BEFORE THE

OHIO ENVIRONMENTAL PROTECTION AGENCY

O.E.P.A.
JUN -2 2008
DIRECTOR'S JOURNAL

In the Matter of:

Three Bond USA, Inc.	:	Director's Final Findings
6184 Schumacher Park Drive	:	and Orders
West Chester, Ohio	:	

I certify this to be a true and accurate copy of the official documents as filed in the records of the Ohio Environmental Protection Agency.

By: _____ Date: 6-2-08

PREAMBLE

It is agreed by the parties hereto as follows:

I. JURISDICTION

These Director's Final Findings and Orders ("Orders") are issued to Three Bond USA, Inc. ("Respondent") pursuant to the authority vested in the Director of the Ohio Environmental Protection Agency ("Ohio EPA") under Ohio Revised Code ("ORC") §§ 3704.03 and 3745.01.

II. PARTIES BOUND

These Orders shall apply to and be binding upon Respondent and successors in interest liable under Ohio law. No change in ownership of the Respondent or of Respondent's facility as hereinafter defined shall in any way alter Respondent's obligations under these Orders.

III. DEFINITIONS

Unless otherwise stated, all terms used in these Orders shall have the same meaning as defined in ORC Chapter 3704 and the rules promulgated thereunder.

IV. FINDINGS

The Director of Ohio EPA has determined the following findings:

1. Respondent owns and operates a facility that manufactures and applies coatings to metal and plastic fasteners (screws/nuts/bolts) mainly used in the automotive industry, which is located at 6184 Schumacher Park Drive, West Chester, Butler County, Ohio, and is identified by Ohio EPA Facility ID 1409000654. This facility is currently permitted as a "synthetic minor source," as defined in Ohio Administrative Code ("OAC") 3745-77-01(II).

2. At its facility, Respondent has owned and operated nine dip and rotary coating lines for miscellaneous metal and plastic parts, identified by Ohio EPA as emissions units ("EUs") R001 through R009; an automated coating line for miscellaneous metal parts (EU R010); and a dip coating and tumbling line for miscellaneous metal parts (EU R013). These EUs are "air contaminant sources" as defined by Ohio Administrative Code ("OAC") Rules 3745-15-01(C) and (W), 3745-31-01(K), and 3745-35-01(B)(4), and ORC § 3704.01(C).

3. ORC § 3704.05(A) prohibits any person from allowing any emission from any source in excess of that permitted in any rule adopted by the Director of Ohio EPA. ORC § 3704.05(C) prohibits any person from violating the terms and conditions of any permit issued by the Director of Ohio EPA. ORC § 3704.05(G) prohibits any person from violating any rule adopted by the Director of Ohio EPA.

4. On June 3, 1999, Ohio EPA issued synthetic minor Permit to Install ("PTI") #14-04664 to Respondent for EUs R001 through R009. This PTI established facility-wide limitations of 10 tons per year ("TPY") for each hazardous air pollutant ("HAP") and 25 TPY for combined HAPs, both based on a rolling, 12-month summation, and an organic compound ("OC") emission limitation of 18.33 tons, based on a rolling, 12-month summation, for EUs R001 through R009, combined, to avoid the facility being subject to Title V permitting requirements of OAC Chapter 3745-77.

5. On April 2, 2002, Ohio EPA issued PTI #14-05266 to Respondent for EU R010, which contains existing facility-wide HAP emission limitations. This PTI also limits Respondent to not exceed a coating usage limitation of three gallons per day for EU R010.

6. On November 1, 2005, the Hamilton County Department of Environmental Services ("HCDES"), Ohio EPA's contractual representative in Hamilton County, received a quarterly exceedance report for the third quarter of 2005 from Respondent for EU R010. According to Respondent's report, on August 24, 2005, Respondent did not comply with the three-gallon per day coating usage limit for EU R010 (3.56 gallons per day), in violation of the terms and conditions of the PTI and § 3704.05(C).

7. On November 28, 2005, Respondent submitted an exceedance report for October 2005 to HCDES for EU R010. According to Respondent's report, on October 11 and October 20, 2005, Respondent did not comply with the three-gallon per day coating usage limit for EU R010 (3.41 gallons and 3.24 gallons per day, respectively), in violation of the PTI and ORC § 3704.05(C).

8. Based on the emissions summary tables that were submitted by Respondent on May 31 and December 12, 2005 for its facility, it was determined that Respondent exceeded the individual HAP limitation from June 2004 through October 2005 and the

combined HAPs limitation for November and December 2004, and from February through April 2005. Specifically, the rolling, 12-month summation for individual HAPs for toluene for the time period from June 2004 through October 2005 were 10.28, 10.49, 11.05, 10.90, 10.39, 11.06, 11.48, 11.18, 11.87, 12.14, 13.63, 12.39, 12.25, 11.66, 10.71, 10.54, and 10.31 (in TPY), respectively. Similarly, the rolling, 12-month summation for individual HAPs for trichloroethylene for the time period from June 2004 through May 2005 were 10.71, 11.80, 12.76, 13.38, 14.18, 14.37, 14.87, 13.70, 13.55, 13.47, 12.84, and 11.12 (in TPY), respectively. Also, the rolling, 12-month summation for combined HAPs for Respondent's facility for November and December 2004, and from February through April 2005 were 25.43, 26.35, 25.42, 25.61, and 26.47 (in TPY), respectively, in exceedance of the 25 TPY limitation. By exceeding the individual and combined HAP limitations during the above-listed months, Respondent was in violation of the PTIs and ORC § 3704.05(C). Information from these emissions summary tables also indicated that Respondent began to comply with the limitations for individual and combined HAPs as of November 2005.

9. On August 10, 2006, Ohio EPA issued a PTI #14-05826 to Respondent to modify existing emission limitations and install new EU R013. This PTI changed the allowable OC emissions from 18.33 TPY to 51.30 TPY on a rolling,12-month basis for all coating lines combined. This PTI also limits Respondent not to exceed a usage of three gallons of coatings per day for EU R013.

10. September 29, 2006, HCDES received an exceedance report from Respondent indicating that the facility exceeded the three-gallon per day coating usage limitation for EU R013 on August 15, 2006 (the reported value was 3.73 gallons). Respondent was in violation of the PTI and § 3704.05(C).

11. According to HCDES, since September 2006, no other violations were known or reported concerning with the operations at Respondent's facility.

12. The Director has given consideration to, and based his determination on, evidence relating to the technical feasibility and economic reasonableness of complying with the following Orders and their relation to benefits to the people of the State to be derived from such compliance.

V. ORDERS

The Director hereby issues the following Orders:

1. Pursuant to ORC § 3704.06, Respondent is assessed a civil penalty in the amount of eighty-seven thousand dollars ($87,000) in settlement of Ohio EPA's claims for civil penalties. Within thirty (30) days after the effective date of these Orders, Respondent shall pay Ohio EPA the amount of fifty-nine thousand and six hundred dollars ($59,600) of the total penalty amount. Payment shall be made by an official check made payable to "Treasurer, State of Ohio" for $59,600. The official check shall be submitted to Brenda Case, or her successor, together with a letter identifying the Respondent, to:

Ohio EPA
Office of Fiscal Administration
P.O. Box 1049
Columbus, Ohio 43216-1049

A copy of the check shall be sent to James A. Orlemann, Assistant Chief, SIP Development and Enforcement, or his successor, at the following address:

Ohio EPA
Division of Air Pollution Control
P.O. Box 1049
Columbus, Ohio 43216-1049

2. In lieu of paying the remaining twenty-seven thousand and four hundred dollars ($27,400) of the civil penalty to Ohio EPA, Respondent shall fund the supplemental environmentally beneficial projects ("SEPs") identified in Orders 3 and 4. Of the $27,400, $17,400 shall be used to fund the project in Order 3, and $10,000 shall be used to fund the project in Order 4. In the event Respondent defaults or otherwise fails to complete any of the projects as specified in Orders 3 and 4, the $17,400 for the project in Order 3 and/or the $10,000 for the project in Order 4, whichever is (are) applicable, shall immediately become due and payable to Ohio EPA. Such payment shall be made by an official check made payable to "Treasurer, State of Ohio" and sent to Brenda Case, or her successor, together with a letter identifying the Respondent, to the above-stated address. A copy of the check shall be sent to James A. Orlemann, or his successor, at the above-stated address.

3. Respondent shall fund a SEP by making a contribution in the amount of seventeen thousand and four hundred dollars ($17,400) to Ohio EPA's Clean Diesel School Bus Program Fund (Fund 5CD0). Respondent shall make payment within thirty (30) days after the effective date of these Orders by an official check made payable to "Treasurer, State of Ohio" for $17,400. The official check shall specify that such monies are to be deposited into Fund 5CD0 established by Ohio EPA for the Clean Diesel School Bus Program. The official check shall be submitted to Brenda Case, or her successor, together with a letter identifying the Respondent and Fund 5CD0, to the above-stated address. A copy of this check also shall be sent to James A. Orlemann, or his successor, at the above-stated address.

4. As outlined below, and with reference to the chapters described in Ohio EPA's 1993 "Ohio Pollution Prevention and Waste Minimization Planning Guidance Manual" (the Manual), Respondent shall conduct a pollution prevention study ("P2 Study") at the facility as a SEP in lieu of paying $10,000 of the civil penalty. The P2 Study is an assessment of selected facility processes to identify and evaluate specific source reduction and environmentally sound recycling opportunities.

a. Within ninety (90) days after the effective date of these Orders, Respondent shall submit a detailed narrative report to Ohio EPA for review and approval containing the following:

i. a list of the members of a cross-functional team for the P2 Study, including the name of a designated team leader;

ii. an identification of the processes selected for study and the methods used to select the processes; and

iii. a description of the processes being studied, including types and quantities of raw materials used, waste generated (i.e., air emissions, hazardous waste, solid waste, wastewater), and the intermediate or final products.

The above items shall be completed following the guidance provided in Chapters 8 and 9 of the Manual.

b. Within one hundred eighty (180) days after the effective date of these Orders, Respondent shall submit a detailed narrative report to Ohio EPA for review and approval containing the following:

i. an analysis of the process-related factors contributing to waste generation;

ii. a description of the specific pollution prevention opportunities identified; and

iii. a discussion of the approach used in screening and prioritizing pollution prevention opportunities for future implementation.

The above items shall be completed following the guidance provided in Chapters 11 and 12 of the Manual.

c. Within two hundred seventy (270) days after the effective date of these Orders, Respondent shall submit a detailed narrative final report to Ohio EPA for review and approval containing the following:

i. an evaluation of the cost considerations and feasibility analysis of the identified pollution prevention opportunities;

ii. a discussion of those projects that have been eliminated as well as those that have been implemented, planned for implementation, or under consideration for possible implementation; and

iii. a description of the other items bulleted in Table 7 of Chapter 15 of the Manual.

The above items shall be completed following the guidance provided in Chapters 13, 14 and 15 of the Manual.

d. Within three hundred and thirty (330) days after the effective date of these Orders, Respondent shall submit an approvable detailed narrative final report to Ohio EPA, unless the report submitted to Ohio EPA pursuant to the above paragraph c is approved by Ohio EPA.

Ohio EPA shall provide Respondent with its comments and an indication of approval or disapproval of the reports submitted pursuant to this Order in a timely manner.

5. Within thirty (30) days after the completion and approval by Ohio EPA of the project identified in Order 4, Respondent shall submit documentation to Ohio EPA of the total cost of the P2 Study. If the total cost of the P2 Study is less than $10,000, Respondent shall submit along with the final report identified in Order 4 and in the manner described in Order 2, an official check to Ohio EPA for the difference in cost between $10,000 and the total cost of the P2 Study.

VI. TERMINATION

Respondent's obligations under these Orders shall terminate when Respondent certifies in writing and demonstrates to the satisfaction of Ohio EPA that Respondent has performed all obligations under these Orders and the Chief of Ohio EPA's Division of Air Pollution Control acknowledges, in writing, the termination of these Orders. If Ohio EPA does not agree that all obligations have been performed, then Ohio EPA will notify Respondent of the obligations that have not been performed, in which case Respondent shall have an opportunity to address any such deficiencies and seek termination as described above.

The certification shall contain the following attestation: "I certify that the information contained in or accompanying this certification is true, accurate and complete."

The certification shall be submitted by Respondent to Ohio EPA and shall be signed by a responsible official of Respondent. For purposes of these Orders, a responsible official is a corporate officer who is in charge of a principal business function of Respondent.

VII. OTHER CLAIMS

Nothing in these Orders shall constitute or be construed as a release from any claim, cause of action or demand in law or equity against any person, firm, partnership or corporation, not a party to these Orders, for any liability arising from, or related to, the operation of Respondent's facility.

VIII. OTHER APPLICABLE LAWS

All actions required to be taken pursuant to these Orders shall be undertaken in accordance with the requirements of all applicable local, state and federal laws and regulations. These Orders do not waive or compromise the applicability and enforcement of any other statutes or regulations applicable to Respondent.

IX. MODIFICATIONS

These Orders may be modified by agreement of the parties hereto. Modifications shall be in writing and shall be effective on the date entered in the journal of the Director of Ohio EPA.

X. NOTICE

Except as otherwise specified in these Orders, all documents required to be submitted by Respondent pursuant to these Orders shall be addressed to:

Hamilton County Department of Environmental Services
250 William Howard Taft Road
Cincinnati, Ohio 45219
Attn: Mike Ploetz

and to:

Ohio Environmental Protection Agency
Division of Air Pollution Control
Lazarus Government Center
P.O. Box 1049
Columbus, Ohio 43216-1049
Attn: Thomas Kalman

or to such persons and addresses as may hereafter be otherwise specified in writing by Ohio EPA.

XI. RESERVATION OF RIGHTS

Ohio EPA and Respondent each reserve all rights, privileges and causes of action, except as specially waived in Section XII of these Orders.

XII. WAIVER

In order to resolve disputed claims, without admission of fact, violation or liability, and in lieu of further enforcement action by Ohio EPA for only the violations specifically cited in these Orders, Respondent consents to the issuance of these Orders and agrees

to comply with these Orders. Compliance with these Orders shall be a full accord and satisfaction for Respondent's liability for the violations specifically cited herein.

Respondent hereby waives the right to appeal the issuance, terms and conditions, and service of these Orders, and Respondent hereby waives any and all rights Respondent may have to seek administrative or judicial review of these Orders either in law or equity.

Notwithstanding the preceding, Ohio EPA and Respondent agree that if these Orders are appealed by any other party to the Environmental Review Appeals Commission, or any court, Respondent retains the right to intervene and participate in such appeal. In such an event, Respondent shall continue to comply with these Orders notwithstanding such appeal and intervention unless these Orders are stayed, vacated, or modified.

XIII. EFFECTIVE DATE

The effective date of these Orders is the date these Orders are entered into the Ohio EPA Director's journal.

XIV. SIGNATORY AUTHORITY

Each undersigned representative of a party to these Orders certifies that he or she is fully authorized to enter into these Orders and to legally bind such party to these Orders.

IT IS SO ORDERED AND AGREED:

Ohio Environmental Protection Agency

Chris Korleski
Director

5/27/08
Date

IT IS SO AGREED:

Three Bond USA, Inc.

Toshihisa Kanada
Signature

05/13/08
Date

Toshihisa Kanada
Printed or Typed Name

V.P. Manufacturing/R+D
Title