This SETTLEMENT AGREEMENT AND RELEASE (hereinafter "Agreement") is entered into between the STATE OF CALIFORNIA AIR RESOURCES BOARD (hereinafter "ARB") 1001 I Street, Sacramento, California 95814, and ABS LOGISTICS MANAGEMENT, INC. (hereinafter "ABS"), 2445 South Watney Way Ste. C Fairfield, California 94533.

I. RECITALS

(1) HSC section 39650-39675 mandates the reduction of the emission of substances that have been determined to be toxic air contaminants (TACs). In 1998, following an exhaustive 10-year scientific assessment process, the ARB identified particulate matter (PM) from diesel-fueled engines as a toxic air contaminant. Drayage trucks are controlled under the Drayage Truck Regulation as codified in title 13 California Code of Regulations (CCR), section 2027.

(2) Title 13 CCR, section 2027(d)(3)(A) requires drayage truck owners meet all applicable emission requirements and deadlines set forth in Phases 1 and 2 detailed in Section 2027(d).

(3) Title 13 CCR, section 2027(d)(5)(A)(2) requires drayage truck motor carriers only dispatch drayage trucks that meet emission standards and compliance deadlines set forth in Phases 1 and 2 in Section 2027(d). Section 2027(d)(5)(A)(3) requires motor carriers only dispatch drayage trucks that are registered and in good standing with the Drayage Truck Registry (DTR).

(4) The ARB Enforcement Division has documented that ABS, has dispatched drayage trucks not compliant with the emissions standards set forth in the Drayage Truck Regulation or not registered with the DTR.

(5) Failure to comply with the requirements of title 13 CCR, section 2027 is a violation of state law resulting in penalties. HSC, section 39674, authorize civil or administrative penalties not to exceed one thousand dollars ($1,000) or ten thousand dollars ($10,000) for each day that the violation occurs.

(6) In order to resolve these alleged violations, ABS has taken, or agreed to take, the actions enumerated below under "TERMS AND RELEASE". Further, the ARB accepts this Agreement in termination and settlement of this matter.

(7) 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, the ARB and ABS agree as follows:

II. TERMS AND RELEASE

In consideration of the ARB not filing a legal action against ABS for the alleged violations referred to above, and ABS's payment of the penalties set forth in section 1 below, the ARB and ABS agree as follows:

(1) Upon execution of this Agreement, ABS shall pay a civil penalty of $42,700 Payment shall be made in 12 monthly payments as described below, beginning on **July 1, 2014.**

SETTLEMENT AGREEMENT AND RELEASE ARB AND ABS:

	Payment Due Date:	In the Amount of and Paid to:
(1)	July 1, 2014	**$3,559** paid to **Peralta Colleges Foundation**
(2)	August 1, 2014	**$3,558** paid to **Peralta Colleges Foundation**
(3)	September 1, 2014	**$3,558** paid to **Peralta Colleges Foundation**
(4)	October 1, 2014	**$3,561** paid to **Air Pollution Control Fund**
(5)	November 1, 2014	**$3,558** paid to **Air Pollution Control Fund**
(6)	December 1, 2014	**$3,558** paid to **Air Pollution Control Fund**
(7)	January 1, 2015	**$3,558** paid to **Air Pollution Control Fund**
(8)	February 1, 2015	**$3,558** paid to **Air Pollution Control Fund**
(9)	March 1, 2015	**$3,558** paid to **Air Pollution Control Fund**
(10)	April 1, 2015	**$3,558** paid to **Air Pollution Control Fund**
(11)	May 1, 2015	**$3,558** paid to **Air Pollution Control Fund**
(12)	June 1, 2015	**$3,558** paid to **Air Pollution Control Fund**

Please send the signed Settlement Agreement and any future mailings or documents required per the terms of this Settlement Agreement to:

Mr. Ryman Simangan, Air Pollution Specialist
Air Resources Board, Enforcement Division
P.O. Box 2815
Sacramento, CA 95812

Please submit each payment by the applicable payment due date along with the corresponding "Settlement Agreement Payment Transmittal Form" (Attachment A) to:

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

(2) Effect of Untimely Payment. If any payment is more than 15 days late, the entire remaining balance becomes immediately due and payable. In addition, if the Attorney General files a civil action to enforce this settlement agreement, ABS shall pay all costs of investigating and prosecuting the action, including expert fees, reasonable attorney's fees and costs.

(3) It is agreed that if ABS, including its subsidiary or parent company, at any time becomes insolvent, or makes an assignment for the benefit of creditors or similar action adversely involving ABS, its subsidiary, or parent company, or a proceeding or petition under any bankruptcy, reorganization, arrangement of debt, insolvency, readjustment of debt, or receivership law or statute is filed by or against ABS, its subsidiary, or parent company, or a trustee in bankruptcy, custodian, receiver or agent is appointed or authorized to take charge of any of ABS, its subsidiary, or parent company's properties, or if any deposit account or other property of ABS, its subsidiary, or parent company be attempted to be obtained or held by writ of execution, garnishment, attachment, condemnation, levy, forfeiture or other legal process, or ABS, its subsidiary, or parent company takes any action to authorize any of the foregoing, the entire remaining balance becomes immediately due and payable without notice or demand.

(4) 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 ABS for violations of state environmental statutes, and these penalties are payable to and for the benefit of ARB, a governmental unit. Therefore, it is agreed that these penalties imposed on ABS through by ARB arising from the facts described in recital paragraphs (1) through (5) are non-dischargeable under 11 United States Code § 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.

(5) ABS shall not violate HSC sections 43701 *et seq.*, and 44011.6. and title 13 CCR. Section 2190 et seq., 13 CCR section 2183, *et seq* an, or any other provision of law under the jurisdiction of the ARB.

(6) ABS shall not violate the Drayage Truck Regulation, as codified in Title 13, CCR, section 2027.

(7) ABS shall not dispatch drayage trucks that are not compliant with the emission standards set forth in the Drayage Truck Regulation or drayage trucks that are not registered with the DTR. The ARB reserves the right to audit the dispatch records of ABS for compliance with Title 13, CCR, section 2027(d)(5) any time in the future.

(8) ABS shall not violate the Truck and Bus regulation as codified in title 13 CCR, section 2025.

(9) Each 1974 or newer diesel powered heavy-duty vehicle in the ABS fleet shall comply with the emission control label (ECL) requirements set forth in the title 13 CCR section 2183(c).

(10) ABS shall instruct all employees who operate diesel-fueled vehicles to comply with the idling regulations set forth in title 13 CCR section 2485, within 45 days of this Agreement.

(11) This Agreement constitutes the entire agreement and understanding between ARB and ABS concerning the subject matter hereof, and supersedes and replaces all prior negotiations and agreements between ARB and ABS concerning the subject matter hereof.

(12) 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.

(13) 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.

(14) 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.

(15) 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.

(16) Senate Bill 1402 (Dutton, Chapter 413, statutes of 2010) requires the ARB to provide information on the basis for the penalties it seeks (see Health and Safety Code section 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 sections 42403 and 43024.

Drayage Violations

The per vehicle penalty for the drayage violations involved in this case is a maximum of $1,000 per vehicle per day for strict liability violations or $10,000 per vehicle per day for negligent or intentional violations pursuant to HSC section 39674.

The penalty obtained for the drayage motor carrier violations involved in this case is $42,700 for 849 dispatches not compliant with in-use standards at $50 per dispatch and $250 for one vehicle not registered in the drayage truck registry after considering the factors specified in HSC section 43024. The penalty was discounted due to financial hardship and based on the fact that this was a first time violation and the violator made diligent efforts to comply and 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.

Drayage Violations

The penalty provision being applied for the Drayage Truck Regulation (title 13 CCR, section 2027) violations in this case is HSC section 39674 because the Drayage Truck Regulation is a Toxic Air Contaminant Control Measure adopted pursuant to authority contained in *H&SC* sections 39650 - 39675 and because ABS, as a drayage motor carrier dispatched drayage trucks that were either not compliant with the emission standards set forth in the Drayage Truck Regulation or not registered with the DTR.

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.

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

(17) ABS acknowledges that ARB has complied with Senate Bill 1402 in prosecuting or settling this case. Specifically, ARB has considered all relevant facts, including those listed at HSC section 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.

(18) Penalties were determined based on the unique circumstances of this matter, considered together with the need to remove any economic benefit from 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.

(19) The penalty was based on confidential settlement communications between ARB and ABS that ARB does not retain in the ordinary course of business. The penalty is the product of an arms length negotiation between ARB and ABS and reflects ARB's assessment of the relative strength of its case against ABS, the desire to avoid the uncertainty, burden and expense of litigation, obtain swift compliance with the law and remove any unfair advantage that ABS may have secured from its actions.

(20) Now therefore, in consideration of the payment on behalf of ABS to the California Air Pollution Control Fund and the Peralta Community College District, the ARB hereby releases ABS and their principals, officers, directors, receivers, trustees, employees, assignees, subsidiary, parent corporations, agents, predecessors and successors from any and all claims, the ARB may have or have in the future based on the circumstances described in paragraph (1) through (5) of the Recitals. The undersigned represent that they have the authority to enter into this Agreement.

California Air Resources Board

By: Ellen M. Peter

Name: Ellen M. Peter

Title: Chief Counsel

Date: 7/2/2014

ABS LOGISITCS MANGEMENT, INC.

By:

Name: Adrienne Haig

Title: Office Manager

Date: 6/27/14