao USA imported into the United States, a total of approximately 864 recreational vehicles labeled as engine family DTAOX.124AAA.
105. Every recreational vehicle labeled as engine family DTAOX.124AAA was manufactured similarly.

106. The catalytic converter for every recreational vehicle labeled as engine family DTAOX.124AAA does not contain the catalyst active material in the quantity or concentration described in the relevant COC application.
107. Every recreational vehicle labeled as engine family DTAOX.124AAA is not covered by a COC. 40 C.F.R. §§ 1068.101(a)(1)(i), 1068.103(a).
108. JCXI and Taotao USA sold, offered for sale, introduced or delivered for introduction into commerce, or imported (or caused the foregoing acts with respect to) approximately 864 uncertified recreational vehicles purportedly from engine family DTAOX.124AAA in violation of sections 203(a)(1) and 213(d) of the CAA, 42 U.S.C. §§ 7522(a)(1) and 7547(d), and of 40 C.F.R. § 1068.101(a)(1), (b)(5).

**Count 8: Engine Family DTAOX0.12A1T**

109. The preceding paragraphs are incorporated by reference.
110. The catalytic converter taken from a recreational vehicle labeled as engine family DTAOX0.12A1T does not contain the catalyst active material in the quantity or concentration described in the relevant COC application.
111. Because the analyzed catalytic converter does not conform to the design specifications described in the relevant COC application, the recreational vehicle labeled as engine family DTAOX0.12A1T does not conform in all material respects to the specifications in the COC application and is therefore not covered by that COC. 40 C.F.R. §§ 1068.101(a)(1)(i), 1068.103(a).
112. In paragraph 95 of their answers dated January 19, 2016, and February 9, 2016, JCXI admitted to manufacturing, offering for sale, introducing or delivering for introduction into commerce, and Taotao USA admitted to importing, approximately 15,666 recreational vehicles labeled as engine family DTAOX0.12A1T.



113. Taotao USA, itself or acting through an agent, submitted to EPA an annual report stating that 16,825 recreational vehicles labeled as engine family DTAOX0.12A1T were produced for sale in the United States.
114. JCXI manufactured, offered for sale, introduced or delivered for introduction into commerce, and Taotao USA imported into the United States, a total of approximately 16,825 recreational vehicles labeled as engine family DTAOX0.12A1T.
115. Every recreational vehicle labeled as engine family DTAOX0.12A1T was manufactured similarly.
116. The catalytic converter for every recreational vehicle labeled as engine family DTAOX0.12A1T does not contain the catalyst active material in the quantity or concentration described in the relevant COC application.
117. Every recreational vehicle labeled as engine family DTAOX0.12A1T is not covered by a COC. 40 C.F.R. §§ 1068.101(a)(1)(i), 1068.103(a).
118. JCXI and Taotao USA sold, offered for sale, introduced or delivered for introduction into commerce, or imported (or caused the foregoing acts with respect to) approximately 16,825 uncertified recreational vehicles purportedly from the engine family DTAOX0.12A1T in violation of sections 203(a)(1) and 213(d) of the CAA, 42 U.S.C. §§ 7522(a)(1) and 7547(d), and of 40 C.F.R. § 1068.101(a)(1), (b)(5).

**Count 9: Engine Family FTAOX0.15G2T**

119. The preceding paragraphs are incorporated by reference.

120. The catalytic converter taken from a recreational vehicle labeled as engine family FTAOX0.15G2T does not contain the catalyst active material in the quantity or concentration described in the relevant COC application.
121. Because the analyzed catalytic converter does not conform to the design specifications described in the relevant COC application, the recreational vehicle labeled as engine family FTAOX0.15G2T does not conform in all material respects to the specifications in the COC application and is therefore not covered by that COC. 40 C.F.R. §§ 1068.101(a)(1)(i), 1068.103(a).
122. JCXI manufactured, offered for sale, introduced or delivered for introduction into commerce, and Taotao USA imported into the United States, approximately 1,290 recreational vehicles labeled as engine family FTAOX0.15G2T.
123. Every recreational vehicle labeled as engine family FTAOX0.15G2T was manufactured similarly.
124. The catalytic converter for every recreational vehicle labeled as engine family FTAOX0.15G2T does not contain the catalyst active material in the quantity or concentration described in the relevant COC application.
125. Every recreational vehicle labeled as engine family FTAOX0.15G2T is not covered by a COC. 40 C.F.R. §§ 1068.101(a)(1)(i), 1068.103(a).
126. JCXI and Taotao USA sold, offered for sale, introduced or delivered for introduction into commerce, or imported (or caused the foregoing acts with respect to) approximately 1,290 uncertified recreational vehicles purportedly from the engine family FTAOX0.15G2T in violation of sections 203(a)(1) and 213(d) of the CAA, 42 U.S.C. §§ 7522(a)(1) and 7547(d), and of 40 C.F.R. § 1068.101(a)(1), (b)(5).

**Count 10: Engine Family GTAOX0.15G2T**

127. The preceding paragraphs are incorporated by reference.

128. The catalytic converters taken from two recreational vehicles labeled as engine family GTA0X0.15G2T do not contain the catalyst active material in the quantity or concentration described in the relevant COC application.
129. Because the analyzed catalytic converters does not conform to the design specifications described in the relevant COC application, the recreational vehicles labeled as engine family GTA0X0.15G2T do not conform in all material respects to the specifications in the COC application and are therefore not covered by that COC. 40 C.F.R. §§ 1068.101(a)(1)(i), 1068.103(a).
130. JCXI manufactured, offered for sale, introduced or delivered for introduction into commerce, and Taotao USA imported into the United States, approximately 391 recreational vehicles labeled as engine family GTA0X0.15G2T.
131. Every recreational vehicle labeled as engine family GTA0X0.15G2T was manufactured similarly.
132. The catalytic converter for every recreational vehicle labeled as engine family GTA0X0.15G2T does not contain the catalyst active material in the quantity or concentration described in the relevant COC application.
133. Every recreational vehicle labeled as engine family GTA0X0.15G2T is not covered by a COC. 40 C.F.R. §§ 1068.101(a)(1)(i), 1068.103(a).
134. JCXI and Taotao USA sold, offered for sale, introduced or delivered for introduction into commerce, or imported (or caused the foregoing acts with respect to) approximately 391 uncertified recreational vehicles purportedly from the engine family GTA0X0.15G2T in violation of sections 203(a)(1) and 213(d) of the CAA, 42 U.S.C. §§ 7522(a)(1) and 7547(d), and of 40 C.F.R. § 1068.101(a)(1), (b)(5).

### **Relief Sought: Civil Penalty**

135. Complainant seeks an administrative penalty against Taotao USA, and Taotao Group, jointly and severally, for the approximately 67,527 violations alleged in Counts 1–4 of the Alleged Violations of Law.
136. Complainant seeks an administrative penalty against Taotao USA, and JCXI jointly and severally, for the approximately 42,437 violations alleged in Counts 5–10 of the Alleged Violations of Law.
137. Complainant makes no specific penalty demand in this Amended Complaint, as authorized by 40 C.F.R. § 22.14(a)(4)(ii).
138. As detailed above, Respondents are subject to a civil penalty of not more than \$37,500 for each motor vehicle or motor vehicle engine sold, offered for sale, introduced or delivered for introduction into commerce, or imported into the United States in violation of section 203 of the CAA, 42 U.S.C. § 7522(a)(1). CAA § 205(a), 42 U.S.C. § 7524(a); 40 C.F.R. §§ 19.4, 1068.101(a)(1), (b)(6), (c).
139. Complainant reserves its right to seek the maximum civil penalty authorized by the CAA.
140. In determining the amount of the civil penalty in this matter, the CAA requires that the EPA take into account certain penalty factors, namely “the gravity of the violation, the economic benefit or savings (if any) resulting from the violation, the size of [Respondents’] business, [Respondents’] history of compliance with this subchapter, action taken to remedy the violation, the effect of the penalty on [Respondents’] ability to continue in business, and such other matters as justice may require.” CAA § 205(c)(2), 42 U.S.C. § 7524(c)(2).
141. Complainant proposes to account for the CAA’s penalty factors by using the EPA’s Clean Air Act Mobile Source Civil Penalty Policy - Vehicle and Engine Certification Requirements (2009) (Penalty Policy), *available at* [http://www2.epa.gov/sites/production/files/documents/vehicleengine-penalty-policy\\_0.pdf](http://www2.epa.gov/sites/production/files/documents/vehicleengine-penalty-policy_0.pdf) (last

visited June 6, 2016). This Penalty Policy calculates civil penalties based on the number of violative engines, their horsepower, the egregiousness of the violations, remedial action, and other legal and equitable factors. Generally, certification violations are “major” egregiousness. Penalty Policy at 13–14. Here, Complainant alleges certification violations for approximately 67,527 highway motorcycles and 42,437 recreational vehicles.

### **Notice of Opportunity to Request a Hearing**

Respondents requested a hearing before an EPA Administrative Law Judge in their answers filed on January 19, 2016, and February 9, 2016, in response to the Complaint filed on November 12, 2015. To contest any material fact or conclusions of law newly alleged in this Amended Complaint, Respondents must file a written answer (Answer) within twenty (20) days of service of this Amended Complaint. The Answer should comply with the requirements of 40 C.F.R. § 22.15. The Answer should clearly and directly admit, deny, or explain each of the factual allegations contained in this Amended Complaint of which such Respondent has any knowledge. Where a Respondent has no knowledge of a particular factual allegation, the Answer should so state. The Answer should contain: (1) the circumstances or arguments which are alleged to constitute the grounds of any defense; (2) the facts which such Respondent disputes; (3) the basis for opposing any proposed relief; and (4) a statement of whether a hearing is requested. All material facts not denied in the Answer will be considered to be admitted.

If a Respondent fails to file a written Answer within twenty (20) days of receipt of this Amended Complaint, such failure shall constitute an admission by such Respondent of all facts newly alleged in the Amended Complaint and a waiver by such Respondent of the right to a hearing. Failure to Answer may result in the filing of a Motion for Default Order and the possible issuance of a Default Order imposing penalties against such Respondent without further proceedings.

Any hearing requested and granted will be conducted in accordance with the Consolidated Rules.

Each Respondent’s Answer should be sent to the following addresses:

If filing by UPS, FedEx, DHL or other courier, or personal delivery, address to:

U.S. Environmental Protection Agency  
Office of Administrative Law Judges  
Ronald Reagan Building, Room M1200  
1300 Pennsylvania Ave., N.W.  
Washington, DC 20460

If filing by the United States Postal Service, address to:

U.S. Environmental Protection Agency  
Office of Administrative Law Judges  
Mail Code 1900R

1200 Pennsylvania Ave., N.W.  
Washington, DC 20460:

In addition, a copy of each Respondent's Answer must be served on Robert G. Klepp, the attorney assigned to represent EPA in this matter, at the following addresses:

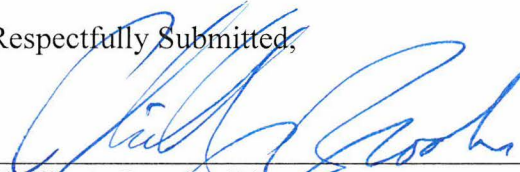
If using UPS, FedEx, DHL or other courier, or personal delivery, address to:

Robert G. Klepp  
U.S. EPA, Air Enforcement Division  
1200 Pennsylvania Ave., N.W.  
William J. Clinton Federal Building, Room 1111A  
Washington, DC 20004

If using the United States Postal Service, address to:

Robert G. Klepp  
U.S. EPA, Air Enforcement Division  
1200 Pennsylvania Ave., N.W.  
Mail Code 2242A  
Washington, DC 20460

Respectfully Submitted,



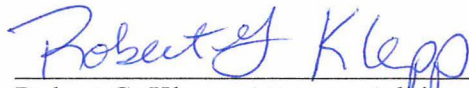
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Phillip A. Brooks, Director  
Air Enforcement Division  
Office of Civil Enforcement  
Office of Enforcement and Compliance Assurance

1200 Pennsylvania Ave., N.W.  
William J. Clinton Federal Building  
Room 1117, Mail Code 2242A  
Washington, DC 20460  
(202) 564-0652  
brooks.phillip@epa.gov

6/8/16  
Date

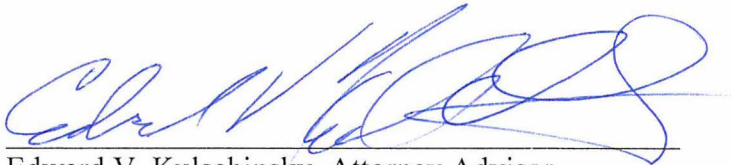
6/8/16  
Date



Robert G. Klepp, Attorney Advisor  
Air Enforcement Division  
Office of Civil Enforcement  
Office of Enforcement and Compliance Assurance

1200 Pennsylvania Ave., N.W.  
William J. Clinton Federal Building  
Room 1111A, Mail Code 2242A  
Washington, DC 20460  
(202) 564-5805  
klepp.robert@epa.gov

6/8/16  
Date



Edward V. Kulschinsky, Attorney Advisor  
Air Enforcement Division  
Office of Civil Enforcement  
Office of Enforcement and Compliance Assurance

1200 Pennsylvania Ave., N.W.  
William J. Clinton Federal Building  
Room 1142C, Mail Code 2242A  
Washington, DC 20460  
(202) 564-4133  
klepp.robert@epa.gov



**ATTACHMENT 1**

<b>Table 1: Subject Vehicles</b>			
<b>Importer/ Manufacturer</b>	<b>Engine Family on Label</b>	<b>Number of Vehicles Imported</b>	<b>Violation Description</b>
<b>Highway Motorcycles</b>			
Taotao USA Inc./ Taotao Group Co., Ltd.	ETAOC.049MC2	17,665	Uncertified: Active material composition (Pt) in catalytic converter does not conform to description in COC application.
	DTAOC.150MC2	2,230	Uncertified: Active material composition (Pt) in catalytic converter does not conform to description in COC application.
	DTAOC.049MC2	26,357	Uncertified: Active material composition (Pt) in catalytic converter does not conform to description in COC application.
	CTAOC.049MC1	21,275	Uncertified: Active material composition (Pt) in catalytic converter does not conform to description in COC application.
<b>Recreational Vehicles</b>			
Taotao USA Inc./ Jinyun County Xiangyuan Industry Co., Ltd.	ETAOX0.12A1T	21,547	Uncertified: Active material composition (Pt, Pd, and Rh) in catalytic converter does not conform to description in COC application.
	DTAOX0.15G2T	1,520	Uncertified: Active material composition (Pt, Pd, and Rh) in catalytic converter does not conform to description in COC application.
	DTAOX.124AAA	864	Uncertified: Active material composition (Pt, Pd, and Rh) in catalytic converter does not conform to description in COC application.
	DTAOX0.12A1T	16,825	Uncertified: Active material composition (Pt) in catalytic converter does not conform to description in COC application.
	FTAOX0.15G2T	1,290	Uncertified: Active material composition (Pt, Pd, and Rh) in catalytic converter does not conform to description in COC application.
	GTAOX0.15G2T	391	Uncertified: Active material composition (Pt, Pd, and Rh) in catalytic converter does not conform to description in COC application.

**CERTIFICATE OF SERVICE**

I certify that the original and two copies of the foregoing Amended Complaint in the Matter of Taotao USA, Inc., et al., Docket No. CAA-HQ-2015-8065, were filed and served on the Presiding Officer this day by hand delivery to the Headquarters Hearing Clerk in the EPA Office of Administrative Law Judges at the address listed below:

U.S. Environmental Protection Agency  
Office of the Headquarters Hearing Clerk  
1300 Pennsylvania Ave., NW, MC-1900R  
Ronald Reagan Building, Room M1200  
Washington, DC 20004

I certify that one copy of the foregoing Amended Complaint, together with a copy of the Consolidated Rules of Practice, 40 C.F.R. Part 22, was sent this day for personal service on each Respondent's officer or agent for service of process at the addresses listed below:

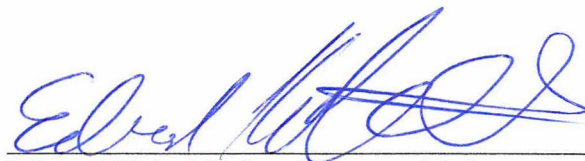
Taotao USA, Inc.  
Attention: Matao Cao, President  
2201 Luna Road  
Carrollton, Texas 75006

Jinyun County Xiangyuan Industry Co., Ltd.  
C/O Taotao USA, Inc.  
Attention: Matao Cao, President  
2201 Luna Road  
Carrollton, Texas 75006

Taotao Group Co., Ltd.  
C/O Taotao USA, Inc.  
Attention: Matao Cao, President  
2201 Luna Road  
Carrollton, Texas 75006

Law Offices of William Chu  
Attention: William Chu  
4455 LBJ Freeway #909  
Dallas, Texas 75244

6/14/2016  
Date



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Edward Kulschinsky, Attorney Advisor  
Air Enforcement Division  
Office of Civil Enforcement  
1200 Pennsylvania Ave., N.W.  
Room 1142C, Mail Code 2242A  
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