

SETTLEMENT AGREEMENT

This Settlement Agreement is entered into between the California Air Resources Board (CARB), with its principal location at 1001 I Street, Sacramento, California 95814; and Cyclone Transport LLC, with its principal location at 21 Salvadore Drive, Fernley, Nevada 89408, (collectively, the "Parties," or individually, "Party").

LEGAL BACKGROUND

- (1) Purpose. The California Health and Safety Code mandates the reduction of the emission of toxic air contaminants (TAC). CARB has determined that particulate matter (PM) from diesel-fueled engines is a TAC. (Health & Saf. Code §§ 39002, et seq., 39650-39675.) In-use on-road diesel vehicles are powered by diesel fueled engines that emit toxic PM.
- (2) Regulation. CARB adopted the *Regulation to Reduce Emissions of Diesel Particulate Matter, Oxides of Nitrogen and Other Criteria Pollutants, from In-Use Heavy-Duty Diesel-Fueled Vehicles* (Truck and Bus Regulation) to reduce diesel PM and criteria pollutant emissions from on-road heavy-duty diesel-fueled vehicles. (Cal. Code Regs., tit.13, § 2025.)
- (3) Regulatory Provisions. Any person, business, federal government agency, school district or school transportation provider, or broker, that owns, operates, leases, rents or sells vehicles in California that operate on diesel-fuel, dual-fuel, or alternative diesel-fuel, that are registered to be driven on public highways, were originally designed to be driven on public highways whether or not they are registered, yard trucks with on-road engines or yard trucks with off-road engines used for agricultural operations, both engines of two-engine sweepers, school buses, and have a manufacturer's gross vehicle weight rating (GVWR) greater than 14,000 pounds with 2006 and older model year engines must comply with the schedule to upgrade the engine(s) by January 1, 2012. (Cal. Code Regs., tit. 13, § 2025.)
- (4) Penalty Provisions. Failure to comply with the regulatory requirements is a violation of state law that may result in penalties up to ten thousand dollars (\$10,000) for strict liability violations; respectively, for each day in which the violation occurs. (Cal. Code Regs., tit.13, § 2025; Health & Saf. Code §§ 39674, 39675, 42400 et seq., 42402 et seq., and 42410.)

CASE BACKGROUND

- (5) Corporate Entity. At all relevant times, Cyclone Transport LLC was organized under the laws of Nevada as a Cyclone Transport LLC and conducting business in the State of California.

- (6) Compliance Options. Cyclone Transport LLC has elected to utilize the engine model year provision in the Truck and Bus Regulation.
- (7) Allegations. This Settlement Agreement resolves Notice of Violation (NOV) HDD-2018-0043, which was issued on April 29, 2020 and Truck and Bus Citation number STB110117001GTP issued on November 1, 2017. CARB alleges Cyclone Transport, LLC violated the Truck and Bus Regulation by failing to comply with the compliance schedule (Cal. Code Regs., tit. 13, § 2025(e), resulting in an unknown number of days of violations, as outlined in Notice of Violation HDD-2018-0043. CARB alleges that if the allegations described in paragraphs 1 through 7 were proven, civil penalties could be imposed against Cyclone Transport LLC for each and every vehicle involved in the violations and each day.
- (8) Acknowledgment. Cyclone Transport LLC admits to the facts in paragraphs 1 through 7, but denies any liability resulting from said allegations.
- (9) Consideration. 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 alleged violations and voluntarily agree to resolve this matter by means of this Settlement Agreement. In order to resolve the violations described herein, Cyclone Transport LLC has taken, or agrees to take, the actions enumerated below within the Terms and Conditions. Further, CARB accepts this Settlement Agreement in termination and full settlement of this matter.

TERMS AND CONDITIONS

In consideration of CARB not filing a legal action against Cyclone Transport LLC for the alleged violations referred to above in the Legal Background and Case Background, and Cyclone Transport LLC agreement to complete all terms and conditions set forth below, CARB and Cyclone Transport LLC agree as follows:

- (10) Settlement Amount. Cyclone Transport LLC shall pay a civil penalty of forty five thousand dollars (\$45,000.00 USD), shall make all payments in accordance with the payment schedule in Paragraph 11 (Payment Plan and Schedule).
- (11) Payment Plan and Schedule. Pursuant to this Settlement Agreement, Cyclone Transport LLC shall make payments below.

Payment Due Date:	In the Amount Of and Payable To:
30 days from date Settlement Agreement is fully-executed	\$9,000.00 / California Air Resources Board
60 days from date Settlement Agreement is fully-executed	\$9,000.00 / California Air Resources Board

Cyclone Transport LLC Settlement Agreement
Notice of Violation: HDD 2018-0043

Payment Due Date:	In the Amount Of and Payable To:
90 days from date Settlement Agreement is fully-executed	\$9,000.00 / California Air Resources Board
120 days from date Settlement Agreement is fully-executed	\$9,000.00 / California Air Resources Board
150 days from date Settlement Agreement is fully-executed	\$9,000.00 / California Air Resources Board

- (12) Civil Penalty Payment Method. Cyclone Transport LLC shall pay the civil penalty by check, credit card, wire transfer, or portal, payable to CARB, using instructions provided separately by CARB in a Payment Transmittal Form. Cyclone Transport LLC is responsible for all payment processing fees. Payments shall be accompanied by the Payment Transmittal Form to ensure proper application. CARB shall deposit the civil penalty amount into the Air Pollution Control Fund for the purpose of carrying out CARB's duties and functions to ensure the integrity of its air pollution control programs. Should payment instructions change, CARB will provide notice to Cyclone Transport LLC in accordance with Paragraph 15 (Notices).
- (13) Acceleration. If any payment is more than thirty (30) calendar days late from the payment schedule deadline, the entire remaining balance is accelerated to become due and payable immediately without notice or demand.
- (14) Injunctive Relief: Cyclone Transport LLC agrees as part of this Settlement Agreement to only bring vehicles compliant with the Truck and Bus Regulation into the State in the future until the Truck and Bus Regulation is no longer in effect.
- (15) Documents. Cyclone Transport LLC shall promptly email or mail the signed and dated Settlement Agreement, with copy of proof of payment of the penalty, mitigation, and/or SEP (if applicable), a copy of the Payment Transmittal Form(s) (if applicable), and the signed and dated Compliance Plan (if applicable) to the address or email in Paragraph 16 (Notices).
- (16) Notices. Unless otherwise specified in this Settlement Agreement, whenever notifications, submissions, or communications are required by this Settlement Agreement, they shall be submitted in writing to the address or email below:

As to CARB:

California Air Resources Board
Enforcement Division / Settlement Agreements
Diesel Programs Enforcement Branch
Specialized Fleet Enforcement Section
P.O. Box 2815
Sacramento, California 95812-2815
Settlement_Agreement@arb.ca.gov

As to Cyclone Transport LLC:

Cyclone Transport LLC
P.O. Box 1296
Fernley, Nevada 89408
dalee@cyclonetransport.com

Any Party may, by written notice to the other Parties, change its designated notice recipient or notice address provided above. Notices submitted pursuant to this section shall be deemed submitted upon emailing or mailing.

- (17) Recovery of Costs. If the Attorney General files a civil action to enforce this Settlement Agreement, Cyclone Transport LLC shall pay all costs of investigating and prosecuting the action, including expert fees, reasonable attorneys' fees, and costs.
- (18) Repeat Violations. Cyclone Transport LLC agrees to comply with all regulatory requirements and acknowledges that repeat violations could result in increased penalties in the future.
- (19) Entirety. This Settlement Agreement constitutes the entire agreement and understanding between the Parties concerning the Case Background, and supersedes and replaces any and all prior negotiations and agreements of any kind, whether written or oral, between the Parties concerning the Case Background hereof. This Settlement Agreement consists of seven pages and 37 paragraphs.
- (20) Binding Effect. This Settlement Agreement binds Cyclone Transport LLC, and any principals, officers, receivers, trustees, successors and assignees, subsidiary and parent corporations and CARB and any successor agency that may have responsibility for and jurisdiction over the subject matter of this Settlement Agreement.
- (21) Effective Date. The effective date shall be the date upon which this Settlement Agreement is fully executed.
- (22) Modification and Termination. No agreement to modify, amend, extend, supersede, terminate, or discharge this Settlement Agreement, or any portion thereof, is valid or enforceable unless it is in writing and signed by all Parties to this Settlement Agreement.
- (23) Severability. Each provision of this Settlement Agreement is severable, and in the event that any provision of this Settlement Agreement is held to be illegal, invalid or unenforceable in any jurisdiction, the remainder of this Settlement Agreement

remains in full force and effect.

- (24) Choice of Law. This Settlement 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.
- (25) Non-Discharge. It is further agreed that the penalties described in this Settlement Agreement are non-dischargeable under United States Code, title 11, section 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 the benefit of a governmental unit.
- (26) Not Tax Deductible. For purposes of this Settlement Agreement, Cyclone Transport, LLC shall not deduct any monies spent to comply with any provision of this Settlement Agreement in calculating and submitting its federal, state, or local income tax.
- (27) Rules of Construction. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in interpreting this Settlement Agreement.
- (28) Non-Waiver. The failure to enforce any provision of this Settlement Agreement shall not be construed as a waiver of any such provision, nor prevent such Party thereafter from enforcing such provision or any other provision of this Settlement Agreement. The rights and remedies granted all Parties herein are cumulative and the election of one right or remedy by a Party shall not constitute a waiver of such Party's right to assert all other legal remedies available under this Settlement Agreement or otherwise provided by law.
- (29) Intent to be Bound. The Parties represent that: They have participated fully in the review and drafting of this Settlement Agreement; understand and accept all terms; enter into this Settlement Agreement freely and voluntarily; have had an opportunity to consult with legal counsel; are fully informed of the terms and effect of this Settlement Agreement; have agreed to this Settlement Agreement after independent investigation and agree it was not arrived at through fraud, duress, or undue influence; and knowingly and voluntarily intend to be legally bound by this Settlement Agreement.
- (30) Venue. The Superior Court of California, located in the County of Sacramento, shall hear any dispute between the Parties arising from this Settlement Agreement.
- (31) Counterparts and Electronic Signatures. This Settlement Agreement may be executed in counterparts. Electronic, facsimile or photocopied signatures shall be considered as valid signatures.

- (32) Release. In consideration of the full completion of civil penalty and all other undertakings above, CARB hereby releases Cyclone Transport, LLC and its principals, officers, receivers, trustees, successors and assignees, subsidiary and parent corporations, from any claims CARB may have based on the circumstances described in all paragraphs contained in the Case Background above.
- (33) Authority. The undersigned represents that he or she has full authority to enter into this Settlement Agreement.

PENALTY BASIS

- (34) Per Unit Penalty. The per unit or per vehicle penalty in this case is a maximum of ten thousand dollars (\$10,000) per day under Health and Safety Code section 39674, for violations of the Truck and Bus Regulation. (Cal. Code Regs., tit.13, § 2025.) The penalty of \$45,000.00 over an unspecified number of days of violation is for fifteen noncompliant vehicles(s) at \$3,000.00 per truck with a 1993 and older, 1994-1995, 1996-1999, and 2000-2004 model year engine(s) and a GVWR of greater than 14,000 pounds.
- (35) Emissions. The provisions cited above do prohibit emissions above a specified level. Without information on engine usage and emission rates, it is not practicable to quantify the excess emissions. However, since CARB has alleged that the vehicles(s) did not meet the regulatory requirements, all of the emissions from it were excess and illegal.
- (36) Aggravating and Mitigating Factors. The penalties in this matter were determined in consideration of all relevant circumstances, including statutory factors as described by CARB's Enforcement Policy. CARB considered whether the violator came into compliance quickly and cooperated with the investigation; the extent of harm to public health, safety and welfare; nature and persistence of the violation, including the magnitude of the excess emissions; compliance history; preventative efforts taken; innovative nature and the magnitude of the effort required to comply, and the accuracy, reproducibility, and repeatability of the available test methods; efforts to attain, or provide for, compliance prior to violation; action taken to mitigate the violation; financial burden to the violator; and voluntary disclosure. The penalties are set at levels sufficient to deter violations, to remove any economic benefit or unfair advantage from noncompliance, to obtain swift compliance, and the potential costs, risks, and uncertainty associated with litigation. Penalties in future cases might be smaller or larger depending on the unique circumstances of the case.
- (37) Confidential Business Information. CARB based this penalty in part on confidential business information provided by Cyclone Transport, LLC and confidential

settlement communications, neither of which are retained by CARB in the ordinary course of business.

ACKNOWLEDGED AND ACCEPTED BY:

California Air Resources Board

Signature: _____ /S/ _____

Name: _____ Ellen M. Peter _____

Title: _____ Chief Counsel _____

Date: _____ 2/23/2021 _____

Cyclone Transport LLC

Signature: _____ /S/ _____

Name: _____ Dale Edelstein _____

Title: _____ Owner _____

Date: _____ 2/5/2021 _____