

STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
OFFICE OF THE DIRECTOR

In the matter of administrative proceedings)
against **STELMI AMERICA, INC.**, a)
corporation organized under the laws of the)
State of Nevada and doing business at 1601)
Brooks Drive, in the City of Marshall,)
County of Calhoun, State of Michigan)
)

AQD No 20-2007
REVISION NO. 1
SRN: N7166

STIPULATION FOR ENTRY OF FINAL ORDER
BY CONSENT

This proceeding resulted from allegations by the Michigan Department of Environmental Quality ("MDEQ") Air Quality Division ("AQD") against Stelmi America, Inc, ("Company"), a Michigan corporation located at 1601 Brooks Drive in the City of Marshall, County of Calhoun, State of Nevada, with State Registration Number ("SRN") N7166. The MDEQ alleges that the Company was in violation of the federal Clean Air Act, 42 USC 7475 ("CAA"); the federal National Emission Standards for Chromium Emissions From Hard and Decorative Chromium Electroplating and Chromium Anodizing Tanks as listed in Title 40 of the Code of Federal Regulations Part 63, Subpart N ("federal Chrome NESHAP"), Article II, Pollution Control, Part 55 of Act 451, Consent Order No 20-2007, Michigan Administrative Code ("MAC"), 1998 AACS, R 336.1225 ("Rule 225") and Permit to Install No 178-02A which is hereto attached as Exhibit A of this Stipulation for Entry of a Final Order by Consent ("Revised Consent Order"). Specifically, the MDEQ alleges that the Company's hard chrome plating process has exceeded the chromium emission rates specified in Exhibit A which has caused the release of chromium emissions to the ambient air in excess of acceptable health based screening levels, as cited herein and in the Letter of Violation ("LOV's") dated November 30, 2006 and July 29, 2008. The Company and MDEQ stipulate to the termination of this proceeding by entry of a Consent Order ("Revised Consent Order").

The Company and MDEQ stipulate as follows:

1 The Natural Resources and Environmental Protection Act, 1994 PA 451, ("Act 451"), MCL 324.101 et seq. is an act that controls pollution to protect the environment and natural resources in the State

2 Article II, Pollution Control, Part 55 of Act 451 ("Part 55"), MCL 324 5501 et seq. provides for air pollution control regulations in this State

3 The Michigan Department of Natural Resources ("MDNR") is authorized pursuant to Section 5503 of Part 55 to administer and enforce all provisions of Part 55. Section 301 of Part 3 provides the authority to the Director of the MDNR to delegate powers and duties

4 The MDEQ was created as a principal department within the Executive Branch of the State of Michigan pursuant to Executive Order 1995-18. All statutory authority, powers, duties, functions and responsibilities of the MDNR AQD were transferred to the Director of the MDEQ ("Director")

5 The Director has delegated authority to the Chief of the AQD ("AQD Chief") to enter into this Revised Consent Order

6 The termination of this matter by a Revised Consent Order pursuant to Section 5528 of Part 55 is proper and acceptable.

7 The Company and the MDEQ agree that the signing of this Revised Consent Order is for settlement purposes only and does not constitute an admission by the Company that the law has been violated

8 This Revised Consent Order becomes effective on the date of execution ("effective date of this Revised Consent Order") by the AQD Chief.

9 The Company shall achieve compliance with the aforementioned regulations in accordance with the requirements contained in this Revised Consent Order.

COMPLIANCE PROGRAM AND IMPLEMENTATION SCHEDULE

10. A. Emission Limitations

1. On and after the effective date of this Revised Consent Order, the Company shall not exceed 0.015 milligram per dry standard cubic meter, corrected to 70 degrees F and 29.92 inches Hg of total chromium, as specified in Special Condition 1.1a of Exhibit A and this Revised Consent Order.

2. On and after the effective date of this Revised Consent Order, the Company shall not exceed 1.36×10^{-4} pph of total chromium from the hard chrome plating process, as specified in Special Condition No 1.1b of Exhibit A and this Revised Consent Order

B Operating Conditions

On and after the effective date of this Revised Consent Order, the Company shall operate the hard chrome plating process equipment and add-on control device(s) in accordance with the AQD approved Operation and Maintenance plan which is attached as Exhibit B of this Revised Consent Order. The approved Operation and Maintenance plan shall meet the requirements specified in Special Condition 1.2 of Exhibit A.

TESTING

11. The Company is required to conduct stack testing to confirm total chromium emission rates from the hard chrome plating process in accordance with the methods and procedures approved by the AQD Kalamazoo District Supervisor to demonstrate compliance with the emission limitations specified in paragraphs 10.A.1 and 10.A.2 of this Revised Consent Order. The testing shall be conducted in accordance with the following schedule:

A. The Company shall annually submit a stack test plan for a period of at least three (3) years after the effective date of this Revised Consent Order which meets the requirements specified in Exhibit C to the AQD Kalamazoo District Supervisor and the Technical Programs Unit Supervisor for approval prior to testing.

B. Within sixty (60) days of the approved test plan, the Company shall have completed the testing in accordance with the approved test plan.

C. Not less than seven (7) days prior to testing, the Company or his authorized agent, shall notify the AQD Kalamazoo District Supervisor and the Technical Programs Unit Supervisor, in writing, of the time and place of the tests and who shall conduct them. A representative of the AQD shall have the opportunity to witness the tests.

D. Within sixty (60) days of the test completion, the Company shall submit to the AQD Kalamazoo District Supervisor and the Technical Programs Unit Supervisor a test report, which includes the test data and results, in accordance with the requirements specified in Exhibit C.

E. If the Company complies with the emission limitations specified in paragraph 10A.1 and 10A.2 for three (3) consecutive years pursuant to the required stack testing specified in paragraph 11.A. of this Revised Consent Order then the Company will be no longer required to conduct stack

testing under this Revised Consent Order. However, if the Company fails to demonstrate compliance with the emission limitations specified in paragraphs 10 A 1 and 10 A 2 for three (3) consecutive years then the Company will be required to stack test annually during the term of this Revised Consent Order.

GENERAL PROVISIONS

12. This Revised Consent Order in no way affects the Company's responsibility to comply with any other applicable state and federal, or local laws or regulations, including without limitation, any amendments to the federal Clean Air Act, 42 USC 7401 et seq., Act 451, Part 55 or their rules and regulations, or to the State Implementation Plan

13. This Revised Consent Order constitutes a civil settlement and satisfaction as to the resolution of the violations specifically addressed herein; however, it does not resolve any criminal action that may result from these same violations.

14. The Company paid to the General Fund of the State of Michigan, in the form of a check made payable to the "State of Michigan" and delivered to the Michigan Department of Environmental Quality, Financial and Business Services Division, Revenue Control, P.O. Box 30657, Lansing, Michigan 48909-8157, a settlement amount of \$19,000.00, which included the AQD costs for investigation and enforcement. The total settlement amount was paid by identifying it as Agreement Identification No AQD 1144 which was placed on the face of the check. The settlement amount was in addition to any fees, taxes, or other fines that may have been imposed on the Company by law

15. On and after the effective date of this Revised Consent Order, if the Company fails to comply with paragraphs 10.A.1, 10.A.2 or 10.B of this Revised Consent Order, the Company is subject to stipulated fines of up to \$3,000.00 per violation per day. On and after the effective date of this Revised Consent Order, if the Company fails to comply with Paragraphs 11.A, 11.B, 11.D or 11.E of this Revised Consent Order, the Company is subject to stipulated fines of up to \$1,500.00 per violation per day. On and after the effective date of this Revised Consent Order, if the Company fails to comply with any other provision of Exhibit A or this Revised Consent Order, the Company is subject to a stipulated fine of up to \$500.00 per violation. The amount of the stipulated fines imposed pursuant to this paragraph shall be within the discretion of the MDEQ. Stipulated fines submitted under this Revised Consent Order shall be by check, payable to the State of Michigan within thirty (30) days of written demand and shall be delivered to the Michigan Department of Environmental Quality, Financial and Business Services

Division, Revenue Control, P O. Box 30657, Lansing, Michigan 48909-8157 To ensure proper credit, all payments shall include the Agreement Identification No. AQD 1144S on the face of the check Payment of stipulated fines shall not alter or modify in any way the Company's obligation to comply with the terms and conditions of this Revised Consent Order.

16. The AQD, at its discretion, may seek stipulated fines or statutory fines for any violation of this Revised Consent Order which is also a violation of any provision of applicable federal and state law, rule, regulation, permit, or MDEQ administrative order. However, the AQD is precluded from seeking both a stipulated fine under this Revised Consent Order and a statutory fine for the same violation

17 To ensure timely payment of the settlement amount assessed in paragraph 14 and any stipulated fines assessed pursuant to paragraph 15 of this Revised Consent Order, the Company shall pay an interest penalty to the State of Michigan each time it fails to make a complete or timely payment under this Revised Consent Order The interest penalty shall be determined at a rate of twelve percent (12%) per year compounded annually, using the full increment of amount due as principal, calculated from the due date specified in this Revised Consent Order until the date that delinquent payment is finally paid in full Payment of an interest penalty by the Company shall be made to the State of Michigan in accordance with paragraph 15 of this Revised Consent Order Interest payments shall be applied first towards the most overdue amount or outstanding interest penalty owed by the Company before any remaining balance is applied to subsequent payment amount or interest penalty.

18. The Company agrees not to contest the legal basis for the settlement amount assessed pursuant to paragraph 14. The Company also agrees not to contest the legal basis for any stipulated fines assessed pursuant to paragraph 15 of this Revised Consent Order, but reserves the right to dispute in a court of competent jurisdiction the factual basis upon which a demand by MDEQ of stipulated fines is made. In addition, the Company agrees that said fines have not been assessed by the MDEQ pursuant to Section 5529 of Part 55 and therefore are not reviewable under Section 5529 of Part 55.

19. This compliance program is not a variance subject to the 12 month limitation specified in Section 5538 of Part 55.

20 This Revised Consent Order shall remain in full force and effect for a period of at least five (5) years. Thereafter, the Revised Consent Order shall terminate only upon written notice of termination issued by the AQD Chief. Prior to issuance of a written notice of termination, the Company shall submit a request, to the AQD Chief at the Michigan Department of Environmental Quality, Air Quality Division,

P.O. Box 30260, Lansing, Michigan 48909-7760, consisting of a written certification that the Company has fully complied with all the requirements of this Revised Consent Order and has made all payments including all stipulated fines required by this Revised Consent Order. Specifically, this certification shall include: (i) the date of compliance with each provision of the compliance program and the date any payments or stipulated fines were paid; (ii) a statement that all required information has been reported to the AQD Kalamazoo District Supervisor; (iii) confirmation that all records required to be maintained pursuant to this Revised Consent Order are being maintained at the facility; and, (iv) such information as may be requested by the AQD Chief.

21. In the event Stelmi America, Inc. sells or transfers the facility, with SRN: N7166, it shall advise any purchaser or transferee of the existence of this Revised Consent Order in connection with such sale or transfer. Within thirty (30) calendar days, the Company shall also notify the AQD Kalamazoo District Supervisor, in writing, of such sale or transfer, the identity and address of any purchaser or transferee, and confirm the fact that notice of this Revised Consent Order has been given to the purchaser and/or transferee. As a condition of the sale, Stelmi America, Inc. must obtain the consent of the purchaser and/or transferee, in writing, to assume all of the obligations of this Revised Consent Order. A copy of that agreement shall be forwarded to the AQD Kalamazoo District Supervisor within thirty (30) days of assuming the obligations of this Revised Consent Order.

22. Prior to the effective date of this Revised Consent Order and pursuant to the requirements of Sections 5511 and 5528(3) of Part 55, the public was notified of a 30-day public comment period and was provided the opportunity for a public hearing.

23. Section 5530 of Part 55 may serve as a source of authority but not a limitation under which the Revised Consent Order may be enforced. Further, Part 17 of Act 451 and all other applicable laws and any other legal basis or applicable statute may be used to enforce this Revised Consent Order.

24. The Company hereby stipulates that entry of this Revised Consent Order is a result of an action by MDEQ to resolve alleged violations of its facility located at 1601 Brooks Drive, in Marshall, Michigan. The Company further stipulates that it will take all lawful actions necessary to fully comply with this Revised Consent Order, even if the Company files for bankruptcy in the future. The Company will not seek discharge of the settlement amount and any stipulated fines imposed hereunder in any future bankruptcy proceedings, and the Company will take necessary steps to ensure that the settlement amount and any future stipulated fines are not discharged, including requesting an order from the pertinent U.S.

Bankruptcy Court designating the settlement amount and any future stipulated fines as exceptions to discharge pursuant to 11 U.S. Code Section 523(a)(7). The Company, during and after any future bankruptcy proceedings, will ensure that the settlement amount and any future stipulated fines remain an obligation to be paid in full by the Company to the extent allowed by applicable bankruptcy law

The undersigned certifies that he/she is fully authorized by the Company to enter into this Revised Consent Order and to execute and legally bind the Company to it.

STELMI AMERICA, INC.

Steven F. Dodge, PRESIDENT
Print Name and Title

Steven Dodge Date: 13 JAN 2009
Signature

The above signatory subscribed and sworn to before me this 13 day of January, 2009

Alanna C. Unterbrink
Notary Public

Approved as to Content:

G. Vinson Hellwig
G. Vinson Hellwig, Chief *acting*
AIR QUALITY DIVISION
DEPARTMENT OF
ENVIRONMENTAL QUALITY

Dated: 1/16/09

Approved as to Form:

ALANNA C. UNTERBRINK
Notary Public, Calhoun County, MI
Acting in Calhoun County
My Commission Expires January 10, 2014

Alan F. Hoffman
Alan F. Hoffman, Section Head
ENVIRONMENTAL REGULATION SECTION
ENVIRONMENT, NATURAL RESOURCES,
AND AGRICULTURE DIVISION
DEPARTMENT OF ATTORNEY GENERAL

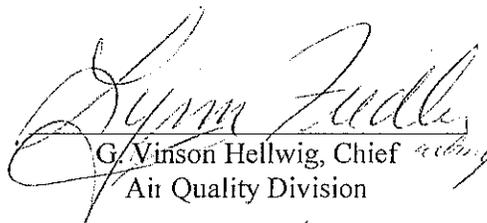
Dated: 1/15/09

FINAL ORDER

The Chief of the Air Quality Division having had opportunity to review the Revised Consent Order and having been delegated authority to enter into Revised Consent Orders by the Director of the Michigan Department of Environmental Quality pursuant to the provisions of Part 55 of Act 451 and otherwise being fully advised on the premises,

HAS HEREBY ORDERED that the Revised Consent Order is approved and shall be entered in the record of the MDEQ as a Final Order.

MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY


G. Vinson Hellwig, Chief *acting*
Air Quality Division

Dated: 1/16/09