SETTLEMENT AGREEMENT AND RELEASE

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 DOABA TRUCKING, 2526 Glen Dundee Way, San Jose, CA 95148.

I. RECITALS

(1) California Health and Safety Code (*H&SC*) Section 44011.6 established the Heavy Duty Vehicle Inspection Program (HDVIP). It authorizes ARB to inspect on-road heavy-duty vehicles for excessive smoke emissions and engine tampering and to issue citations, accordingly. The program also requires the vehicle owner to repair its engines that exceed the prescribed ARB smoke opacity standards, perform a post-repair opacity test, and submit proof of repairs and any assessed penalties under the Regulations of the Heavy-Duty Smoke Inspection Program, Chapter 3.5, Sections 2180-2188, Title 13, California Code of Regulations (CCR).

(2) *H&SC* Section 43701 provides that ARB shall adopt regulations that require owners or operators of heavy-duty diesel motor vehicles to perform regular inspections of their vehicles for excess smoke emissions.

(3) Title 13, CCR sections 2190 et seq. was adopted under the authority of *H&SC* section 43701 and, with limited exceptions, which are not applicable here, apply to all heavy-duty diesel powered vehicles with gross vehicle weight ratings greater than 6,000 pounds that operate on the streets or highways within the State of California.

(4) Title 13, CCR sections 2190 et seq. authorize the Periodic Smoke Inspection Program (PSIP) which requires the owners and operators of California based vehicle fleets of two or more heavy duty diesel motor vehicles with gross vehicle weight ratings greater than 6,000 pounds that operate on the streets or highways within the State of California to conduct annual smoke opacity inspections of their vehicles that are four years older than the model year of the vehicle's engine.

(5) Title 13, CCR section 2192 (a) requires inter alia that the owner of the vehicle "[t]est the vehicle for excessive smoke emissions periodically according to the inspection intervals specified in section 2193 (a), (b), and (c)", "[m]easure the smoke emissions for each test...", "[r]ecord the smoke test opacity levels and other required test information as specified in section 2194..." and "[k]eep the records specified in section 2194 for two years after the date of inspection."

(6) *H&SC* Section 43016 states, "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 of not to exceed five hundred dollars ($500.00) per vehicle."

(7) The ARB considers testing, measuring, recording, and recordkeeping to be critical components in reducing excessive smoke emissions from these heavy-duty vehicles.

(8) ARB contends Doaba Enterprises Inc. failed to test, measure, record, and maintain records of smoke emissions from its fleet of heavy-duty diesel vehicles for 2011 and 2012 in violation of Title 13, CCR Sections 2190 et seq.

(9) California Health and Safety Code (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 Air Resources Board (ARB) identified particulate matter (PM) from diesel-fueled engines as a toxic air contaminant. In-use on-road heavy-duty diesel vehicles (heavy-duty vehicles) are powered by diesel fueled engines that emit toxic particulate matter. On-road vehicles are controlled under section 2025 within chapter 1, article 4.5, Title 13 of the California Code of Regulations (CCR).

(10) CCR, title 13, section 2025(e)(1)(B) states: "Starting January 1, 2012, for all vehicles with GVWR greater than 26,000 lbs, excluding school buses, fleets must meet the requirements of section 2025(g) or fleets that report may instead comply with the phase-in option of section 2025(i)."

(11) Doaba Enterprises Inc. has elected to meet the requirements of the Engine Model Year Compliance Schedule provided for in CCR, title 13, section 2025(g).

(12) Health and Safety Code, Sections 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 ($1,000.00) or not to exceed ten thousand dollars ($10,000.00) respectively, for each day in which the violation occurs.

(13) HSC 44275 et seq. establishes the Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program). The Carl Moyer Program provides incentive grants for cleaner-than-required engines, equipment and other sources of pollution providing early or extra emission reductions.

(14) HSC 44288 states that Carl Moyer Program funds "shall be awarded in conjunction with the execution of a contract that obligates the state board or a participating district to make the grant and obligates the grantee to take the actions described in the grant application." Such contract shall contain recapturing provisions to ensure and enhance the effectiveness of the Carl Moyer Program.

(15) HSC 44287 requires ARB establish grant criteria and guidelines for the Carl Moyer Program. The Carl Moyer Program Guidelines states that non-compliance with the Carl Moyer Agreement or Guidelines may result in the cancellation of the Agreement, recapturing of voucher funds, or any other remedy available under law.

(16) Doaba Enterprises Inc. signed three Moyer applications affirming they were in compliance with all federal, state, and local air quality regulations and would stay. Based on those applications, Doaba Enterprises Inc. is the recipient of two California ARB Carl Moyer vouchers in the amount of $40,000 and $45,000, issued through the ARB Voucher Incentive Program (VIP) in 2012.

(17) ARB contends that Doaba Enterprises Inc. violated the terms of the Carl Moyer Agreement by failing to be in compliance with ARB regulations.

(18) Proposition 1B authorized the Legislature to appropriate $1 billion in bond funding to the Air Resources Board (ARB or Board) to reduce air pollution emissions and health risks from freight movement along California's priority trade corridors. The State Fiscal Year (FY) 2007-08 budget included implementing legislation, via Senate Bill 88 (SB 88) (Chapter 181, Statutes of 2007), that created the Goods Movement Emission Reduction Program (Program). Assembly Bill 201 (AB 201) (Chapter 187, Statutes of 2007) included a minor clarification. These bills are codified in the Health and Safety Code, section 39625 et seq. SB 88 required ARB to adopt Guidelines to ensure the Program achieves the statutory objectives.

(19) Proposition 1B requires ARB establish grant criteria and guidelines for the Goods Movement Emission Reduction Program (Program). Program Guidelines state that non-compliance with ARB regulations may result in the cancellation of the Program Funding Agreement, recapturing of voucher funds, or any other remedy available under law.

(20) Doaba Enterprises Inc. signed three Proposition 1B applications affirming they were in compliance with all federal, state, and local air quality regulations and would stay in compliance. Based on those applications, Doaba Enterprises Inc. is the recipient of three California Proposition 1B vouchers in the amount of $50,000 each, issued through the Program in 2010.

(21) ARB contends that Doaba Enterprises Inc. violated the terms of the Proposition 1B Agreement by failing to be in compliance with ARB regulations.

(22) In order to resolve these alleged violations, Doaba Enterprises Inc. 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.

(23) 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 Doaba Enterprises Inc. agree as follows:

II. TERMS AND RELEASE

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

Please submit the signed settlement agreement and payment along with the attached "Settlement Agreement Payment Transmittal Form" (Attachment A) to:

California Air Resources Board
Accounting Office
P.O. Box 2815
Sacramento, CA 95812

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

Ms. Allison Spreadborough, Air Pollution Specialist
Air Resources Board, Enforcement Division
P.O. Box 2815
Sacramento, CA 95812

(1) Upon execution of this Agreement, Doaba Enterprises Inc. shall pay a civil penalty of three thousand dollars (**$3,000.00**) and return of Proposition 1B funds of two thousand, three hundred and fifty dollars (**$2,350.00**). Payments shall be made in check form as described below, and payments shall be by **April 17, 2014**. If the Attorney General files a civil action to enforce this settlement agreement, Doaba Enterprises Inc. shall pay all costs of investigating and prosecuting the action, including expert fees, reasonable attorney's fees, and costs.

SETTLEMENT AGREEMENT AND RELEASE ARB AND DOABA ENTERPRISES INC.

Payment Due Date:		In the Amount of and Paid to:	
(1)	**April 17, 2014**	**$750.00**	paid to **Peralta Colleges Foundation**
(2)	**April 17, 2014**	**$2,250.00**	paid to **Air Pollution Control Fund**
(3)	**April 17, 2014**	**$2,350.00**	paid to **Bay Area Air Quality Management District**

(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, Doaba Enterprises Inc. 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 Doaba Enterprises Inc., 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 Doaba Enterprises Inc., 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 Doaba Enterprises Inc., its subsidiary, or parent company, or a trustee in bankruptcy, custodian, receiver or agent is appointed or authorized to take charge of any of Doaba Enterprises Inc., its subsidiary, or parent company's properties, or if any deposit account or other property of Doaba Enterprises Inc., 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, Doaba Enterprises Inc., 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 Doaba Enterprises Inc. 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 Doaba Enterprises Inc.by ARB arising from the facts described in recital paragraphs 1 – 23 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) Doaba Enterprises Inc. shall not violate H&SC sections 43701 *et seq.* and 44011.6 *et seq.* and Title 13, CCR Sections 2180 *et seq.*, 2190 *et seq.*, and 2485 *et seq*.

(6) Doaba Enterprises Inc. shall comply with one or both of the following options to attend the California Council on Diesel Education and Technology (CCDET) class, (SAE J1667 Snap Acceleration Smoke Test Procedure for Heavy-Duty Diesel Powered Vehicles) as described on the ARB webpage at http://www.arb.ca.gov/enf/hdvip/hdvip.htm. This class is conducted by various

California Community Colleges and instructs attendees on compliance with the PSIP, ECL, and the HDVIP.

(a) Doaba Enterprises Inc. shall have the fleet maintenance manager (or equivalent) and all staff performing opacity tests for compliance with PSIP and the HDVIP attend the CCDET I class. Proof of CCDET I completion shall be provided to ARB within six months of the date of this Agreement and be maintained in each applicable employee's file for the term of his or her employment.

(b) If Doaba Enterprises Inc. uses a contractor to perform the annual smoke opacity testing required under the PSIP, in addition to having the fleet maintenance manager (or equivalent) attend the CCDET I course, Doaba Enterprises Inc. shall obtain proof that the contractor's staff conducting the smoke opacity tests completed the CCDET I course within the past four years. This proof of CCDET I completion shall be provided to ARB with PSIP records as required by this Agreement and be maintained with the annual PSIP records.

(7) Doaba Enterprises Inc. shall comply with one or both of the following options to attend the CCDET II class (Diesel Exhaust After Treatment and Maintenance), described on the ARB's webpage http://www.arb.ca.gov/enf/hdvip/ccdet/ccdet.htm. This class is conducted by various California Community Colleges and instructs attendees on California's emission regulations and the proper care and maintenance of Diesel Exhaust After Treatment Systems (DEATS).

(a) Doaba Enterprises Inc. shall have the fleet maintenance manager (or equivalent) and all staff responsible for maintenance of DEATS attend the CCDET II class. Proof of CCDET II completion shall be provided to ARB within six months of the date of this Agreement and also be maintained in each applicable employee's file for the term of his or her employment.

(b) In case Doaba Enterprises Inc. uses a contractor for the maintenance of DEATS, in addition to having the fleet maintenance manager (or equivalent) attend the CCDET II course, Doaba Enterprises Inc. shall obtain proof that the contractor's staff maintaining the DEATS device(s) completed the CCDET II course within the last four years. This proof of the CCDET II completion shall be provided by Doaba Enterprises Inc. to the ARB within six months of the date of this settlement and be maintained with the DEATS installation and maintenance records.

(8) Doaba Enterprises Inc. shall submit copies of all PSIP compliance records for years 2014 and 2015 to the ARB by January 31 of the following year. Copies shall be addressed to the attention of Allison Spreadborough at the California Air Resources Board, Enforcement Division, P.O. Box 2815, Sacramento, CA

95812. The ARB reserves the right to visit any Doaba Enterprises Inc. fleet location at any time to conduct compliance audits for the HDVIP and PSIP, or any other applicable ARB program.

(9) Doaba Enterprises Inc. shall complete Low NOx Software Upgrades (reflash) on all applicable heavy-duty diesel engines operating in California and report to the ARB within 45 days of this agreement.

(10) Each 1974 or newer diesel powered heavy-duty vehicle in the Doaba Enterprises Inc. fleet shall comply with the emission control label (ECL) requirements set forth in the CCR, Title 13, Section 2183 (c).

(11) Doaba Enterprises Inc. shall instruct all employees who operate diesel-fueled vehicles to comply with the idling regulations set forth in CCR, Title 13, Section 2485, within 45 days of this Agreement.

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

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

(14) 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.

(15) 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.

(16) 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.

(17) 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.

(18) 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 Health and Safety Code sections 42403 and 43024. The penalty was discounted 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.

PSIP Violations
The per vehicle penalty for the PSIP violations involved in this case is a maximum of $500 per vehicle per violation per year. The penalty obtained for the eight PSIP violations involved in this case is $3,000 for five vehicles, or $375 per vehicle per violation. The penalty was discounted 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.

PSIP Violations
The penalty provision being applied to the PSIP violations is HSC section 43016 because Doaba Enterprises Inc. failed to test, measure, record, and maintain records of smoke emissions from its fleet of heavy duty diesel vehicles for the years 2011 and 2012 in violation of the PSIP regulation in Title 13, CCR sections 2190 *et seq*, for five vehicles. Since the PSIP regulation was adopted pursuant to authority granted in Part 5 of Division 26 of the HSC and since there is no specific penalty or fine provided for PSIP violations in Part 5, HSC section 43016 is the applicable penalty provision.

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 opacity or level of g/hp-hr. However, since the hours of operation of the non-compliant units involved and their individual emission rate are not known, it is not practicable to quantify the excess emissions.

(19) Doaba Enterprises Inc. 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 HSC section 43024, has explained the manner in which the penalty amount was calculated, has identified the provision of law

Att - Allison

law and remove any unfair advantage that Doaba Enterprises Inc.may have secured from its actions.

(23) Now therefore, in consideration of the payment on behalf of Doaba Enterprises Inc.to the California Air Pollution Control Fund and the Peralta Colleges Foundation, the ARB hereby releases Doaba Enterprises Inc. and their principals, agents, predecessors, successors and assignees, officers, directors, receivers, trustees, employees, subsidiary and parent corporations from any and all claims, the ARB may have or have in the future based on the circumstances described in paragraph (1) through (11) of the Recitals. The undersigned represent that they have the authority to enter into this Agreement

California Air Resources Board		**Doaba Enterprises Inc.**	
By:		By:	Jarnail
Name:	James R. Ryden	Name:	JARNAIL SINGH
Title:	Enforcement Division Chief	Title:	President
Date:	06/03/14	Date:	6-3-2014

916-445-5745