

# SETTLEMENT AGREEMENT AND RELEASE

This SETTLEMENT AGREEMENT AND RELEASE (hereinafter "Agreement") is entered into between the STATE OF CALIFORNIA AIR RESOURCES BOARD (hereinafter "CARB") 1001 I Street, Sacramento, California 95814, and CASAS INTERNATIONAL BROKERAGE INC. (hereafter "CASAS"), 9355 AIRWAY ROAD, STE 4, SAN DIEGO CALIFORNIA 92154.

## I. RECITALS

- (1) California Health and Safety Code section 39650-39675 (HSC §§ 39650-39675) mandate the reduction of the emissions of substances that have been determined to be toxic air contaminants. In 1998, following an exhaustive ten-year scientific assessment process, CARB identified particulate matter (PM) from diesel-fueled engines as a toxic air contaminant. In-use on-road diesel vehicles are powered by diesel fueled engines that emit toxic PM. On-road vehicles are controlled under the Truck and Bus regulation, as codified in (13 CCR § 2025).
- (2) 13 CCR § 2025(x)(2) provides that "Any in-state or out-of-state motor carrier, California broker, or any California resident, who operates or directs the operation of any vehicle subject to this regulation shall verify that each hired or dispatched vehicle is in compliance with the regulation and comply with the record keeping requirements of section 2025(s)(4)."
- (3) Failure to comply with the requirements of 13 CCR § 2025 is a violation of state law resulting in penalties. HSC §§ 39674(a) and (b) authorize civil penalties for the violation of the programs for the regulation of toxic air contaminants not to exceed one thousand dollars (\$1,000) or ten thousand dollars (\$10,000), respectively, for each day in which the violation occurs.
- (4) CARB Enforcement Division has documented that CASAS is a "California Based Broker" under 13 CCR § 2025(d)(10), and that CASAS failed to verify that each hired or dispatched vehicle was in compliance with the Truck and Bus regulation and to comply with the record keeping requirements.
- (5) In order to resolve these alleged violations, CASAS has taken, or agreed to take, the actions enumerated below under "RELEASE". Further, CARB accepts this Agreement in termination and settlement of this matter.
- (6) In consideration of the foregoing, and of the promises and facts set forth herein, the parties desire to settle and resolve all claims, disputes, and obligations relating to the above-listed violations, and voluntarily agree to resolve this matter by means of this Agreement. Specifically, CARB and CASAS agree as follows:

SETTLEMENT AGREEMENT AND RELEASE

CARB and CASAS

Page 2 of 6

**II. TERMS AND RELEASE**

In consideration of CARB not filing a legal action against CASAS for the alleged violations referred to above, and CASAS's payment of the penalties set forth below, CARB and CASAS agree as follows:

- (1) Upon execution of this Agreement, the sum of five thousand dollars (\$5,000.00) shall be paid on behalf of CASAS no later than September 16, 2019, as follows:
  - \$5,000.00 payable to the **Air Pollution Control Fund**

The Parties shall exchange signed copies of this Agreement. This Agreement may be executed in counterparts. Facsimile or photocopied signatures shall be considered as valid signatures as of the date hereof, although the original signature pages shall thereafter be appended to this Agreement. **Please send the original signed Settlement Agreement and any future mailings or documents required per the terms of this Settlement Agreement to:**

**Ms. Linda Yoon  
Air Pollution Specialist  
California Air Resources Board  
Enforcement Division  
P.O. Box 2815  
Sacramento, California 95812**

**Please send the payment along with the attached "Settlement Agreement Payment Transmittal Form" (Attachment A) to:**

**California Air Resources Board  
Accounting Office  
P.O. Box 1436  
Sacramento, California 95812-1436**

- (2) If the Attorney General files a civil action to enforce this settlement agreement, CASAS shall pay all costs of investigating and prosecuting the action, including expert fees, reasonable attorney's costs, and costs.
- (3) It is further agreed that the penalties described in "Terms and Release", paragraph 1 are punitive in nature, rather than compensatory. Furthermore, the penalty is intended to deter and punish CASAS for violations of state environmental statutes, and these penalties are payable to and for the benefit of CARB, a government unit. Therefore, it is agreed that these penalties imposed on CASAS by CARB arising from the facts described in recital paragraphs (1) through (4) are non-dischargeable under 11 United States Code

## SETTLEMENT AGREEMENT AND RELEASE

CARB and CASAS

Page 3 of 6

§ 523 (a)(7), which provides an exception from discharge for any debt to the extent such debt is for a fine, penalty or forfeiture payable to and for benefit of governmental unit, and is not compensation for actual pecuniary loss, other than certain types of tax penalties.

- (4) CASAS shall not violate the Truck and Bus regulation as codified in 13 CCR § 2025. CASAS shall not operate or direct the operation of any vehicle subject to the Truck and Bus Regulation without verifying that each such hired or dispatched vehicle is in compliance with the Truck and Bus Regulation.

In addition, CASAS shall not operate or direct the operation of any vehicle subject to the Truck and Bus Regulation without complying with the record-keeping requirements of the Truck and Bus Regulation (specifically, Cal. Code Regulations., title 13 (Cal Code Regs.), § 2025, subdivision, (s)(4) and (x)(2)) for each such vehicle hired or dispatched.

For purposes of compliance with this Section (4), CASAS shall not operate or direct the operation of any vehicle subject to the Truck and Bus Regulation without obtaining a completed form entitled Notice of Requirement for Carriers to Comply with California Air Resources Board's Truck and Bus Regulation (Notice), as codified in 13 CCR § 2025(x)(2) for each vehicle hired or dispatched. A copy of the Notice is attached hereto as Attachment 2. The Notice may be subject to change as required by law or by mutual agreement of the parties. CASAS shall submit a copy of each Notice for the remainder of 2019 and year 2020 to CARB by January 31 of the following year. **The correspondence shall be addressed to the attention of Ms. Linda Yoon at the California Air Resources Board, Enforcement Division, P.O. Box 2815, Sacramento, California 95812.** CARB reserves the right to visit any CASAS fleet location at any time to conduct compliance audits for the compliance requirements codified in 13 CCR § 2025(x)(2), or any other applicable CARB program.

- (5) This Agreement shall apply to and be binding up CASAS, and its officers, directors, receivers, trustees, employees, successors and assignees, subsidiary and potent corporations and upon CARB and any successor agency that may have responsibility for and jurisdiction over the subject matter of this Agreement. Upon CARB' approval of the completion of the requirements in Section II, paragraphs (1) and (4), CASAS shall be in compliance with the terms of this agreement.
- (6) This Agreement constitutes the entire agreement and understanding between CARB and CASAS concerning the subject matter hereof, and supersedes and replaces all prior negotiations and agreements between CARB and CASAS concerning the subject matter hereof.

## SETTLEMENT AGREEMENT AND RELEASE

CARB and CASAS

Page 4 of 6

- (7) No agreement to modify, amend, extend, supersede, terminate, or discharge this Agreement, or any portion thereof, is valid or enforceable unless it is in writing and signed by all parties to this Agreement.
- (8) Severability. Each provision of this Agreement is severable, and in the event that any provision of this Agreement is held to be invalid or unenforceable, the remainder of this Agreement remains in full force and effect.
- (9) This Agreement shall be interpreted and enforced in accordance with the laws of the State of California, without regard to California's choice-of-law rules.
- (10) This Agreement is deemed to have been drafted equally by the Parties; it will not be interpreted for or against either party on the ground that said party drafted it.
- (11) Senate Bill 1402 (Dutton, Chapter 413, statutes of 2010) requires CARB to provide information on the basis for the penalties it seeks (HSC § 39619.7). This information, which is provided throughout this settlement agreement, is summarized here:

### **The manner in which the penalty amount was determined, including a per unit or per vehicle penalty.**

Penalties must be set at levels sufficient to discourage violations. The penalties in this matter were determined in consideration of all relevant circumstances, including the eight factors specified in HSC §§ 42403 and 43024.

#### Truck and Bus Violations

The per unit penalty for the alleged Truck and Bus violations involved in this case is a maximum of \$1,000.00 per vehicle per day for strict liability violations or \$10,000.00 per vehicle for negligent or intentional violations.

The penalty obtained for the Truck and Bus violations involved in this case for failure to verify that each hired or dispatched vehicle was in compliance with the Truck and Bus regulation is \$5,000.00 for seventeen hired fleets determined to be in compliance with the Truck and Bus regulation during the years 2017, 2018, and 2019.

The penalty was discounted based on the fact that this was a first-time violation and the violator made effort to comply with the broker verification requirements in 13 CCR § 2025 to cooperate with the investigation.

**The provision of law the penalty is being assessed under and why that provision is most appropriate for that violation.**

Truck and Violations

The penalty provision being applied for the Truck and Bus regulation (13 CCR § 2025) violations in this case is HSC § 39674 because the Truck and Bus regulation is an Airborne Toxic Control Measure adopted pursuant to authority contained in HSC §§ 39002 et seq., 39650-39675 and because CARB alleges that CASAS failed to verify that each hired or dispatched vehicle was in compliance with the Truck and Bus regulation.

**Is the penalty being assessed under a provision of law that prohibits the emission of pollution at a specified level, and, if so a quantification of excess emissions, if it is practicable to do so.**

Truck and Bus Violations

The provisions cited above do prohibit emissions above a specified level of g/hp-hr. However, since the hours of operation of the noncompliant trucks involved and their individual emission rates are not known, it is not practicable to quantify the excess emissions.

- (12) CASAS acknowledges that CARB has complied with Senate Bill 1402 in prosecuting or settling this case. Specifically, CARB has considered all relevant facts, including those listed at HSC § 43024, has explained the manner in which the penalty amount was calculated, has identified the provision of law under which the penalty is being assessed and has considered and determined that this penalty is being assessed under a provision of law that prohibits the emission of pollutants at a specified level.
- (13) Penalties were determined based on the unique circumstances of this matter, considered together with the need to remove any economic benefit from the alleged noncompliance, the goal of deterring future violations and obtaining swift compliance, the consideration of past penalties in similar cases, and the potential costs and risk associated with litigating these particular violations. Penalties in future cases might be smaller or larger on a per unit basis.
- (14) The penalty was based on confidential settlement communications between CARB and CASAS that CARB does not retain in the ordinary course of business. The penalty is the product of an arm's length negotiation between CARB and CASAS and reflects CARB's assessment of the relative strength of its case

SETTLEMENT AGREEMENT AND RELEASE

CARB and CASAS

Page 6 of 6

against CASAS, the desire to avoid the uncertainty, burden and expense of litigation, obtain swift compliance with the law and remove any unfair advantage that CASAS may have secured from its actions.

- (15) The parties shall exchange signed copies of this Agreement. Facsimile or photocopied signatures shall be considered as valid signatures as of the date hereof, although the original signature pages shall thereafter be appended to this agreement.
- (16) Now therefore, in consideration of the payment on behalf of CASAS to the Air Pollution Control Fund, CARB hereby releases CASAS and their principals, officers, agents, predecessors and successors from any and all claims, CARB may have or have in the future based on the circumstances described in paragraphs (1) through (4) of the Recitals. The undersigned represent that they have the authority to enter in to this Agreement.

**California Air Resources Board**

**Casas International Brokerage, Inc.**

Signature: \_\_\_\_\_ /S/ \_\_\_\_\_

Signature: \_\_\_\_\_ /S/ \_\_\_\_\_

Print Name: Todd P. Sax, D.Env.

Print Name: John E. Jolliffe

Title: Chief, Enforcement Division

Title: CFO

Date: 9/19/19

Date: 8/21/19