



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C. 20460

OFFICE OF  
ENFORCEMENT AND  
COMPLIANCE ASSURANCE

### **MTD and Jenn Feng Clean Air Act Information Sheet**

**Overview:** On April 24, 2008, the United States announced a settlement with Jenn Feng Industrial Co., Ltd. (Jenn Feng), McCulloch Corporation (McCulloch), MTD Products Inc (MTD), and MTD Southwest Inc (MTDSW), that will require the companies to pay a civil penalty of \$2 million and spend about \$5 million on environmental projects. The Consent Decree resolves violations of Title II of the Clean Air Act (Act) arising from the production and importation of about 200,000 chainsaws that exceeded emissions standards and that did not comply with the nonroad requirements of the Act.

**Background:** The Act requires new engines sold or distributed in the United States to meet EPA emissions requirements designed to protect public health and the environment from air pollution. Engine manufacturers are required to obtain a certificate of conformity from the EPA based on prototype models. To obtain a certificate of conformity, a manufacturer must submit an application to EPA that describes the engine and its emission control system, and that demonstrates that the engines will meet federal emissions standards for nitrogen oxides and total hydrocarbons. There has been a recent and dramatic increase in imports of gasoline and diesel equipment, chiefly from Asia, which do not meet these standards.

Over half the air pollutants in America come from "mobile sources" of air pollution, such as cars, trucks, buses, motorcycles, construction, agricultural and lawn and garden equipment, marine vessels, outboard motors, jet skis, and snowmobiles. Mobile source pollutants include smog-forming volatile organic compounds and nitrogen oxides, toxic air pollutants such as cancer-causing benzene, and particulate matter or "soot." These pollutants cause asthma and other respiratory illnesses.

**Defendants:** Jenn Feng manufactured the engines at issue in this case in Taiwan. McCulloch, a wholly owned U.S. subsidiary of Jenn Feng, obtained certificates of conformity from EPA intended to cover the engines that powered these chainsaws. MTDSW, a wholly owned subsidiary of MTD, imported and distributed the chainsaws in the U.S. MTD purchased the chainsaws from Jenn Feng.

**Clean Air Act Violations:** The complaint alleges that the chainsaw engines were uncertified because they do not conform in all material respects to the design specifications set forth in the certification application. Some of the chainsaws were certified with catalytic converters but manufactured without these pollution control devices. The catalytic converter is a device installed in the exhaust system of an internal combustion engine to control emissions and reduce pollutants, including hydrocarbons,

carbon monoxide, and oxides of nitrogen. The Defendants also violated a number of emissions testing and recordkeeping requirements of the nonroad regulations.

The violations arose from engines manufactured for the 2005 and 2006 model years. MTD informed EPA that it had concerns about whether some of the subject chainsaws complied with EPA's nonroad regulations. The chainsaws were sold at Sears, McCulloch and Troy-Bilt retail outlets. The chainsaws that were sold by Sears were marketed under the Craftsman brand name. The other chainsaws were marketed under the McCulloch or Troy-Bilt brand names. The violations resulted in about 268 tons of excess volatile organic compounds emissions.

**Environmental Benefits:** The Consent Decree requires the defendants to implement the following environmentally beneficial projects:

- Install streetlights with light-emitting diodes (LED) in selected cities to reduce greenhouse gas emissions by about 11,460 tons and reduce energy consumption;
- Install low-permeable fuel lines in at least 1 million engines used in lawn and garden equipment to reduce hydrocarbon emissions by about 1,000 tons; and
- Purchase nitrogen oxides emissions allowances and surrender them to EPA to prevent about 1,470 tons of NO<sub>x</sub> emissions represented by those allowances from ever entering the environment.

The Consent Decree also requires the Defendants to implement robust compliance assurance plans to prevent future violations. Some of the key elements of these plans are 1) McCulloch and Jenn Feng will have to conduct all required emissions tests at U.S. labs until they can demonstrate that their overseas labs are adequate, 2) McCulloch and Jenn Feng will have to implement an export verification process, 3) MTD and MTDSW will have to implement a pre-import verification process and an import verification process that will involve confirmatory emissions tests, and 4) all Defendants will have to a) set up a compliance hotline, b) conduct training, and c) report results of the compliance plans to EPA.