

**U.S. ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C.**

<b>In the Matter of:</b>	)	<b>ADMINISTRATIVE SETTLEMENT</b>
	)	<b>AGREEMENT</b>
<b>Carroll Shelby, Shelby American, Inc., and Shelby Automobiles, Inc.</b>	)	
	)	<b>AED/MSEB: 7009</b>
<b>Respondents.</b>	)	

**THIS SETTLEMENT AGREEMENT** (Agreement) is made and entered into by and between the United States Environmental Protection Agency (EPA) and Carroll Shelby, Shelby American, Inc., and Shelby Automobiles, Inc. 6755 Speedway Boulevard, Las Vegas, NV 89115 (Respondents).

**Purpose:**

The purpose of this Agreement is to resolve 170 alleged violations of Section 203(a) of the Clean Air Act (Act), 42 U.S.C. § 7522(a), and the regulations promulgated there under at 40 C.F.R. Part 86, regarding the emissions certification requirements of motor vehicles.

**Applicable Statutory and Regulatory Provisions**

1. Section 203(a)(1) of the Act, 42 U.S.C. § 7522(a)(1), prohibits any manufacturer of new motor vehicles or engines from selling, offering for sale, delivering for introduction into commerce, and introducing into commerce any new motor vehicle or engine not covered by a certificate of conformity. Motor vehicles or engines that are not covered by a certificate of conformity are uncertified.
2. Section 208 of the Act, 42 U.S.C. § 7542, provides that the Administrator may require any person who is subject to any requirement of the Act to make reports and provide information that the Administrator may reasonably require to determine whether or not the person is in compliance with the requirements of the Act.
3. 40 C.F.R. § 85.2305, provides that a certificate of conformity is deemed to be effective and cover the vehicles or engines named in the certificate and produced during the annual production period.
4. 40 C.F.R. § 85.2304, provides that the annual production period for all models within an engine family begins either when any vehicle or engine is first produced, or on January 2 of the calendar year preceding the year for which the model is designated, whichever date is later. The annual production period ends either when the last vehicle or engine is produced, or on December 31 of the calendar year for which the model year is named, whichever date is sooner.

5. 40 C.F.R. § 86.099-8 requires motor vehicles manufactured after December 31, 1999 to comply with on board re-fueling vapor recovery emissions standards.
6. Section 216 of the Act, 42 U.S.C. § 7550, defines a manufacturer as any person engaged in the manufacturing or assembling of new motor vehicles, or importing such motor vehicles for resale.
7. Under Section 205(a) of the Act, 42 U.S.C. § 7524(a), any person who violates Section 7522(a), prior to 2003, is subject to a civil penalty of not more than \$27,500 for each motor vehicle or engine.

**Alleged Violations:**

8. During 2000 and 2001, Carroll Shelby's licensee Shelby American, Inc. and/or Carroll Shelby manufactured and sold 170 uncertified motor vehicles as identified in the Attachment to this Agreement. This constitutes 170 violations of Section 203(a)(1) of the Act, 42 U.S.C. § 7522(a)(1).
9. As licensor or manufacturer(s) of the motor vehicles, Respondents are liable for 170 separate violations of Section 203(a)(1) of the Act, 42 U.S.C. § 7522(a)(1).

**Terms of Agreement:**

10. Respondents have agreed to pay a civil penalty of \$125,000 in two payments. The second payment will be subject to interest that will start to accrue thirty days from the date of this Agreement. Under this Agreement, Respondents shall pay \$50,000 to the United States of America within thirty days from the date of this Agreement, and Respondents shall pay \$75,000 plus interest within seven months from the date of the Agreement. The second payment or any late payments of the civil penalty are subject to interest and fees as specified in 31 U.S.C. § 3717, and stipulated penalties specified in Paragraph 12 of this Agreement. Respondents agree to pay this amount by certified check or cashier's check payable to the United States of America, and to mail the payment to:

U.S. Environmental Protection Agency  
Washington Accounting Operations  
P.O. Box 360277M  
Pittsburgh, Pennsylvania 15251  
Attn: AED/MSEB- 7009

A copy of each check shall also be sent to Jocelyn Adair at the address specified below.

11. All correspondence to EPA concerning this Agreement shall be sent to:

Jocelyn Adair  
U.S. EPA/MSEB

Mail Code 2242A  
1200 Pennsylvania Avenue, N.W., Room 1109A  
Washington, DC 20460

**Stipulated Penalties:**

12. Time is of the essence to this Agreement. Upon the failure to comply or timely perform pursuant to Paragraphs 10 of this Agreement, Respondents agree to the following stipulated penalties:
  - (a) For the failure to timely pay the civil penalty, or provide proof of such payment, pursuant to Paragraph 10 of this Agreement, Respondents shall pay a stipulated penalty of \$200 per day.
  - (b) All stipulated penalties shall be paid in the manner specified in Paragraph 10 of this Agreement. In addition, a copy of the transmittal letter(s) and check(s) shall be sent to Jocelyn Adair at the address specified in Paragraph 11 of this Agreement.
13. Respondents further agree that upon default or failure of Respondents to comply with the terms of this Agreement, EPA may refer this matter to the United States Attorney General for collection pursuant to Section 205(d) of the Act, 42 U.S.C. § 7524(d), commence an action to enforce this Agreement or to recover the civil penalty pursuant to Section 205 of the Act; or pursue any other remedies available to it. Respondents expressly waive its right to assert that such engines are certified or exempt from the certification requirements, or that such action is barred by 28 U.S.C. § 2462, other statutes of limitation, or other provisions limiting actions as a result of passage of time.
14. This Agreement becomes effective upon the date executed by EPA, at which time a copy will be returned to Respondents's attorney M. Neil Cummings & Associates.
15. Respondents hereby represent that the individual or individuals executing this Agreement on behalf of Respondents are authorized to do so and that such execution is intended and is sufficient to bind Respondents.
16. Respondents waive its rights, if any, to a hearing, trial or any other proceeding on any issue of fact or law relating to the matters consented to herein.
17. The terms of this Agreement are contractual and not a mere recital. If any provision or provisions of this Agreement are held to be invalid, illegal or unenforceable, the remaining provisions shall not in any way be affected or impaired thereby.
18. The validity, enforce ability, and construction of all matters pertaining to this Agreement shall be determined in accordance with applicable federal law.

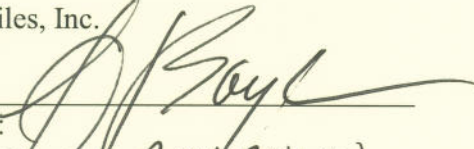
19. The effect of settlement described in Paragraph 20 of this Agreement is conditional upon the truthfulness, accuracy and completeness of Respondents's disclosures and representations to EPA.
20. Upon completion of the terms of this Agreement, this civil matter shall be deemed terminated and resolved. Nothing herein shall limit the right of EPA to proceed against Respondents in the event of default or noncompliance with this Agreement; for violations of Section 203 of the Clean Air Act, 42 U.S.C. § 7522, which are not the subject matter of this Agreement; or for other violations of law; or with respect to other matters not within the scope of the Agreement. This Agreement in no way affects, or relieves Respondents of responsibility to comply with other state, federal or local law or regulations.

The following agree to the terms of this Agreement:

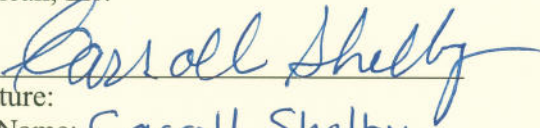
Carroll Shelby

By:  Date: 1/5/07  
Signature:  
Print Name: Carroll Shelby  
Print Title: \_\_\_\_\_

Shelby Automobiles, Inc.

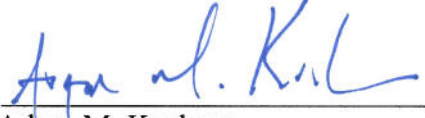
By:  Date: 12/21/06  
Signature:  
Print Name: AMY BOYLAN  
Print Title: PRESIDENT

Shelby American, Inc.

By:  Date: 1/5/07  
Signature:  
Print Name: Carroll Shelby  
Print Title: President

**Administrative Settlement Agreement – Carroll Shelby, et al; AED/MSEB –7009**

U.S. Environmental Protection Agency

By:   
Adam M. Kushner  
Director  
Air Enforcement Division

Date: 