

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

PEOPLE OF THE STATE OF ILLINOIS,)	
)	
Complainant,)	
)	
vs.)	PCB No.
)	(Enforcement)
ROCK RIVER ARMS, INC.,)	
an Illinois corporation,)	
)	
Respondent.)	

NOTICE OF ELECTRONIC FILING

To: See Attached Service List


PLEASE TAKE NOTICE that on December 18, 2012, I electronically filed with the Clerk of the Pollution Control Board of the State of Illinois, c/o John T. Therriault, Assistant Clerk, James R. Thompson Center, 100 W. Randolph St., Ste. 11-500, Chicago, IL 60601, a COMPLAINT, MOTION FOR RELIEF FROM HEARING REQUIREMENT and STIPULATION AND PROPOSAL FOR SETTLEMENT, copies of which are attached hereto and herewith served upon you.

Respectfully submitted,

PEOPLE OF THE STATE OF ILLINOIS

LISA MADIGAN,
Attorney General of the
State of Illinois

MATTHEW J. DUNN, Chief
Environmental Enforcement/Asbestos
Litigation Division

BY: 
Amanda Kimmel
Assistant Attorney General
Environmental Bureau

500 South Second Street
Springfield, Illinois 62706
217/782-9031
Dated: December 18, 2012

CERTIFICATE OF SERVICE

I hereby certify that I did on December 18, 2012, cause to be served by First Class Mail, with postage thereon fully prepaid, by depositing in a United States Post Office Box in Springfield, Illinois, a true and correct copy of the following instruments entitled NOTICE OF ELECTRONIC FILING, COMPLAINT, MOTION FOR RELIEF FROM HEARING REQUIREMENT and STIPULATION AND PROPOSAL FOR SETTLEMENT upon the persons listed on the Service List.



Amanda Kimmel
Assistant Attorney General

This filing is submitted on recycled paper.

SERVICE LIST

Rock River Arms, Inc.
c/o Mark Larson, R.A. & President
1042 Cleveland Road
Colona, IL 61241

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

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v.)	PCB NO.
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an Illinois corporation,)	
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Respondent.)	

MOTION FOR RELIEF FROM HEARING REQUIREMENT

NOW COMES Complainant, PEOPLE OF THE STATE OF ILLINOIS, by LISA MADIGAN, Attorney General of the State of Illinois, and pursuant to Section 31(c)(2) of the Illinois Environmental Protection Act ("Act"), 415 ILCS 5/31(c)(2) (2010), moves that the Illinois Pollution Control Board grant the parties in the above-captioned matter relief from the hearing requirement imposed by Section 31(c)(1) of the Act, 415 ILCS 5/31(c)(1) (2010). In support of this motion, Complainant states as follows:

1. A Complaint is being filed simultaneously herewith with the Illinois Pollution Control Board ("Board") in this matter.
2. The parties have reached agreement on all outstanding issues in this matter.
3. This agreement is presented to the Board in a Stipulation and Proposal for Settlement, filed contemporaneously with this motion.
4. All parties agree that a hearing on the Stipulation and Proposal for Settlement is not necessary, and respectfully request relief from such a hearing as allowed by Section 31(c)(2) of the Act, 415 ILCS 5/31(c)(2) (2010).

WHEREFORE, Complainant, PEOPLE OF THE STATE OF ILLINOIS, hereby requests that the Board grant this motion for relief from the hearing requirement set forth in Section 31(c)(1) of the Act, 415 ILCS 5/31(c)(1) (2010).

Respectfully submitted,

PEOPLE OF THE STATE OF ILLINOIS
LISA MADIGAN
ATTORNEY GENERAL

MATTHEW J. DUNN, Chief
Environmental Enforcement/Asbestos
Litigation Division

BY:



Amanda Kimmel
Environmental Bureau
Assistant Attorney General

500 South Second Street
Springfield, Illinois 62706
217/782-9031
Dated: December 18, 2012

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COMPLAINT

Complainant, PEOPLE OF THE STATE OF ILLINOIS, by LISA MADIGAN, Attorney General of the State of Illinois, complains of Respondent, ROCK RIVER ARMS, INC., as follows:

COUNT I

OPERATING WITHOUT A CLEAN AIR ACT PROGRAM PERMIT

1. This Complaint is brought by the Attorney General on her own motion and at the request of the Illinois Environmental Protection Agency ("Illinois EPA"), pursuant to the terms and provisions of Section 31 of the Illinois Environmental Protection Act ("Act"), 415 ILCS 5/31(2010).

2. The Illinois EPA is an agency of the State of Illinois created by the Illinois General Assembly in Section 4 of the Act, 415 ILCS 5/4(2010), and charged, *inter alia*, with the duty of enforcing the Act in proceedings before the Illinois Pollution Control Board ("Board").

3. This Complaint is brought pursuant to Section 31 of the Act, 415 ILCS 5/31(2010), after providing the Respondent with notice and the opportunity for a meeting with the Illinois EPA.

4. Respondent, Rock River Arms, Inc., ("RRA") is an Illinois corporation registered and in good standing with the Illinois Secretary of State's Office. RRA's registered agent and president is Mark Larson, located at 1042 Cleveland Road, Colona, Illinois 61241.

5. RRA owns and operates a manufacturing plant located at 1042 Cleveland Road, Colona, Henry County, Illinois ("Facility" or "Source").

6. At all times relevant to this complaint, RRA's primary business at the Facility was manufacturing firearms by engaging in the design, manufacture, and assembly of custom AR-15 pattern rifles and parts for sale to federal and state law enforcement agencies and commercial purchasers.

7. On March 20, 2006, RRA submitted to the Illinois EPA a notification prescribed by the National Emission Standards for Hazardous Air Pollutants ("NESHAP") for halogenated solvent cleaner. The notification stated one vapor degreaser has the potential to emit trichloroethylene ("TCE"), a halogenated solvent cleaner.

8. On or about, July 25, 2006, or a date better known to Respondent, RRA commenced operation of the vapor degreaser.

9. At all times relevant to this Complaint, the emissions unit that is the source of significant emissions at the Facility is the vapor degreaser.

10. At all times relevant to this Complaint, the vapor degreaser utilized at the Facility is capable of emitting, and has emitted, TCE which is a Hazardous Air Pollutant ("HAP") pursuant to Section 112(b) of the Clean Air Act.

11. RRA's operation of the Source is subject to the Act and the Illinois Pollution Control Board ("Board") and Illinois EPA rules and regulations for air pollution, which are found in Title 35, Subtitle B, of the Illinois Administrative Code ("Air Pollution Regulations").

12. Section 39.5(6)(b) of the Act, 415 ILCS 5/39.5(6)(b)(2010), provides:

Prohibitions.

After the applicable CAAPP permit or renewal application submittal date as specified in subsection 5 of this Section, no person shall operate a CAAPP source without a CAAPP permit unless the complete CAAPP permit or renewal application for such source has been timely submitted to the Agency.

13. Section 3.315 of the Act, 415 ILCS 5/3.315(2010), provides the following definition:

"Person" is any individual, partnership, co-partnership, firm, company, limited liability company, corporation, association, joint stock company, trust, estate, political subdivision, state agency, or any other legal entity, or their legal representative, agent or assigns.

14. RRA, a corporation, is a "person," as that term is defined in Section 3.315 of the Act, 415 5/3.315(2010).

15. Section 39.5(1) of the Act, 415 ILCS 5/39.5(1)(2010), provides the following definitions:

"CAAPP" means the Clean Air Act Permit Program, developed pursuant to Title V of the Clean Air Act.

"CAAPP Permit" . . . means any permit issued, renewed, amended, modified or revised pursuant to Title V of the Clean Air Act.

"CAAPP source" means any source for which the owner or operator is required to obtain a CAAPP permit pursuant to subsection 2 of this Section.

"Owner or operator" means any person who owns, leases, operates, controls, or supervises a stationary source.

"Potential to emit" means the maximum capacity of a stationary source to emit any air pollutant under its physical and operational design. Any physical or operational limitation on the capacity of a source to emit an air pollutant, including air pollution control equipment and restrictions on hours of operation or on the type or amount of material combusted, stored, or processed, shall be treated as part of its design if the limitation is

enforceable by USEPA. This definition does not alter or affect the use of this term for any other purposes under the Clean Air Act, or the term "capacity factor" as used in Title IV of the Clean Air Act or the regulations promulgated thereunder.

"Stationary source" means any building, structure, facility, or installation that emits or may emit any regulated air pollutant or any pollutant listed under Section 112(b) of the Clean Air Act.

16. At all times relevant to this Complaint, the Source has been a "stationary source," as that term is defined in Section 39.5(1) of the Act, 415 ILCS 5/39.5(1)(2010).

17. At all times relevant to this Complaint, RRA has been an "owner or operator" of a "CAAPP source", as those terms are defined in Section 39.5(1) of the Act, 415 ILCS 5/39.5(1)(2010).

18. Section 39.5(2) of the Act, 415 ILCS 5/39.5(2)(2010), provides, in pertinent part, as follows:

2. Applicability.

a. Sources subject to this Section shall include:

- i. Any major source as defined in paragraph (c) of this subsection.
- ii. Any source subject to a standard or other requirements promulgated under Section 111 (New Source Performance Standards) or Section 112 (Hazardous Air Pollutants) of the Clean Air Act, except that a source is not required to obtain a permit solely because it is subject to regulations or requirements under Section 112(r) of the Clean Air Act.

* * *

c. For purposes of this Section the term "major source" means any source that is:

* * *

- i. A major source under Section 112 of the Clean Air Act, which is defined as:

- A. For pollutants other than radionuclides, any stationary source or group of stationary sources located within a contiguous area and under common control that emits or has the potential to emit, in the aggregate, 10 tons per year (tpy) or more of any hazardous air pollutant which has been listed pursuant to Section 112(b) of the Clean Air Act . . .

19. At all times relevant to this Complaint, the Source was subject to standards promulgated under Section 112 of the Clean Air Act due to the emission of TCE.

20. At all times relevant to this Complaint, the Potential to Emit (PTE) TCE at the Source was greater than 10 tons per year.

21. Therefore, at all times relevant to this Complaint, the Source has been a “major source,” as that term is defined in Section 39.5(2) of the Act, 415 ILCS 5/39.5(2)(2010).

22. Because the Facility is a “CAAPP source” and a “major source,” RRA is required to obtain a CAAPP permit prior to operating the Source, pursuant to Section 39.5(6)(b) of the Act, 415 ILCS 5/39.5(6)(b)(2010), or to seek exemption from CAAPP permit requirements through the issuance of a Federally Enforceable State Operating Permit (“FESOP”) pursuant to 39.5(3)(c) of the Act, 415 ILCS 5/39.5(3)(c)(2010).

23. On April 25, 2006, the Illinois EPA received RRA’s permit application to construct and operate one vapor degreaser at the Facility.

24. On May 9, 2006, the Illinois EPA sent RRA a Notice of Incompleteness (“NOI”) which suggested the Facility resubmit its permit application because the construction would result in the Facility being a “major source” and a “CAAPP source” unless RRA sought a FESOP. The NOI stated that the Facility failed to provide the required information on all emissions occurring during the firearms and parts manufacturing operation.

25. On July 11, 2006, the Illinois EPA granted RRA a "Joint Construction and Operating Permit – NESHAP Source" Permit Number 06040041 ("Permit No.06040041"). The expiration date of this permit was July 11, 2007. The permit stated in pertinent part:

It should be noted that during review of this application it was determined that the potential to emit of single hazardous air pollutant (HAP) from your facility exceeds major source threshold level of 10 tons per year and your facility is classified as a major source under the Clean Air Act Permit Program (CAAPP) pursuant to Section 39.5(2)(c)(i) of Illinois Environmental Protection Act (Act). To avoid the CAAPP permitting requirements, you may want to consider applying for a Federally Enforceable State Operating Permit (FESOP) if your actual HAP emission is below the major threshold level. A FESOP is an operating permit which contains federally enforceable limits in the form of permit conditions which effectively restrict the potential emissions of a source to below major source threshold, thereby excluding the source from the CAAPP. The application for a CAAPP/FESOP permit shall be submitted within 12 months after commencing operation of the source pursuant to Section 39.5.5(x) of the Act. *Permit No. 06040041, p. 8.*

26. RRA was required to submit its CAAPP permit or FESOP no later than July 25, 2007, twelve months after commencing operation of the Source pursuant to Permit No. 06040041.

27. On April 19, 2012, the Illinois EPA issued a violation notice ("VN") to RRA alleging it operated the Source without applying for and obtaining a CAAPP permit. On April 26, 2012, RRA submitted a proposed Compliance Commitment Agreement ("CCA") to the Illinois EPA. The CCA was rejected by the Illinois EPA by letter dated May 14, 2012.

28. On May 30, 2012, RRA submitted a CAAPP permit application and requested the issuance of a FESOP.

29. As of the filing date of this Complaint, RRA operates the Source without a CAAPP permit.

30. A Notice of Intent to Pursue Legal Action was issued to RRA on July 2, 2012. In a meeting with the Illinois EPA on July 19, 2012, RRA acknowledged the Facility failed to

timely apply for and obtain the requisite operating permit and initially recognized this failure in 2008 while preparing its 2007 annual emissions report.

31. Since RRA's application was filed on May 30, 2012, approximately five years after the prescribed 12 month time period for obtaining a CAAPP permit or FESOP, the application was not timely.

32. RRA operated the Source without a CAAPP permit for approximately five years after the prescribed 12 month time period for obtaining a CAAPP permit or FESOP.

33. By failing to submit the CAAPP permit in a timely manner and operating the Source without the requisite operating permit, RRA has violated Section 39.5(6)(b) of the Act, 415 ILCS 5/39.5(6)(b)(2010).

PRAYER FOR RELIEF

WHEREFORE, Complainant, the PEOPLE OF THE STATE OF ILLINOIS, respectfully request that the Board enter an order against the Respondent, ROCK RIVER ARMS, INC.:

- A. Authorizing a hearing in this matter at which time the Respondent will be required to answer the allegations herein;
- B. Finding that Respondent has violated the Act as alleged herein;
- C. Ordering Respondent to cease and desist from any further violations of the Act;
- D. Assessing against Respondent a civil penalty of fifty thousand dollars (\$50,000) for each violation of the Act, and an additional penalty of ten thousand dollars (\$10,000) for each day during which each violation has continued thereafter;
- E. Awarding to Complainant its costs and reasonable attorney's fees; and
- F. Granting such other relief as the Board may deem appropriate.

PEOPLE OF THE STATE OF ILLINOIS
LISA MADIGAN,
Attorney General of the
State of Illinois,

MATTHEW J. DUNN, Chief
Environmental Enforcement/Asbestos
Litigation Division

BY: 

THOMAS DAVIS, Chief
Environmental Bureau
Assistant Attorney General

Of Counsel

AMANDA KIMMEL

ARDC# 6303715

500 South Second Street

Springfield, Illinois 62706

217/557-9457

Dated: December 17, 2012

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

PEOPLE OF THE STATE OF)	
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STIPULATION AND PROPOSAL FOR SETTLEMENT

Complainant, PEOPLE OF THE STATE OF ILLINOIS, by LISA MADIGAN, Attorney General of the State of Illinois, the Illinois Environmental Protection Agency ("Illinois EPA"), and Respondent, ROCK RIVER ARMS, INC., ("Respondent") ("Parties to the Stipulation"), have agreed to the making of this Stipulation and Proposal for Settlement ("Stipulation") and submit it to the Illinois Pollution Control Board ("Board") for approval. This stipulation of facts is made and agreed upon for purposes of settlement only and as a factual basis for the Board's approval of this Stipulation and issuance of relief. None of the facts stipulated herein shall be introduced into evidence in any other proceeding regarding the violations of the Illinois Environmental Protection Act ("Act"), 415 ILCS 5/1 *et seq.* (2010), and the Board's Regulations, alleged in the Complaint except as otherwise provided herein. It is the intent of the Parties to the Stipulation that it be a final adjudication of this matter.

I. STATEMENT OF FACTS

A. Parties

1. Filed simultaneously with this Stipulation, is a Complaint filed on behalf of the People of the State of Illinois by Lisa Madigan, Attorney General of the State of Illinois, on her

own motion and upon the request of the Illinois EPA, pursuant to Section 31 of the Act, 415 ILCS 5/31 (2010), against the Respondent.

2. The Illinois EPA is an administrative agency of the State of Illinois, created pursuant to Section 4 of the Act, 415 ILCS 5/4 (2010).

3. At all times relevant to the Complaint, Respondent was and is an Illinois corporation that is authorized to transact business in the State of Illinois.

4. At all times relevant to the Complaint, Respondent owned and operated a manufacturing plant facility located at 1042 Cleveland Road, Colona, Henry County, Illinois ("Facility or source").

5. At all times relevant to this complaint, Respondent's primary business at the Facility was manufacturing firearms by engaging in the design, manufacture, and assembly of custom AR-15 pattern rifles and parts for sale to federal and state law enforcement agencies and commercial purchasers.

6. On April 25, 2006, the Illinois EPA received from Respondent a permit application to construct and operate one vapor degreaser setting forth information documenting that the vapor degreaser has the potential emit trichloroethylene in excess of 10 tons per year.

7. On July 11, 2006, the Illinois EPA issued Respondent a "Joint Construction and Operating Permit – NESHAP Source" Permit Number 06040041 ("Permit No.06040041"). The expiration date of this permit was July 11, 2007.

8. On May 30, 2012, the Respondent submitted to the Illinois EPA a Clean Air Act Permit Program ("CAAPP") permit application to allow operation the source as a major source.

B. Allegations of Non-Compliance

Complainant contends that the Respondent has violated the following provisions of the

Act:

Count I: Operating Without a Clean Air Act Permit Program Permit

Respondent failed to timely apply for and obtain the requisite CAAPP permit and operates a major source unpermitted, in violation of Section 39.5(6)(b) of the Act, 415 ILCS 5/39.5(6)(b)(2010).

C. Admission of Violation

The Respondent admits to the violation alleged in the Complaint filed in this matter and referenced within Section I.B herein.

D. Compliance Activities to Date

1. On May 30, 2012, Respondent submitted a CAAPP permit application to the Illinois EPA. The CAAPP permit application is at present under review at the Illinois EPA.

II. APPLICABILITY

1. This Stipulation shall apply to and be binding upon the Parties to the Stipulation. The Respondent shall not raise as a defense to any enforcement action taken pursuant to this Stipulation the failure of any of its officers, directors, agents, employees or successors or assigns to take such action as shall be required to comply with the provisions of this Stipulation. This Stipulation may be used against the Respondent in any subsequent enforcement action or permit proceeding as proof of a past adjudication of violation of the Act for all violations alleged in the Complaint in this matter, for purposes of Sections 39 and 42 of the Act, 415 ILCS 5/39 and 42 (2010).

2. No change in ownership, corporate status or operator of the facility shall in any way alter the responsibilities of the Respondent under this Stipulation. In the event that the

Respondent proposes to sell or transfer any real property or operations subject to this Stipulation, the Respondent shall notify the Complainant thirty (30) calendar days prior to the conveyance of title, ownership or other interest, including a leasehold interest in the facility or a portion thereof. The Respondent shall make as a condition of any such sale or transfer, that the purchaser or successor provide to Respondent site access and all cooperation necessary for Respondent to perform to completion any compliance obligation required by this Stipulation. The Respondent shall provide a copy of this Stipulation to any such successor in interest and the Respondent shall continue to be bound by and remain liable for performance of all obligations under this Stipulation. The Respondent and a proposed purchaser or operator of the facility shall jointly request, and the Complainant, in its discretion, may consider modification of this Stipulation to obligate the proposed purchaser or operator to carry out future requirements of this Stipulation in place of, or in addition to, the Respondent. This provision does not relieve the Respondent from compliance with any regulatory requirement regarding notice and transfer of applicable facility permits.

III. IMPACT ON THE PUBLIC RESULTING FROM ALLEGED NON-COMPLIANCE

Section 33(c) of the Act, 415 ILCS 5/33(c)(2010), provides as follows:

In making its orders and determinations, the Board shall take into consideration all the facts and circumstances bearing upon the reasonableness of the emissions, discharges, or deposits involved including, but not limited to:

1. the character and degree of injury to, or interference with the protection of the health, general welfare and physical property of the people;
2. the social and economic value of the pollution source;
3. the suitability or unsuitability of the pollution source to the area in which it is located, including the question of priority of location in the area involved;
4. the technical practicability and economic reasonableness of reducing or eliminating the emissions, discharges or deposits resulting from such pollution

source; and

5. any subsequent compliance.

In response to these factors, the Parties to the Stipulation state the following:

1. The failure by Respondent to timely apply for and obtain the requisite CAAPP permit impeded the Illinois EPA's ability to determine appropriate federally enforceable emissions limitations and recordkeeping requirements to ensure and enforce compliance with applicable federal and state environmental laws and regulations.
2. There is social and economic value resulting from manufacturing operations performed by Respondent at its facility.
3. Issues with regard to siting and priority of location are not the subject of the enforcement case, nor were public comments and concerns relative to Respondent's operations received by Complainant documenting Respondent's facility is unsuitable to the area in which it is located.
4. Obtaining a CAAPP permit for operations at the site in a timely manner and compliance with its terms is both technically practicable and economically reasonable.
5. Respondent subsequently submitted to the Illinois EPA the requisite CAAPP permit application to allow operation of the source as a major source. Respondent's permit application is currently under review by the Illinois EPA.

IV. CONSIDERATION OF SECTION 42(h) FACTORS

Section 42(h) of the Act, 415 ILCS 5/42(h)(2012), provides as follows:

In determining the appropriate civil penalty to be imposed under . . . this Section, the Board is authorized to consider any matters of record in mitigation or aggravation of penalty, including but not limited to the following factors:

1. the duration and gravity of the violation;
2. the presence or absence of due diligence on the part of the respondent in attempting to comply with requirements of this Act and regulations thereunder or to secure relief therefrom as provided by this Act;
3. any economic benefits accrued by the respondent because of delay in compliance with requirements, in which case the economic benefits shall be determined by the lowest cost alternative for achieving compliance;

4. the amount of monetary penalty which will serve to deter further violations by the respondent and to otherwise aid in enhancing voluntary compliance with this Act by the respondent and other persons similarly subject to the Act;
5. the number, proximity in time, and gravity of previously adjudicated violations of this Act by the respondent;
6. whether the respondent voluntarily self-disclosed, in accordance with subsection i of this Section, the non-compliance to the Agency;
7. whether the respondent has agreed to undertake a "supplemental environmental project," which means an environmentally beneficial project that a respondent agrees to undertake in settlement of an enforcement action brought under this Act, but which the respondent is not otherwise legally required to perform; and
8. whether the respondent has successfully completed a Compliance Commitment Agreement under subsection (a) of Section 31 of this Act to remedy the violations that are the subject of the complaint.

In response to these factors, the Parties to the Stipulation state as follows:

1. Beginning from July 25, 2007, through the present, the Respondent has and continues to operate a major source without the requisite CAAPP permit issued by the Illinois EPA. The gravity of the permit violation is enhanced given the Illinois EPA was not provided complete and accurate information in a timely manner contained within a CAAPP permit application impeding the Illinois EPA's ability to enforce and ensure compliance with the Act and Board's regulations thereunder.
2. Respondent demonstrated an absence of due diligence in attempting to comply with the Act, prior to issuance of the violation notice letter issued by the Illinois EPA, as evidenced by its failure to timely apply for and obtain the requisite CAAPP permit.
3. Any economic benefit attributable to the noncompliance would be minimal.
4. Complainant has determined, based upon the specific facts of this matter, that a penalty of Thirteen Thousand Dollars (\$ 13,000.00) will serve to deter further violations and aid

in future voluntary compliance with the Act and Board regulations.

5. To Complainant's knowledge, Respondent has no previously adjudicated violations of the Act.
6. Self-disclosure is not at issue in this matter.
7. The settlement of this matter does not include a supplemental environmental project.
8. On April 26, 2012, Respondent submitted a proposed Compliance Commitment Agreement ("CCA") under subsection (a) of Section 31 of the Act. The CCA was rejected by the Illinois EPA on May 14, 2012.

V. TERMS OF SETTLEMENT

A. Penalty Payment

1. The Respondent shall pay a civil penalty in the sum of Thirteen Thousand Dollars (\$13,000.00) within thirty (30) days from the date the Board adopts and accepts this Stipulation.

B. Stipulated Penalties, Interest and Default

1. If the Respondent fails to make any payment required by this Stipulation on or before the date upon which the payment is due, the Respondent shall be in default and the remaining unpaid balance of the penalty, plus any accrued interest, shall be due and owing immediately. In the event of default, the Complainant shall be entitled to reasonable costs of collection, including reasonable attorney's fees.
2. Pursuant to Section 42(g) of the Act, interest shall accrue on any penalty amount owed by the Respondent not paid within the time prescribed herein. Interest on unpaid penalties shall begin to accrue from the date such are due and continue to accrue to the date full payment is received. Where partial payment is made on any penalty amount that is due, such partial

payment shall be first applied to any interest on unpaid penalties then owing.

C. Payment Procedures

1. All payments required by this Stipulation shall be made by certified check or money order payable to the Illinois EPA for deposit into the Environmental Protection Trust Fund ("EPTF"). Payments shall be sent by first class mail and delivered to:

Illinois Environmental Protection Agency
Fiscal Services
1021 North Grand Avenue East
P.O. Box 19276
Springfield, IL 62794-9276

2. The name, case number and the Respondent's federal tax identification number shall appear on the face of the certified check or money order. A copy of the certified check or money order and any transmittal letter shall be sent to:

Amanda S. Kimmel
Environmental Bureau
Illinois Attorney General's Office
500 South Second Street
Springfield, Illinois 62706

D. Future Compliance

1. The Respondent shall timely submit complete and accurate permit application forms for all permits prescribed by Clean Air Act Permit Program permit requirements, and timely provide all information requested by the Illinois EPA to facilitate the prompt issuance of permits required by Sections 9(b), 39, or 39.5 of the Act.

2. In addition to any other authorities, the Illinois EPA, its employees and representatives, and the Attorney General, her employees and representatives, shall have the right of entry into and upon the Respondent's facility which is the subject of this Stipulation, at all reasonable times for the purposes of conducting inspections and evaluating compliance status.

In conducting such inspections, the Illinois EPA, its employees and representatives, and the Attorney General, her employees and representatives, may take photographs, samples, and collect information, as they deem necessary.

3. This Stipulation in no way affects the responsibilities of the Respondent to comply with any other federal, state or local laws or regulations, including but not limited to the Act and the Board Regulations.

4. The Respondent shall cease and desist from future violations of the Act that were the subject matter of the Complaint.

E. Release from Liability

In consideration of the Respondent's payment of the \$13,000.00 penalty, its commitment to cease and desist as contained in Section V.D. above, completion of all activities required hereunder, and upon the Board's approval of this Stipulation, the Complainant releases, waives and discharges the Respondent from any further liability or penalties for the violations of the Act that were the subject matter of the Complaint herein. The release set forth above does not extend to any matters other than those expressly specified in Complainant's Complaint filed simultaneously with this Stipulation. The Complainant reserves, and this Stipulation is without prejudice to, all rights of the State of Illinois against the Respondent with respect to all other matters, including but not limited to, the following:

- a. criminal liability;
- b. liability for future violation of state, federal, local, and common laws and/or regulations;
- c. liability for natural resources damage arising out of the alleged violations; and
- d. liability or claims based on the Respondent's failure to satisfy the requirements of

this Stipulation.

Nothing in this Stipulation is intended as a waiver, discharge, release, or covenant not to sue for any claim or cause of action, administrative or judicial, civil or criminal, past or future, in law or in equity, which the State of Illinois may have against any person, as defined by Section 3.315 of the Act, 415 ILCS 5/3.315, or entity other than the Respondent.

F. Correspondence, Reports and Other Documents

Any and all correspondence, reports and any other documents required under this Stipulation, except for penalty payments, shall be submitted as follows:

As to the Complainant

Amanda S. Kimmel
Assistant Attorney General
Environmental Bureau
500 South Second Street
Springfield, Illinois 62702

Ray Pilapil
Illinois EPA Compliance Section
1021 North Grand Avenue East
P.O. Box 19276
Springfield, Illinois 62794-9276

As to the Respondent

Mark Larson
Rock River Arms, Inc
1042 Cleveland Road
Colona, Illinois 61241

G. Enforcement and Modification of Stipulation

1. Upon the entry of the Board's Order approving and accepting this Stipulation, that Order is a binding and enforceable order of the Board and may be enforced as such through any

and all available means.

2. The Parties to the Stipulation may, by mutual written consent, agree to extend any compliance dates or modify the terms of this Stipulation. A request for any modification shall be made in writing and submitted to the contact persons identified in Section V.F. Any such request shall be made by separate document, and shall not be submitted within any other report or submittal required by this Stipulation. Any such agreed modification shall be in writing, signed by authorized representatives of the Parties to the Stipulation.

H. Execution of Stipulation

The undersigned representatives for the Parties to the Stipulation certify that they are fully authorized by the party whom they represent to enter into the terms and conditions of this Stipulation and to legally bind them to it.

WHEREFORE, the Parties to the Stipulation request that the Board adopt and accept the foregoing Stipulation and Proposal for Settlement as written.

PEOPLE OF THE STATE OF ILLINOIS,

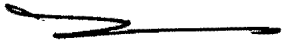
ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

LISA MADIGAN
Attorney General
State of Illinois

JOHN J. KIM, Interim Director
Illinois Environmental Protection Agency

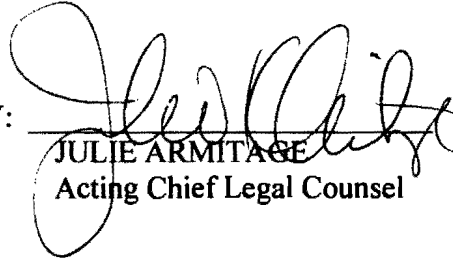
MATTHEW J. DUNN, Chief
Environmental Enforcement/
Asbestos Litigation Division

BY:



THOMAS DAVIS, Chief
Environmental Bureau
Assistant Attorney General

BY:



JULIE ARMITAGE
Acting Chief Legal Counsel

DATE:

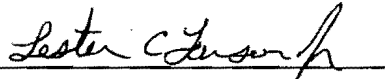
12/17/12

DATE:

12-13-12

ROCK RIVER ARMS, INC.

BY:



DATE:

12-4-12

Name: LESTER C LARSO

Title: Vice President