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 ENKHBAYAR NATSAGNYAM (hereinafter "ENKHBAYAR NATSAGNYAM"), 433 Buena Vista Ave, APT 206, Alameda, California 94501.

I. RECITALS

(1) California Health and Safety Code sections 39650-39675 (HSC §§ 39650-39675) mandate the reduction of the emissions of substances that have been determined to be toxic air contaminants (TAC). In 1998, following an exhaustive ten-year scientific assessment process, ARB 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 particulate matter. On-Road vehicles are controlled under section 2025 within title 13 of the California Code of Regulations (CCR).

(2) 13 CCR § 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 13 CCR § 2025(g) or fleets that report may instead comply with the phase-in option of 13 CCR § 2025(i)."

(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 TACs not to exceed one thousand dollars ($1,000) or ten thousand dollars ($10,000), respectively, for each day in which the violation occurs.

(4) ENKHBAYAR NATSAGNYAM has elected to meet the requirements of the Engine Model Year Compliance Schedule provided for in 13 CCR § 2025(g).

(5) 13 CCR § 2025(g) requires that owners of diesel vehicles with a GVWR greater than 26,000 lbs. meet PM BACT requirements for all 2005 through 2006 by January 1, 2014.

(6) ARB has documented that ENKHBAYAR NATSAGNYAM failed to meet PM BACT requirements for all 2005 through 2006 by January 1, 2014.

(7) 13 CCR § 2025(r) sets forth the requirements for reporting all vehicles with engines subject to the regulation if the owner of a fleet has elected to utilize the compliance options of 13 CCR §§ 2025(f)(4), 2025(g)(3), 2025(g)(4), 2025(h), 2025(i), the credits of 13 CCR § 2025(j), and the agricultural provisions of 13 CCR § 2025(m), single-engine and two-engine street sweeper provisions of 13 CCR § 2025(n), extension or exemptions for vehicles used exclusively in NOx

exempt areas of 13 CCR § 2025(p)(1), and the extension for low-mileage construction trucks of 13 CCR § 2025(p)(2).

(8) ARB has documented that ENKHBAYAR NATSAGNYAM has falsely reported vehicles with engines subject to the regulation for which the owner has elected to utilize the compliance options of 13 CCR § 2025(g).

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

(10) 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, ARB and ENKHBAYAR NATSAGNYAM agree as follows:

II. TERMS AND RELEASE

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

(1) Upon execution of this Agreement, ENKHBAYAR NATSAGNYAM shall pay a civil penalty of four thousand six hundred eighty dollar (4,680.00). Payment shall be made in 12 monthly payments as described below, beginning on **April 20, 2015**

- **$ 390.00** payable to the **Peralta Colleges Foundation** **Due April 20, 2015**
- **$ 390.00** payable to the **Peralta Colleges Foundation** **Due May 20, 2015**
- **$ 390.00** payable to the **Peralta Colleges Foundation** **Due June 22, 2015**
- **$ 390.00** payable to the **Air Pollution Control Fund** **Due July 20, 2015**
- **$ 390.00** payable to the **Air Pollution Control Fund** **Due August 20, 2015**
- **$ 390.00** payable to the **Air Pollution Control Fund** **Due September 21, 2015**
- **$ 390.00** payable to the **Air Pollution Control Fund** **Due October 20, 2015**
- **$ 390.00** payable to the **Air Pollution Control Fund** **Due November 20, 2015**
- **$ 390.00** payable to the **Air Pollution Control Fund** **Due December 21, 2015**
- **$ 390.00** payable to the **Air Pollution Control Fund** **Due January 20, 2016**
- **$ 390.00** payable to the **Air Pollution Control Fund** **Due February 22, 2016**
- **$ 390.00** payable to the **Air Pollution Control Fund** **Due March 21, 2016**

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

Ms. Ann Stacy
Air Pollution Specialist
California Air Resources Board
Enforcement Division
P.O. Box 2815
Sacramento, CA 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, CA 95812-1436

(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, ENKHBAYAR NATSAGNYAM 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 ENKHBAYAR NATSAGNYAM, 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 ENKHBAYAR NATSAGNYAM, 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 ENKHBAYAR NATSAGNYAM, its subsidiary, or parent company, or a trustee in bankruptcy, custodian, receiver or agent is appointed or authorized to take charge of any of ENKHBAYAR NATSAGNYAM, its subsidiary, or parent company's properties, or if any deposit account or other property of ENKHBAYAR NATSAGNYAM, 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 ENKHBAYAR NATSAGNYAM, 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 ENKHBAYAR NATSAGNYAM 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 ENKHBAYAR NATSAGNYAM by ARB arising from the facts described in recital paragraphs (1) through (9) 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) ENKHBAYAR NATSAGNYAM shall not violate HSC §§ 43701 *et seq.*, 44011.6 *et seq.*, and 13 CCR §§ 2180 *et seq.*, 2190 *et seq.*, and 2485 *et seq.*

(6) ENKHBAYAR NATSAGNYAM shall complete Low NOx Software Upgrades (reflash) on all applicable heavy-duty diesel engines operating in California and report to ARB within 45 days of this agreement.

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

(8) ENKHBAYAR NATSAGNYAM shall not violate the Truck & Bus regulation as codified in 13 CCR § 2025.

(9) ENKHBAYAR NATSAGNYAM shall submit proof of compliance with the Truck and Bus regulation (as codified in 13 CCR § 2025), within 45 days of the execution of this Agreement, to **Ms. Ann Stacy, Air Pollution Specialist, California Air Resources Board, Enforcement Division, P.O. Box 2815, Sacramento, CA 95812.**

(10) This Agreement shall apply to and be binding upon ENKHBAYAR NATSAGNYAM, and its officers, directors, receivers, trustees, employees, successors and assignees, subsidiary and parent corporations and upon ARB and any successor agency that may have responsibility for and jurisdiction over the subject matter of this Agreement.

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

The penalty obtained for the Truck and Bus violations involved in this case for failure to meet the requirements of the Engine Model Year Compliance Schedule is $4,680.00 or $390.00 per month of violation for 1 vehicle with a 2005 model year engine (12 months in violation).

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.

Truck and Bus 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 a Toxic Air Contaminant Control Measure adopted pursuant to

authority contained in HSC §§ 39002 et seq., 39650-39675 and because ENKHBAYAR NATSAGNYAM failed to bring their diesel fleet into compliance by the deadlines set forth in 13 CCR § 2025(g) and falsely reported required information for all vehicles in the fleet for which they have elected to utilize compliance options/credits/provisions as required in 13 CCR § 2025(r).

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 non-compliant trucks involved and their individual emission rates are not known, it is not practicable to quantify the excess emissions.

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

(20) Now therefore, in consideration of the payment on behalf of ENKHBAYAR NATSAGNYAM to the Air Pollution Control Fund and the Peralta Colleges Foundation, ARB hereby releases ENKHBAYAR NATSAGNYAM and their principals, officers, 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 (9) of the Recitals. The undersigned represent that they have the authority to enter into this Agreement.

California Air Resources Board

Signature: _____

Print Name: James R. Ryden

Title: Chief, Enforcement Division

Date: 4/3/15

ENKHBAYAR NATSAGNYAM

Signature: Enkhbayar.N

Print Name: ENKHBAYAR NATSAGNYAM

Title: owner (truck driver)

Date: 3-29-24