



# AUDIT POLICY UPDATE

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Office of Regulatory Enforcement

Spring 1999

## 10 Telecommunications Companies Disclose, Correct Violations Under Audit Policy

Ten telecommunications companies recently disclosed and promptly corrected 1,300 environmental violations at more than 400 of their facilities.

Under proposed and final settlements, the companies have corrected violations of the Emergency Planning and Community Right-to-Know Act (EPCRA) and/or the Clean Water Act's (CWA) Spill Prevention Control and Countermeasure (SPCC) requirements. Correction requires properly notifying local emergency planning committees of the presence of hazardous chemicals and preparing spill prevention plans to reduce the risk of environmental accidents, and protect the safety of those who respond if an accident occurs.

EPA has reached final settlements under EPCRA with Cincinnati Bell Telephone Company; Cincinnati Bell Long Distance;

Convergys Customer Management Group; Dallas MTA, L.P.; Houston MTA, L.P.; PrimeCo Personal Communications; and San Antonio MTA, L.P.

Proposed settlements pending approval by the Environmental Appeals Board are with Cellco Partnership and its affiliates doing business as Bell Atlantic Mobile or Cellular One (EPCRA and SPCC), Southwestern Bell Telephone Company (SPCC); and United States Cellular Corporation (EPCRA and SPCC).

The disclosures were made under EPA's "Audit Policy," which sharply reduces or eliminates penalties for companies that voluntarily audit, promptly disclose and correct violations. Since the Audit Policy was implemented in 1996, environmental violations

*Continued Page 10*

## Audit Policy Evaluation and Proposed Revisions Near Completion

### Preliminary Findings and User Survey Responses Highlighted

Since its issuance in December 1995, EPA's Audit Policy has been widely used, generating disclosures of violations from approximately 470 entities at more than 1,880 facilities.

Discovery and correction of violations under the policy have resulted in removal of pollutants from the air and water, reductions of health and environmental risks and improved public information on potential

environmental hazards and reduced environmental pollutants. The policy has encouraged companies to expand their use of environmental auditing and compliance management systems. There also is a very high satisfaction rate among users of the Audit Policy.

Those are some findings of an EPA Audit

*Continued Page 4*

### NEWS & INFORMATION:

Y2K Incentives Policy: Page 3

Region 9 University Compliance Incentive Program: Page 3

EPA Announces Voluntary Audit Program for Nation's Pork Producers: Page 5

EPA Issues Audit Protocols for Three Statutes: Page 7

National Conference of State Legislatures' Report: Page 8

Md. Company First to Get Penalty Relief for 'Disclosure Rule' Violations: Page 9

Industrial Vegetable Oils Industry Must Comply with TSCA Sect. 8: Page 9

### DEPARTMENTS:

From the Assistant Administrator: Page 2

Resources on the 'Net': Page 10

Information Corner: Page 11



Steven A. Herman

## FROM THE ASSISTANT ADMINISTRATOR

*Office of Enforcement and Compliance Assurance*

Since its inception in January 1996, EPA's Audit Policy has opened the door for responsible companies to reap the benefits of self-disclosure and compliance with federal environmental laws and regulations. To date, 470 companies have disclosed environmental violations under the Audit Policy at more than 1,880 facilities nationally, and EPA has reduced or waived penalties under the policy for 166 companies at 936 facilities so far. Only 80 companies have made disclosures that were determined not to involve violations or were ineligible for Audit Policy relief; the balance is still under review.

The Agency is encouraged by the growing trend in corporate-wide disclosures under our Audit Policy. In this issue, for example, we announce settlements with 10 telecommunication companies that corrected violations of spill prevention and hazard notification requirements at 400 facilities. EPA is negotiating with other companies in this sector, and we expect more settlements to follow. We have also granted penalty relief for multi-facility disclosures from BP Exploration, Burlington Northern Santa Fe, Union Carbide Corp., and others. These agreements are often preceded by negotiations in which EPA and the company arrive at a mutual

understanding of how the Audit Policy is to be applied. For example, in some cases we have agreed that multi-facility disclosures can be made at the end of a reasonable period to complete the corporate-wide audit, rather than 10 days after discovery of each violation at each facility. Companies interested in negotiating corporate-wide disclosures are encouraged to contact Leslie Jones, Office of Regulatory Enforcement, (202) 564-5123.

EPA is also increasingly focused on targeting use of the Audit Policy to particular compliance problems within particular sectors. These efforts may combine outreach, identification of compliance assistance tools like audit protocols, and more defined terms for audit disclosure and correction. This issue reports on our initiatives to encourage

sanctions for violations.

Our results show that EPA's Audit Policy is serving its intended purpose; however, we are always trying to improve upon it. As promised in the Dec. 22, 1995, *Federal Register*, we are conducting a three-tiered evaluation of the Audit Policy's effectiveness. In June 1998, we asked EPA Regions to complete an "Internal Survey" to evaluate their own experiences under the Audit Policy and suggest possible revisions to enhance implementation efforts.

Besides receiving public input through focus groups and the Office of Enforcement and Compliance Assurance's 5th Anniversary Conference, we sent out a customer satisfaction survey in October 1998 to 252 companies that had self-disclosed

**As of March 1999, 470 companies have disclosed environmental violations under EPA's Audit Policy at more than 1,880 facilities nationally, and EPA has reduced or waived penalties under the policy for 166 companies at 936 facilities so far.**

under EPA's Audit Policy to obtain feedback concerning their experiences under the policy. This month, we expect to issue a *Federal*

compliance with Clean Water Act requirements by pork producers, eliminate "non-notifier" violations at chemical plants, and correct TSCA violations by oilseed manufacturers and RCRA violations at universities and colleges.

For EPA, such initiatives provide an efficient and economical means of ensuring and improving compliance with environmental laws and regulations. For regulated industry, these initiatives create a level-playing field by offering all companies the opportunity to comply without the stigma of a hostile enforcement action and potentially costly

*Register* notice soliciting comments about the effectiveness of EPA's Audit Policy and suggestions for changes to the policy.

Meanwhile, we encourage industry to continue to make use of EPA's Audit Policy and compliance incentive programs. The continued efforts of responsible companies working to stay in compliance with environmental laws will help meet our common goal of protecting the public health and the environment.

# Y2K Policy Provides Incentives to Test Computer-Related Equipment, Disclose Violations

EPA issued an enforcement policy on Nov. 30, 1998, designed to encourage prompt testing of computer-related equipment to ensure that environmental compliance is not impaired by the Y2K computer bug. Under the policy, EPA stated its intent to waive 100 percent of the civil penalties that might otherwise apply, and recommend against criminal prosecution for environmental violations caused during specific tests that are designed to identify and eliminate Y2K-related malfunctions.

The Y2K issue arises because a number of computerized functions require recognition of a specific year, day, and time but many computers and computerized equipment recognize only the last two digits of a year's date (*i.e.*, 1998 is 98; 2000 is 00). Therefore, when the calendar changes to the year 2000, computers and equipment with embedded computer chips may have difficulty interpreting the correct date. They may interpret the year to be 1900 or some other year. As a result, some computers and equipment containing embedded computer chips could become

permanently unable to function properly.

The policy is similar to the Agency's Audit Policy because it requires facilities to identify, promptly disclose, and expeditiously correct violations and remediate any adverse consequences that result from Y2K-related testing. Also, it precludes eligibility under the policy where there is actual serious harm

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**Y2K Policy is available on  
the Internet at  
[www.epa.gov/year2000](http://www.epa.gov/year2000)**

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or a potentially imminent and substantial endangerment. Unlike the Audit Policy, it is limited to testing-related violations, and only to such violations disclosed to EPA by Feb. 1, 2000. In addition, eligibility is subject to other conditions, such as the need to design and conduct the tests well in advance of the dates in question, the need to conduct the tests for the shortest possible time period necessary, the need to correct any testing-related violations immediately, and other conditions to

ensure that protection of human health and the environment is not compromised.

The policy's primary focus is to encourage the regulated community to test their equipment early and resolve any potential environmental compliance problems promptly that result from Y2K-related equipment problems. Where a facility, however, tests in accordance with the policy's terms but cannot correct all its Y2K-related deficiencies promptly, despite its best efforts, it is still likely to be in a more favorable position than facilities that do not take such steps.

In response to comments received on the policy, EPA has made several minor language changes to clarify the Agency's intent, and published the policy in the *Federal Register* on March 10, 1999. The policy and more information are available on the Internet at [www.epa.gov/year2000](http://www.epa.gov/year2000).

*Contact Gary Jonesi, Office of Regulatory Enforcement, (202) 564-4002.*

## ***EPA Region 9 Invites Colleges, Universities to Participate in RCRA Compliance Incentive Program***

In a Jan. 19, 1999 letter, EPA Region 9 invited all colleges and universities in Arizona to participate in a compliance incentive program that the Region developed to help the schools determine their compliance with the requirements of the Resource Conservation and Recovery Act (RCRA).

EPA is offering the 28 Arizona

universities and colleges the opportunity to conduct environmental audits and disclose any violations discovered to the Agency for consideration under the Audit Policy. At the end of the six-month program, Region 9 will increase inspections at universities and colleges. Although EPA will consider disclosures of violations of other than RCRA

requirements, the compliance incentive program focuses on RCRA because violations of hazardous waste requirements have been documented at university laboratory and facility operations.

*Contact Brian Riedel, EPA Region 9, (414) 755-1380.*

## Audit Policy Evaluation

### From Page 1

Policy evaluation, which consisted of an internal feedback and a survey of Audit Policy users. The findings and proposals for several changes to the policy are being summarized in a Notice that EPA will publish in the Federal Register in April. Readers will be invited to provide comments.

### Preliminary findings

Use of the Policy is widespread and has increased annually since it took effect. The number of multi-facility disclosures is increasing as well, with 16 parent companies disclosing the same types of violations at more than 900 facilities, resulting in nationwide auditing and widespread environmental benefit. Of the 153 cases settled under the Audit Policy for more than 526 facilities, 126 resulted in no penalty. In eight others, the disclosing entity paid a penalty representing only the economic benefit of non-compliance, with 100 percent mitigation of the gravity component of the penalty.

### User Survey Responses

Several months ago, the Agency sent a voluntary and anonymous User's Survey to 252 entities that had disclosed environmental violations under the Audit Policy. Users generally indicated support for the compliance incentive approach of the policy. "Everyone wins," stated one respondent. Another said "It [Audit

Policy] enhances compliance, environmental performance and depolarization of regulators and the regulated community."

Respondents indicated that the policy enhances trust between EPA and regulated entities. One respondent noted, "It was a very good experience. It

“EPA demonstrated the benefit of maintaining compliance and auditing programs through [its] willingness to reduce penalty amounts on self-reported violations.” —  
*Respondent, Audit Policy Evaluation*

allowed the facility to respond proactively to address a compliance issue quickly without delay." Another respondent noted that the Audit Policy "creates an incentive for comprehensive self-auditing."

Among other highlights of the survey,

approximately 50 percent of the respondents that had formal environmental managements systems (EMSs) or auditing programs reported that the Audit Policy encouraged specific improvements in their EMSs or auditing programs. For example, several respondents remarked that the use of the Audit Policy broadened the scope of their awareness of various regulatory responsibilities and led to more and better auditing.

### Revisions Under Consideration

Based on the survey results and other information, EPA is considering improvements to the Audit Policy, including broadening the prompt disclosure period and clarifying that an enforcement action taken against one facility does not always bar another facility owned by the same company from obtaining relief under the Audit Policy for disclosing the same violations. EPA is also proposing changes to the policy's implementation, including a commitment to reduce the time for processing Audit Policy cases.

**Contact Bob Fentress, Office Planning and Policy Analysis, (202) 564-7023.**

## AUDIT POLICY UPDATE

The **Audit Policy Update** is published periodically for the Assistant Administrator for Enforcement and Compliance Assurance by the Office of Regulatory Enforcement. The newsletter is intended to provide information to the public and regulated communities regarding developments under EPA's Audit Policy.

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# EPA and Pork Producers Agree to Audit Program to Protect America's Waters

*Program Goes Beyond Existing Law by Requiring Independent Inspectors to Certify That Clean Water Act Violations are Corrected*

The EPA and the National Pork Producers Council (NPPC) announced on Nov. 25, 1998, a voluntary compliance program to reduce environmental and public health threats to the nation's waterways from runoff of animal wastes from pork-producing operations.

Under this initiative, participating pork producers will have their operations voluntarily assessed for Clean Water Act (CWA) violations by certified independent inspectors. Producers who promptly disclose and correct any discovered violations from these audits will receive a much smaller civil penalty than they might otherwise be liable for under the law.

The program goes beyond existing law by requiring participating pork producers to certify that the final report identifying violations is correct and by requiring inspectors to certify that CWA violations have been corrected.

## COMPLIANCE INCENTIVE PROGRAM

violations report submitted by participating producers, and the producer is liable for full penalties for any violations not reported or corrected through the audit. In addition, the agreement does not apply to any violations that are the subject of citizen suits or that are known to EPA or a state prior to the audit.

Inspecting and taking enforcement actions against CWA violations by large confined animal feeding operations is one of EPA's highest national priorities. The Clean Water Action Plan, which is the Administration's blueprint for completing cleanups of our nation's rivers, lakes and streams, has identified polluted runoff from industrial feeding operations as a leading source of water pollution. In

The compliance audit program provides an incentive for pork producers to take the initiative to find and correct CWA violations and prevent discharges to waterways without compromising the ability of EPA or states to enforce the law. Pork producers who undergo the assessment and promptly report and correct violations will receive seals from the NPPC. Seals will be withdrawn if a producer is found later to be in violation of the CWA.

The compliance audit program does not extend to slaughterhouses, pork-processing and packing facilities or other ancillary operations.

EPA will consult closely with the states in implementing the compliance audit program. States may elect to administer the program directly, in which case, EPA will refer any disclosures to the states for consideration and response.

Additional information about the compliance audit program can be found at <http://www.epa.gov/oeca/ore/porkcap>. EPA's National Agriculture Compliance Assistance Center can provide additional information about EPA's environmental regulations and voluntary pollution prevention opportunities. The Center's Homepage can be found at <http://www.epa.gov/oeca/ag> or call the Center toll-free at 1-888-663-2155.

*Contact Ciannat Howett, Office of Regulatory Enforcement, Water Enforcement Division, (202) 564-4031.*

*Producers who promptly disclose and correct any discovered violations from these audits will receive a much smaller civil penalty than they might otherwise be liable for under the law.*

The agreement does not compromise the ability of EPA or states to enforce the Clean Water Act (CWA). EPA or State agencies will continue to inspect and take enforcement action as needed. EPA retains all injunctive authority and can accelerate the timetable for corrections if needed. In addition, EPA or state agencies may verify the final

conjunction with the Clean Water Action Plan, EPA and the U.S. Department of Agriculture announced a joint animal feeding operations draft strategy to control agricultural animal waste runoff. The amount of animal manure and wastewater generated from animal feeding operations can pose risks to water quality and public health.

## EPA Provides Callers Advice About Audit Policy Disclosures

Parties with questions about EPA's Audit Policy or its applicability to specific situations can get general advice from EPA through several sources without having to identify themselves.

EPA encourages interested parties to contact its Audit Policy Coordinator, Leslie Jones, at (202) 564-5123 with specific inquiries. In addition, parties may use EPA's Quick Response Team (QRT) as a resource for cases of first impression. The QRT is made up of representatives from EPA Headquarters, EPA Regions, and the Department of Justice.

The QRT was developed to ensure that determinations for eligibility under the Audit Policy are expeditious, fair and consistent nationally.

*The Audit QRT Chair is Leslie Jones, (202) 564-5123.*

## Agency Launches New Compliance Incentive Program for Industrial Organic Chemical Sector

EPA has initiated a program that encourages the industrial organic chemical sector (SIC Code 2869) to perform environmental compliance audits and to take advantage of EPA's Audit Policy to self-report any violations uncovered during such audits.

In August 1998, EPA launched the compliance incentive program by issuing letters to approximately 1,000 industrial organic chemical facilities.

Under the program, EPA has received approximately 45 self-disclosures covering all major environmental programs. Many of the self-disclosures cover multiple facilities.

To participate in the program, facilities had until Jan. 31, 1999, to perform voluntary environmental audits of their operations, identify potential areas of noncompliance uncovered by the audit, and report these findings to EPA. The letter also directed interested facilities to resources that may assist them in understanding their obligations under environmental statutes and in performing environmental audits.

The compliance incentive program focused on the industrial organic

### COMPLIANCE INCENTIVE PROGRAM

chemical sector because of EPA's concern that some facilities may be avoiding reporting and other regulatory requirements. In addition, more enforcement actions have been taken in this sector than in any other priority sector.

While the Audit Policy usually requires prompt disclosure of a violation within 10 days of discovery, under this program EPA encouraged companies to disclose their violations all at once, rather than piecemeal. Thus, civil violations disclosed no later than Jan. 31, 1999, are considered prompt under this program, so long as the violations are discovered through an audit and meet all other policy conditions. The exception to the 10-day notice requirement does not affect the requirement to meet all other conditions of the Audit Policy, such as the requirement to correct all violations expeditiously.

For more information about the compliance incentive program, EPA has posted a fact sheet, a list of questions and answers about the program, and an example of the letters sent out to a portion of this sector on its Website at <http://www.epa.gov/oeca/ore/red>.

*Contact Mary Andrews, Office of Regulatory Enforcement, RCRA Enforcement Division, (202) 564-4011.*

Visit <http://www.epa.gov/oeca/ore/red> for more information about the Industrial Organic Sector (SIC Code 2869) Compliance Incentive Program

## EPA Issues Audit Protocols for Three Statutes; Nine More Under Development

EPA recently issued four voluntary environmental compliance audit protocol manuals, the first part of a multi-media set of 13, to assist the regulated community in conducting environmental audits. To date, EPA has issued audit protocols for the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), the Emergency Planning and Community Right-to-Know Act (EPCRA), and the Resource Conservation and Recovery Act (RCRA). RCRA protocols are presented in two volumes, addressing generators and treatment, storage and disposal facilities.

EPA developed these protocols to encourage businesses and organizations to perform environmental audits and disclose violations in accordance with EPA's Audit Policy. The audit protocols are intended to help provide guidance to regulated entities conducting environmental audits and to ensure that

audits are conducted in a thorough and comprehensive manner.

Although the protocols were developed originally to assist the industrial chemical sector in particular, many of the protocols apply to all regulated entities. Each protocol offers guidance on key requirements, defines regulatory terms, and provides an overview of the federal laws affecting a particular environmental management area. It also includes a checklist containing detailed procedures for conducting a review of facility conditions.

EPA expects to issue nine additional protocols this year: Nonhazardous Waste Management; Universal Waste and Used Oil; Pesticides Management; PCB Management; Safe Drinking Water Act; Spill Prevention Control and Countermeasure Requirements and Storage Tank Management; Clean Air Act; Clean Water Act; and TSCA.

Electronic versions of the protocol, which can be tailored to a specific facility, can be found at the following websites:

- RCRA generators [Document No. EPA-305-B-98-005] at [http://www.epa.gov/oeca/ccsmd/gen\\_pt11.html](http://www.epa.gov/oeca/ccsmd/gen_pt11.html).

- EPCRA [Document No. EPA-305-98-007] at <http://www.epa.gov/oeca/ccsmd/epcra.pdf>.

- RCRA TSDf [Document No. EPA-305-B-98-006] at <http://www.epa.gov/oeca/ccsmd/tsdf.pdf>.

- CERCLA [Document No. EPA-305-B-98-009] at <http://www.epa.gov/oeca/ccsmd/cercla.pdf>.

Hard copies of the protocols are available from EPA's National Center for Environmental Publications and Information at 1-800-490-9198.

*Contact Richard Satterfield, Office of Compliance, (202) 564-2456.*

### *East Ohio Gas Self-Discloses and Corrects PCB Violations*

On July 13, 1998, EPA reached a settlement with East Ohio Gas that resolves a series of polychlorinated biphenyl (PCB) violations disclosed by the company.

In settling the disclosed violations, EPA proposed a civil penalty of \$1,247,460. By qualifying for settlement under EPA's Audit Policy, the company will pay a \$193,260 fine. The fine offsets the economic benefit that East Ohio received by not fully complying with PCB regulations. The settlement requires the company to correct its violations and prevent future

recurrence.

PCBs are a group of toxic chemicals once widely used in industry as coolants and insulators. EPA banned the manufacture of PCBs in 1979 due to evidence that they accumulate in the environment and present health hazards. Under TSCA, EPA regulates the proposed cleanup, disposal, marking, record keeping, storage, and limited use of PCBs to protect the public from these potentially dangerous chemicals.

In June 1995, East Ohio Gas self-disclosed to EPA violations of several

federal PCB rules at its Cleveland-area facilities, including the failure to properly manufacture, use, label, store, record or dispose of PCBs and PCB-containing items. Also, East Ohio disclosed that it failed to prepare, carry-out, and have available for inspection a spill prevention control and countermeasures plan as required by the Clean Water Act. In April 1998, the company completed a company-wide audit to determine its compliance with the federal rules.

*Contact John Steketee, EPA Region 5, (312) 886-0558.*

## NCSL Report Shows No Increase in Environmental Audits Due to State Privilege, Immunity Laws

A new National Conference of State Legislatures (NCSL) study concludes that there is no evidence to support the claim that state audit privilege and immunity laws encourage facilities to begin auditing, increase the number of audits they perform or disclose more violations.

Based on the study's results, EPA believes that its well-established position of opposing enactment of federal or State audit privilege and immunity laws remains appropriate.

While more than 75 percent of the 988 facilities surveyed are performing audits, the existence of an audit law or policy does not appear to influence the level of audit activity. NCSL found no statistically significant difference in auditing rates based on whether the state in which the facility operates has an environmental audit law, audit policy, or no law or policy.

The study also examined whether there has been any increase in auditing among the surveyed facilities during the past four years (when environmental audit laws began to be enacted). The number of facilities beginning to conduct audits increased slightly during that time, as did the number of audits conducted by all facilities surveyed. Again, however, NCSL found no statistically significant difference in the increase in auditing rates over the four-year period for facilities based on whether they were located in a state with an audit law, audit policy, or neither.

Additionally, the study found that the majority of facilities surveyed had not disclosed violations that had been discovered

during an audit. Also, the fact that the facility was located in a state with an audit privilege and immunity law does not appear to make a difference.

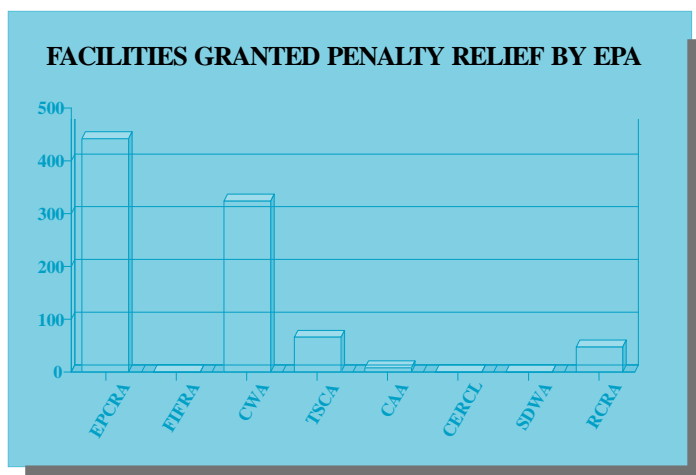
The NCSL report may support EPA's view that a strong environmental enforcement program is the key to achieving better environmental compliance and protection. Significantly, the study found that inspector presence is a strong motivator for auditing. An overwhelming number of facilities (90 percent) identified measuring compliance with environmental laws, and finding and correcting violations before inspectors do as very important reasons why they conduct audits. This overshadowed any other motivators.

In 1997, NCSL applied for and received a grant from U.S. EPA to perform this independent study with the assistance of Abt Associates Inc., of Cambridge, Mass.

The author of the NCSL report is Larry Morandi, Director, Environment, Energy & Transportation Program, (303) 830-2200. Summary information on the NCSL report is available on the Internet at <http://www.ncsl.org/programs/esnr/audits.htm>.

*Contact Nancy K. Stoner, Director, Office of Planning and Policy Analysis, (202) 564-2530.*

### For Your Information....



### How to Get Audit Policy-Related Documents

Documents concerning the development of the Audit Policy, settlements under the policy and additional copies of this Audit Policy Update can be obtained by contacting the Audit Policy Docket located in Room 4033 of the Ariel Rios Building (1200 Pennsylvania Avenue, N.W., Washington, D.C. or by visiting the Environmental Auditing Policy Compliance docket at <http://www.epa.gov/oeca/polguid/enfdock/docketC9401.html>.

Copies are also available by calling (202) 564-2119 or (202) 564-2614 or by faxing requests to (202) 501-1011.



## Maryland Realty Company First to Get Penalty Relief under Audit Policy for Lead Paint Disclosure Rule Violations

In May 1998, a Maryland property management firm became the first company to be approved for penalty relief for violations of the Real Estate Notification and Disclosure Rule under EPA's Audit Policy.

The Disclosure Rule, a public right-to-know initiative under the Residential Lead Based-Paint Hazard Reduction Act of 1992, requires sellers, landlords and agents to provide purchasers and tenants with an EPA-approved lead hazard information pamphlet. The rule also allows purchasers a 10-day period to inspect housing units for the presence of lead-based paint and associated hazards. Furthermore, sales and leasing contracts must include certain notification and acknowledgment languages.

Grady Management Inc. disclosed four violations of the Disclosure Rule after a voluntary self-audit of its 28 apartment complexes in Maryland. The violations concerned two apartment complexes in which Grady failed to properly disclose

the presence of known lead-based paint to its tenants, as required by the Disclosure Rule. After notifying EPA of the violations, Grady promptly abated the lead-based paint in one apartment complex and provided the tenants with the correct disclosure statement in the other complex.

Recognizing Grady's voluntary efforts to find, promptly disclose and expeditiously correct violations of the Disclosure Rule, EPA waived thousands of dollars in potential penalties against Grady after determining that Grady met all of the conditions of the Audit Policy.

Since the Agency began enforcing the Disclosure Rule last year, EPA has issued four civil complaints, with penalties totaling \$439,725 and 22 "Notices of Violations" for violations of the rule.

**Contact Claude Walker, Office of Regulatory Enforcement, Toxics and Pesticides Enforcement Division, (202) 564-4042.**

### ***Six Industrial Vegetable Oil Companies Self-Disclose Violations Under Audit Policy***

EPA recently settled with six members of the National Oilseed Processors Association (NOPA) who notified the Agency they may have violated TSCA Section 8 and 40 C.F.R. Part 710. The companies requested that their self-disclosures be considered under the Audit Policy.

Industrial vegetable oils, animal fats, and petroleum oils share common chemical and physical properties and produce similar environmental effects. These oils can contain toxic components and produce similar acute toxic effects, chronic toxicity, and carcinogenicity. In addition, the oils can interfere with water treatment, and can have detrimental physical effects on animals and spawning grounds, such as oxygen depletion and suffocation, egg contamination, and

destruction of food supply and habitat.

Section 8, commonly known as the Inventory Update Rule, requires manufacturers, processors and importers of certain chemical substances to report the chemical identity, quantity and site of manufacture, processing or importation of these substances every four years. EPA uses this information to update the TSCA Chemical Substances Inventory database. The data in the Inventory is considered the only reliable source of national production volume information for organic chemicals. EPA uses the data to justify testing and regulatory action. It is also used by other federal and state agencies to assist in establishing an integrated toxics program.

After conducting environmental audits, the six companies, Ag Processing Inc, Bunge Corporation, Central Soya Company, Inc., Harvest States, Inc., Riceland Foods, Inc., and Townsends, Inc., confirmed TSCA Section 8 violations for substances such as soybean

oil, soya lecithins, acidulated soapstock and other similar chemicals.

All six companies met Audit Policy requirements and were not assessed a penalty. Under federal law, the companies could have been liable for \$493,000 in total penalties for failure to report to the TSCA Inventory.

Food processors who produce products that do not qualify as "foods" or "food additives" for purposes of the Federal Food, Drug and Cosmetic Act are subject to regulation as a chemical substance manufacturer under TSCA and must comply with the Inventory Update Rule. Companies are using vegetable oils and other derivatives from vegetable processing as an ingredient in lubricants, paints, inks, fuels, plastics, solvents and a variety of other industrial products.

**Contact Kathy Clark, Office of Regulatory Enforcement, Toxics and Pesticide Enforcement Division, (202) 564-2164.**

## Telecommunications Companies Take Advantage of Audit Policy

### From Page 1

have been disclosed at more than 1,800 facilities nationally.

The disclosures by the 10 companies resulted from an Agency outreach effort to the nation's telecommunications companies following on the heels of a major settlement by EPA and the GTE Corporation in January 1998. The GTE settlement resolved 600 EPCRA and SPCC violations at 314 GTE facilities in 21 states and was the largest Agency settlement reached through EPA's self-disclosure policy.

In addition to correcting violations, the 10 telecommunications' companies will pay a total of \$128,772 for their violations, which is equal to the amount the companies saved for delayed compliance. Pursuant to the Audit Policy, the Agency has waived or proposed to waive more than \$4.2 million in potential gravity-based penalties that otherwise could have been assessed.

"These settlements and proposed settlements continue to show how EPA's self-disclosure policy benefits the public,

### **The 10 telecommunications companies disclosed and promptly corrected 1,300 violations at more than 400 facilities**

the environment, and industry," said Steve Herman, EPA's Assistant Administrator for Enforcement and Compliance Assurance. "We were able to settle these cases quickly and efficiently, and local and state governments will have the information they need to protect their citizens and their environment in the event of a hazardous chemical spill or accident."

The Emergency Planning and Community-Right-to-Know Act (EPCRA) was enacted to help local communities protect public health, safety, and the environment from chemical hazards. Nine of the companies failed to notify state agencies and local fire departments of the presence of sulfuric acid, lead, and/or diesel fuel at some of their sites. Facilities that have hazardous chemicals and meet reporting thresholds

must submit reports to the appropriate agencies by March 1 annually. Under SPCC requirements, facilities are required to prepare plans that help prevent or mitigate spills and keep hazardous chemicals from polluting streams and other water bodies. All of the companies involved have made the appropriate notifications and/or developed plans, as required by federal regulation.

Notice of the SPCC claims against United States Cellular Corporation and Southwestern Bell Telephone Company was published in the *Federal Register* on Feb. 1, and Cellco Partnership on Feb. 10, for a 30-day public comment period. The United States Cellular Corporation and Cellco Partnership matters also include EPCRA claims, which are not subject to public comment under the law. The Environmental Appeals Board must approve these consent agreements.

**Contact Phil Milton, Office of Regulatory Enforcement, Multimedia Enforcement Division, (202) 564-5029.**

## **RESOURCES ON THE 'NET**

### @ ENFORCEMENT & COMPLIANCE HOMEPAGE

<http://www.epa.gov/oeca>

### @ ENFORCEMENT & COMPLIANCE POLICY & GUIDANCE

<http://www.epa.gov/oeca/polguid.html>

### @ AUDIT POLICY

<http://www.epa.gov/oeca/auditpol.html>

### @ AUDIT POLICY INTERPRETIVE GUIDANCE

<http://www.epa.gov/oeca/apolguid.html>

### @ CONFIDENTIALITY OF INFORMATION RECEIVED UNDER AGENCY'S SELF-DISCLOSURE POLICY

<http://www.epa.gov/oeca/sahmemo.html>

### @ MEMORANDUM: IMPLEMENTATION OF EPA'S SELF-POLICING POLICY FOR DISCLOSURES INVOLVING POTENTIAL CRIMINAL VIOLATION

<http://www.epa.gov/oceft>

### @ SMALL BUSINESS POLICY

<http://www.epa.gov/oeca/smbusi.html>

### @ Y2K ENFORCEMENT POLICY

<http://www.epa.gov/year2000>

### @ 'ENFORCEMENT ALERT'

<http://www.epa.gov/oeca/ore/enfalert>

## INFORMATION CORNER

## Audit Policy Contacts

*Regulated entities that wish to take advantage of the Policy should fax or send a written disclosure to the appropriate EPA contacts listed below. Written disclosure must be made within 10 days of the violation's discovery.*

<u>EPA Office</u>	<u>States</u>	<u>Contact</u>	<u>Phone</u>	<u>FAX #</u>
Region 1	(CT,ME,MA,NH,RI,VT)	Joel Blumstein	(617) 918-1771	(617) 918-1809
Region 2	(NJ,NY,PR,VI)	John Wilk	(212) 637-3918	(212) 637-4035
Region 3	(DE,DC,MD,PA, VA,WV)	Samantha Fairchild	(215) 814-2999	(215) 814-2905
Region 4	(AL,FL,GA,KY, MS,NC,SC,TN)	Bill Anderson	(404) 562-9680	(404) 562-9663
Region 5	(IL,IN,MI,MN,OH,WI)	Wm. MacDowell	(312) 886-6798	(312) 353-4135
Region 6	(AR,LA,NM,OK,TX)	Charles Sheehan	(214) 665-2228	(214) 665-2146
Region 7	(IA,KS,MO,NE)	Becky Dolph	(913) 551-7281	(913) 551-7925
Region 8	(CO,MT,ND,SD, UT,WY)	David Rochlin	(303) 312-6892	(303) 312-6339
Region 9	(AZ,CA,HI,NV)	Leslie Guinan	(415) 744-1339	(415) 744-1041
Region 10	(AK,ID,OR,WA)	Jackson Fox	(206) 553-1073	(206) 553-0163
HQ Criminal Enforcement <i>(All potential criminal violations)</i>		Roy Kime	(202) 564-2539	(202) 501-0599
HQ Multimedia Enforcement <i>(Civil violations of more than one federal statute at more than one EPA Region)</i>		Melissa Marshall	(202) 564-6002	(202) 564-9001
HQ Quick Response Team <i>(Civil violations of one EPA statute at more than one EPA Region)</i>		Leslie Jones	(202) 564-5123	(202) 564-0011



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Office of Regulatory Enforcement  
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