SETTLEMENT AGREEMENT AND RELEASE

This SETTLEMENT AGREEMENT AND RELEASE (hereinafter "Agreement") is entered into by and between the STATE OF CALIFORNIA AIR RESOURCES BOARD (hereinafter "ARB"), with its principal office at 1001 I Street, Sacramento, California 95814 and DCL AMERICA, INC (hereinafter "DCL") with its principal place of business at 27603 Commerce Oaks Drive, Oak Ridge North, TX 77385.

RECITALS

1. California Vehicle Code section 27156(c) provides, in pertinent part that "No person shall install, sell, offer for sale, or advertise any device intended for use with, or as a part of, any required motor vehicle pollution control device or system which alters or modifies the original design or performance of any such motor vehicle pollution control device or system."

2. Vehicle Code section 27156(h) provides, in pertinent part, that this section shall not apply to an alteration, modification, or modifying device found by resolution of the State Air Resources Board to either not reduce the effectiveness of any required motor vehicle pollution control device or result in emissions from any such modified or altered vehicle which are at levels that comply with existing state or federal standards for the model year of the vehicle being modified or converted.

3. California Code of Regulations, title 13, section 2225(a) provides, in pertinent part that the Executive Officer may seek fines for violations of applicable laws and regulations.

4. In addition, Health and Safety Code section 43016 states, in pertinent part, "Any person who violates any provision of this part, or any order, rule, or regulation of the state board adopted pursuant to this part, and for which violation there is not provided in this part any other specific civil penalty or fine, shall be subject to a civil penalty not to exceed five hundred dollars ($500) per vehicle, portable fuel container, spout, engine, or other unit subject to regulation under this part, as these terms are defined in this division or state board regulations."

5. DCL is a manufacturer of, inter alia, new aftermarket non-original equipment emission control parts, including, but not limited to, diesel particulate filters and diesel oxidation catalysts.

6. Between March 28, 2011 and January 4, 2013, DCL manufactured for supply, offered, and/or sold in California, supplied, distributed, sold, offered for sale, and/or advertised in California fifty-six (56) diesel particulate filters and diesel oxidation catalysts ("subject parts").

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7. The subject parts are not subject to the exemption provided under California Vehicle Code section 27156(h) because ARB has not issued a resolution relating to those parts pursuant to California Code of Regulations, title 13, section 2222 et seq.

8. ARB alleges, and DCL denies, that the manufacturing for supply, offer, and/or sale in California, supplying, distributing, selling, offering for sale, and/or advertising in California of the subject parts were unlawful and in violation of Vehicle Code section 27156(c) and California Code of Regulations, title 13, section 2222 et seq. and other applicable laws.

9. DCL promptly and fully cooperated with ARB throughout its investigation.

10. DCL has no prior enforcement record with ARB.

11. ARB alleges that if the facts described in recital paragraphs 1-8 were proven, civil penalties could be imposed against DCL as provided in Health and Safety Code section 43016.

12. DCL admits certain facts described in recital paragraphs 1-8, but denies any liability arising therefrom.

13. DCL is willing to enter into this Agreement solely for the purpose of settlement and resolution of this matter with ARB. ARB accepts this Agreement in termination of this matter. Accordingly, the parties agree to resolve this matter completely by means of this Agreement, without the need for formal litigation.

TERMS AND RELEASE

In consideration of ARB not filing a legal action against DCL for the violations alleged above, and in consideration of the other terms set out below, ARB and DCL agree as follows:

1. As a condition of this Agreement, DCL shall pay the total sum of twenty-eight thousand dollars ($28,000.00) as a penalty upon execution of this Agreement subject to the following additional terms.

   DCL shall pay a sum of twenty-one thousand dollars ($21,000.00) by cashier's check, payable to the **California Air Pollution Control Fund**.

   DCL shall pay an additional sum of seven thousand dollars ($7,000.00) to the School Bus and Diesel Emission Reduction Supplemental Environmental Project (SEP). Payment shall be made by cashier's check payable to the **San Joaquin Valley Air Pollution Control District** and "For School Bus and Diesel Emission Reduction SEP" shall be annotated in the Note or Memo line on the check.

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

Gretchen Ratliff/Air Pollution Specialist
Air Resources Board, Enforcement Division
9480 Telstar Avenue, Suite 4
El Monte, CA 91731

Please send a copy of the signed Agreement and payment using the attached "Settlement Agreement Payment Transmittal Form" to:

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

2. DCL agrees to develop and implement a compliance plan to ensure that its distributors, dealers, and customers understand which aftermarket parts are legal or illegal for specific applications. The Compliance Plan will include instructions on how to return the subject parts to DCL and how to contact DCL with any issues relating to the subject parts. As a condition of this Agreement, within fourteen (14) days of the signing of this Agreement by all parties, DCL agrees to provide CARB with written confirmation of its efforts undertaken pursuant to the compliance plan.

3. DCL shall not manufacture for supply, distribution, offer, or sale in California or supply, distribute, offer for sale, sell, or advertise in California any aftermarket part in violation of California Code of Regulations, title 13, sections 2221(b) or 2222 or Vehicle Code section 27156.

4. This Agreement shall apply to and be binding upon DCL and its principals, officers, directors, agents, receivers, trustees, employees, successors and assignees, subsidiary and parent corporations and predecessors and upon ARB and any successor agency that may have responsibility for and jurisdiction over the subject matter of this Agreement.

5. Now, therefore, in consideration of the payment by DCL to the California Air Pollution Control Fund in the amount specified above, ARB hereby releases DCL and its principals, officers, directors, agents, receivers, trustees, employees, successors and assignees, subsidiary and parent corporations, and predecessors from any and all claims that ARB may have based on the facts and allegations described in recital paragraphs 1-8, above. The undersigned represent that they have the authority to enter this Agreement.

6. This Agreement constitutes the entire agreement and understanding between ARB and DCL concerning the claims and settlement in this Agreement, and this Agreement fully supersedes and replaces any and all prior negotiations and

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agreement of any kind or nature, whether written or oral, between ARB and DCL concerning these claims.

7. No agreement to modify, amend, extend, supersede, terminate, or discharge this Agreement, or any portion thereof, shall be valid or enforceable unless it is in writing and signed by all parties to this Agreement.

8. Advice of Counsel. Each Party to this Agreement has reviewed the Agreement independently, has had the opportunity to consult counsel, is fully informed of the terms and effect of this Agreement, and has not relied in any way on any inducement, representation, or advice of any other Party in deciding to enter into this Agreement.

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. 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 to the extent necessary to fulfill the Agreement's purpose and the intent of the parties.

11. Waiver. The failure of any Party to enforce any provision of this 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 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 Agreement or otherwise provided by law.

12. Captions. The captions by which the sections and subsections of this Agreement are identified are for convenience only, and shall have no effect whatsoever upon their interpretation.

13. The Parties agree that this Agreement may be executed by facsimile, each of which shall be deemed to be an original, and in multiple counterparts by the Parties and their representatives and such counterparts shall collectively constitute a single, original document, notwithstanding the fact that the signatures may not appear on the same page.

14. 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.

15. SB 1402 Statement

Senate Bill 1402 (Dutton, Chapter 413, statutes of 2010, Health and Safety Code section 39619.7) requires the ARB to provide information on the basis for the

penalties it seeks. This required 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 Health and Safety Code section 43024.

The maximum penalty for this strict liability violation is of $500.00 per unit. The penalty obtained in this case is $500.00 per unit for 56 units.

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

ARB alleges that the penalty provision being applied in this case, Health and Safety Code section 43016, is appropriate because DCL allegedly sold, and/or offered for sale, and/or advertised the subject non-California certified aftermarket parts that were not exempted pursuant to California Code of Regulations, title 13, section 2222.

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 not prohibit emissions above a specified level. It is not practicable to quantify these emissions, because the information necessary to do so, such as emission rates and time of use, is not available. There are no testing results available that would indicate how much emissions increased as a result of the use of the uncertified aftermarket parts. However, since the aftermarket parts were not certified for sale in California, emissions attributable to them are illegal and excess. In the interests of settlement and because of the time and expense involved, the parties elected not to conduct such testing.

16. DCL acknowledges that ARB has complied with SB 1402 in prosecuting and settling this case. Specifically, ARB has considered all relevant facts, including those listed at Health and Safety Code section 43024, has explained the manner in which the penalty amount was calculated (including a per unit or per vehicle penalty, if appropriate), has identified the provision of law under which the penalty is being assessed, and has considered and determined that this penalty is not being assessed under a provision of law that prohibits the emission of pollutants at a specified level.

17. 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 case negotiation, and the potential costs and risk associated with litigating these particular violations. The

penalty reflects violations extending over a certain period of time, considered together with the complete circumstances of this case.

18. The penalty in this case was based in part on confidential business information provided by DCL that is not retained by ARB in the ordinary course of business. The penalty in this case was also based on confidential settlement communications between ARB and DCL that ARB does not retain in the ordinary course of business either. The penalty also reflects ARB's assessment of the relative strength of its case against DCL, the desire to avoid the uncertainty, burden and expense of litigation, obtain swift compliance with the law and remove any unfair advantage that DCL may have secured from its alleged actions.

California Air Resources Board

By: _____

Name: Ellen M. Peter
Title: Chief Counsel
Date: 9/10/2015

DCL America, Inc.

By: _____

Name: BRENDAN FILBY
Title: GENERAL MANAGER
Date: AUG 21 2015