

STATE OF MICHIGAN  
DEPARTMENT OF ENVIRONMENT, GREAT LAKES, AND ENERGY  
OFFICE OF THE DIRECTOR

In the matter of administrative proceedings  
against **AXIUM GROUP, LLC**, a limited  
liability company organized under the laws of  
the State of Michigan and doing business at  
708 Sherman Lane in the City of Cassopolis,  
County of Cass, State of Michigan

AQD No. 2019-20

SRN: A0703

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STIPULATION FOR ENTRY OF FINAL ORDER  
BY CONSENT

This proceeding resulted from allegations by the Michigan Department of Environment, Great Lakes, and Energy (EGLE), Air Quality Division (AQD) against Axiom Group, LLC (Company), a limited liability company organized under the laws of the State of Michigan and doing business at 708 Sherman Lane, City of Cassopolis, County of Cass, State of Michigan, with State Registration Number (SRN) A0703 Facility. EGLE alleges that the Company is in violation of Mich Admin Code, R 336.1213, Mich Admin Code, R 336.1702, Mich Admin Code, R 336.1205, and Renewable Operating Permit (ROP) No. MI-ROP-A0703-2017. Specifically, EGLE alleges that the Company failed to maintain required records of weekly pressure drop readings on EUSANDER; exceeded the material limits of the volatile organic compounds (VOC) content of stains, UV stains, sealers, and topcoats for EUFLATLINE1; exceeded the material limits of the VOC content of stains for FGWOODCOATING; failed to perform annual testing on the most frequently used stain for FGDIPTANKS, and failed to provide records to allow EGLE to determine compliance for FGDIPTANKS and FGWOODCOATING, as cited herein and in the Violation Notices dated April 9, 2018 and June 29, 2018. The Company and EGLE stipulate to the termination of this proceeding by entry of this Stipulation for Entry of a Final Order by Consent (Consent Order).

The Company and EGLE stipulate as follows:

1. The Natural Resources and Environmental Protection Act (NREPA) MCL 324.101 *et seq.*, is an act that controls pollution to protect the environment and natural resources in this State.
2. Article II, Pollution Control, Part 55 of the NREPA (Part 55), MCL 324.5501 *et seq.*, provides for air pollution control regulations in this State.

3. Executive Order 2019-06 renamed the Michigan Department of Environmental Quality as EGLE, and EGLE has all statutory authority, powers, duties, functions and responsibilities to administer and enforce all provisions of Part 55.

4. The EGLE Director has delegated authority to the Director of the AQD (AQD Director) to enter into this Consent Order.

5. The termination of this matter by a Consent Order pursuant to Section 5528 of Part 55, MCL 324.5528, is proper and acceptable.

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

7. This Consent Order becomes effective on the date of execution (effective date of this Consent Order) by the AQD Director.

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

#### COMPLIANCE PROGRAM AND IMPLEMENTATION SCHEDULE

9.A. On and after the effective date of this Consent Order, the Company shall comply with the materials limits for the wood parts coating lines identified as FGWOODCOATING in Permit to Install (PTI) No. 200-18, as amended, and any subsequent incorporation of these limits into the Company's ROP.

9.B. On and after the effective date of this Consent Order, the Company shall comply with General Conditions 21 and 22 of the Company's ROP.

9.C. On and after the effective date of this Consent Order, the Company shall comply with the Monitoring/Recordkeeping Special Conditions of FGWOODCOATING in PTI No. 200-18, as amended, and any subsequent incorporation of these conditions into the Company's ROP.

#### SUPPLEMENTAL ENVIRONMENTAL PROJECT (SEP)

In addition to the civil fine in this Consent Order for the violations alleged in the Violation Notice, the Company shall perform the Supplemental Environmental Project (SEP)

described in Exhibit A, which is attached, incorporated by reference, and made an enforceable part of this Consent Order, and in accordance with the following terms and conditions below:

10.A. The total expenditure for the SEP shall not be less than \$45,500.00. All costs of the SEP shall be the responsibility of the Company. The Company certifies that any economic benefit, including tax abatement(s), tax credit(s), or similar tax relief, that the Company will realize as a result of the SEP is detailed in Exhibit A. If the actual expenditures for the completed SEP totals less than \$45,500.00, then the Company shall pay to EGLE as a civil fine, within thirty (30) days of submission of the SEP certificate of completion required in subparagraph 10.F. below, the difference between the actual expenditures and the minimum expenditure set forth above in this subparagraph A.

10.B. The plans included as Exhibit A contains schedules, including specific dates for the implementation of the SEP. The Company shall fully implement all aspects of the SEP within the specified schedules.

10.C. The Company certifies that the Company has not received, and is not presently negotiating to receive, a credit for the SEP as part of any other enforcement action or any grant from the State of Michigan, the United States Environmental Protection Agency or any other entity. The Company also certifies that the Company will not seek tax benefits following completion of the SEP.

10.D. In the event the Company fails to fully and completely implement the SEP as provided herein to the reasonable satisfaction of EGLE, EGLE will provide written notice to the Company describing the nature of the deficiency. The Company shall have thirty (30) days from receipt of the notice to submit documentation to the AQD Kalamazoo District Supervisor demonstrating that the deficiency has been corrected. In the event the deficiency is not corrected to the satisfaction of EGLE, the Company will be notified, and the Company shall be in violation of this Consent Order and required to pay a stipulated penalty of up to \$24,850.00 to EGLE within thirty (30) days of notification from EGLE. The amount of the stipulated penalty may be reduced or waived by EGLE if the Company made good faith and timely efforts to complete the project. Payment of a stipulated penalty under the terms of this paragraph shall satisfy the Company's obligation to complete the SEP under this Consent Order. Payment of any stipulated penalty shall be made as outlined in Paragraph 14.

10.E. The Company agrees that any public statement, oral or written, making reference to the SEP shall include the following language: "This project was undertaken in connection with the settlement of an enforcement action taken by EGLE for alleged violations of air quality law."

10.F. No later than thirty (30) days after the completion of all activities specified in Exhibit A, the Company shall submit written certification of completion of the SEP to the AQD Kalamazoo District Supervisor demonstrating that all SEP activities specified in Exhibit A have been completed in accordance with the terms and conditions of this Consent Order and Exhibit A. The certification shall be accompanied by appropriate documentation (such as invoices, receipts, or tax statement) to verify the total expenditure made by the Company as a result of implementing the activities specified under Exhibit A. It shall be the sole determination of EGLE whether the Company has completely implemented the activities specified in Exhibit A of this Consent Order.

#### GENERAL PROVISIONS

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

12. This 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.

13. Within thirty (30) days after the effective date of this Consent Order, the Company shall pay to the General Fund of the State of Michigan, in the form of a check made payable to the "State of Michigan" and mailed to the Michigan Department of Environment, Great Lakes, and Energy, Accounting Services Division, Cashier's Office, P.O. Box 30657, Lansing, Michigan 48909-8157, a settlement amount of \$24,850.00, which includes AQD costs for investigation and enforcement. This total settlement amount shall be paid within thirty (30) days after the effective date of this Consent Order. To ensure proper credit, all payments made pursuant to this Consent Order shall include the "Payment Identification Number AQD40225" on the front of the check and/or in the cover letter with the payment. This settlement amount is in addition to any fees, taxes, or other fines that may be imposed on the Company by law.

14. On and after the effective date of this Consent Order, if the Company fails to comply with paragraph 9.A, 9.B, or 9.C of this Consent Order, the Company is subject to a stipulated fine of up to \$6,000.00 per violation. The amount of the stipulated fines imposed pursuant to this paragraph

shall be within the discretion of EGLE. Stipulated fines submitted under this Consent Order shall be made by check, payable to the State of Michigan within thirty (30) days after written demand and shall be mailed to the Michigan Department of Environment, Great Lakes, and Energy, Accounting Services Division, Cashier's Office, P.O. Box 30657, Lansing, Michigan 48909-8157. To ensure proper credit, all payments shall include the "Payment Identification Number AQD40225-S" on the front of the check and/or in the cover letter with the payment. 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 Consent Order.

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

16. To ensure timely payment of the settlement amount assessed in paragraph 13 and any stipulated fines assessed pursuant to paragraph 14 of this 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 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 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 14 of this 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.

17. The Company agrees not to contest the legal basis for the settlement amount assessed pursuant to paragraph 13. The Company also agrees not to contest the legal basis for any stipulated fines assessed pursuant to paragraph 14 of this Consent Order but reserves the right to dispute in a court of competent jurisdiction the factual basis upon which a demand by EGLE of stipulated fines is made. In addition, the Company agrees that said fines have not been assessed by EGLE pursuant to Section 5529 of Part 55, MCL 324.5529, and therefore are not reviewable under Section 5529 of Part 55.

18. This compliance program is not a variance subject to the 12-month limitation specified in Section 5538 of Part 55, MCL 324.5538.

19. This Consent Order shall remain in full force and effect for a period of at least five (5) years. Thereafter, this Consent Order shall terminate only upon written notice of termination issued by the AQD Director. Prior to issuance of a written notice of termination, the Company shall submit a request, to the AQD Director at the Michigan Department of Environment, Great Lakes, and Energy, 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 Consent Order and has made all payments including all stipulated fines required by this 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 Consent Order are being maintained at the facility; and, (iv) such information as may be requested by the AQD Director.

20. In the event Axium Group, LLC sells or transfers the Facility, it shall advise any purchaser or transferee of the existence of this 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 Consent Order has been given to the purchaser and/or transferee. As a condition of the sale, the Company must obtain the consent of the purchaser and/or transferee, in writing, to assume all of the obligations of this Consent Order. A copy of that agreement shall be forwarded to the AQD Kalamazoo District Supervisor within thirty (30) days after assuming the obligations of this Consent Order.

21. Prior to the effective date of this Consent Order and pursuant to the requirements of Sections 5511 and 5528(3) of Part 55, MCL 324.5511 and MCL 5528(3), the public was notified of a 30-day public comment period and was provided the opportunity for a public hearing.

22. Section 5530 of Part 55, MCL 324.5530, may serve as a source of authority but not a limitation under which this Consent Order may be enforced. Further, Part 17 of the NREPA, MCL 324.1701 *et seq.*, and all other applicable laws and any other legal basis or applicable statute may be used to enforce this Consent Order.

23. The Company hereby stipulates that entry of this Consent Order is a result of an action by EGLE to resolve alleged violations of its facility located at 708 Sherman Lane, Cassopolis, Michigan. The Company further stipulates that it will take all lawful actions necessary to fully comply

with this 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. 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 Consent Order and to execute and legally bind the Company to it.

**AXIUM GROUP, LLC.**

JEFF SCHWARTZ - MEMBER/MANAGER  
Print Name and Title

[Signature] Dated: 8/6/19  
Signature

Subscribed and sworn to by the above signatory before me on this 6th day of

August, 2019.

[Signature]  
Notary Public Signature

Lila J. Leonard  
Notary Public Printed Name

11/10/2022  
My Commission Expires

Approved as to Content:  
[Signature]

*for* Mary Ann Dolehanty, Director  
AIR QUALITY DIVISION  
DEPARTMENT OF ENVIRONMENT,  
GREAT LAKES, AND ENERGY

Dated: August 8, 2019

Approved as to Form:  
[Signature]

Neil Gordon, Section Head  
ENVIRONMENTAL REGULATION SECTION  
ENVIRONMENT, NATURAL RESOURCES,  
AND AGRICULTURE DIVISION,  
DEPARTMENT OF ATTORNEY GENERAL

Dated: August 8, 2019



January 30, 2019

Michigan Department of Environmental Quality  
Air Quality Division, Enforcement Unit  
P.O. Box 30260  
Lansing, MI 48909-7760

**RE: Revised Supplemental Environmental Project for Penalty Mitigation  
Axium Group, LLC  
SRN: A0703, Renewable Operating Permit (ROP) MI-ROP-A0703-2017**

Dear Mr. Wolf:

This letter is intended to serve as a written summary of our proposed Supplemental Environmental Project (SEP)

**Name and Location of Entity Subject to the Enforcement Action:**

Axium Group, LLC  
708 Sherman Lane  
Cassopolis, Michigan

**Regulatory Information:**

Permit to Install 14-12B  
Permit to install 32-17  
Renewable Operating Permit MI-ROP-A0703-2017

Axium operates a custom wood parts finishing operation. Wood finishing operations at Axium continue to evolve in response to market changes and customer requirements. Based on these changes, Axium has continued to advance from individual manual application spray booths to automated, high transfer efficient surface coating lines. In association with these process changes Axium has experienced an increase in product transfer efficiency, an increase in product quality, and a reduction in per unit coating usage. Although these advancements have resulted in enhanced operational performance, they have also dictated an increase in the usage of non-photochemically reactive solvents for equipment cleaning purposes. Axium proposes to purchase and install a new NexGen Enviro Systems Model DIGIT122 explosion proof solvent recycling unit as a SEP. The intent of this new unit is to enhance our ability to recover and reuse a significant portion of our waste cleaning solvents.

**Project Name:**

Axium DIGIT122 Solvent Recycler

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Axium Group, LLC  
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Compliance with the Emissions Limits contained within our PTIs and our ROP is determined based on the level of regulated solvents contained in each gallon of coating, and cleaning solvent used, compiled on a monthly basis, emitted annually. This calculation is conducted in accordance with 336.2040(5). Based on this calculation, Axium remains in compliance with existing permitted emission limits. The primary points cited in the Violation Notice pertain to compliance with coating material limits. An Air Permit Modification Application covering requested changes to address these violations was submitted to MDEQ, Air Permits Office on November 26, 2018.

**Project Manager:**

Cory Collins  
Axium Group, LLC  
708 Sherman Lane  
Cassopolis, Michigan  
269-779-2671

**Geographical Area to Benefit from this Project:**

Cassopolis, Michigan  
Cass County Michigan

**SEP Categories:**

It is our position that this proposal meets the following Pollution Reduction, Public Health, and Waste Minimization criteria of the SEP policy:

1. The proposed SEP is designed to reduce the amount of acetone purchased for equipment cleaning. The enhanced ability to recover, recycle, and reuse cleaning solvent will significantly lower the amount of virgin acetone needed to complete the ongoing equipment cleaning processes.
2. The proposed SEP will reduce the adverse impact to the environment of increased acetone emissions by allowing the material to be recovered on-site and reused. This will allow acetone to be reused to complete multiple cleaning cycles while still meeting the requirement to fully clean the equipment following color changes. This will also reduce the amount of virgin acetone transported, handled, and emitted.
3. The proposed SEP will also reduce the overall risk to public health and the environment by significantly reducing the amount of hazardous waste cleaning solvent generated for off-site disposal.

**Project Description:**

This project calls for the purchase and installation of one (1) new NexGen Enviro Systems, Inc., Model DIGIT122 explosion proof, automatic load, solvent recycler. This system features a Teflon membrane double diaphragm pump with an explosion proof level sensor in the tank to prevent overflow. It is equipped with an Aisi 304 stainless steel tank with a 3" residual discharge valve. Heating is accomplished by resistors immersed in diathermic heat transfer oil surrounding the boiling chamber. Vaporized solvent enters the air-cooled condenser where it is converted

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back into liquid form exiting to an external holding container. The cycle time of this unit is approximately 4 hours. The system is controlled by an electronic digital card equipped with a microprocessor and video touch screen display that carries out diagnostic/alarm functions and advises when any operation and/or ordinary upkeep is needed. The temperature, cycle times, and number of consecutive cycles are regulated by the microprocessor. The electrical requirement is 460-volt 3 phase. The unit is certified to UL 2208 and ATEX II 2G explosion proof standards.

**Expected Environmental Benefits:**

Axium produces approximately 55 gallons of waste cleaning solvent per production day. Addition of this unit will allow Axium to process two batches of waste solvent per standard production day with an anticipated recovery of 25 gallons of solvent, per batch. Reuse of this recovered solvent would equate to a 50 gallon per production day decrease in the amount of new solvent introduced into the equipment cleaning system. It will also produce a 50 gallon per production day decrease in the generation of regulated hazardous waste for off-site management and disposal.

**Project Budget:**

Axium is a limited liability corporation. The new model DIGIT122 solvent recycling unit will be purchased from NexGen Enviro Systems, Inc. The quoted capital cost for the unit is \$45,500.00, plus instillation and operating costs. The vendor supplied standard useful life expectancy of this unit if properly maintained is indefinitely. According to Michael Robbins, President of NexGen Enviro Systems, Inc., if the unit is "maintained as it should be it can last forever". The estimated annual operating costs of maintenance (includes cleaning), labor to tend to machine, waste collection bags/collection drums, and electrical (250 days per year/one shift) for this proposed project is \$22,500.00.

**Project Schedule:**

This unit will be ordered within two (2) weeks of the effective date of the consent order. The vendor requests that we allow approximately six (6) weeks for delivery of this unit following placement of the order. Axium requests an additional two (2) weeks following delivery of the unit to allow for instillation and set up. Within ten (10) weeks of the effective date of the consent order, the equipment is expected to be fully operational. If requested by DEQ, Axium will notify the Director of the AQD following placement of the order for this unit, delivery of the unit, and completing of the instillation process.

**Accounting:**

Axium will responsible for the expenditures associated with this proposed SEP.

**Reporting:**

Axium will supply the AQD Kalamazoo District Supervisor with an order confirmation from the supplier when the unit is ordered. An additional notice will be supplied when the unit is received, followed by a notification of completion following installation and operation of the unit. Within thirty (30) days after completion of installation and operation of the unit Axium will notify the

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AQD Kalamazoo District Supervisor in writing and include a summary of the total cost of implementation of this SEP proposal.

**Prior Commitments and/or Regulatory Requirements:**

This proposed SEP is not an activity that Axium is otherwise legally required to perform. Axium currently utilizes a small solvent distillation/recovery unit. This unit is not adequate to

significantly reduce the amount of hazardous waste generated for off-site management and disposal.

The addition of this Model DIGIT122 solvent recycler will aid Axium in our ongoing effort to reduce the purchase and use of ground level ozone contributing photochemically reactive solvents and non-photochemically reactive solvents. It will also be instrumental in our efforts to reduce the volume of hazardous waste sent off-site for management and disposal.

**Certification of Expenditures:**

I certify that the proposed SEP is solely attributable to the settlement of the current enforcement action and that no funding has been budgeted to the project prior to the approval of the project, nor is the proposed project funded by grants, donations, low interest loans, or other sources of funding not attributable to Axium's normal budgetary process. Also, I certify that the proposed project is not being done, nor will receive credit, as part of an environmental incentive or awards program offered by local, state, or federal government.

It is our hope that this information will be adequate to qualify this proposed project as a SEP for your September 17, 2018 Enforcement Notice. If you have any questions or would like to go over any provided information, please do not hesitate to contact me at 574-264-3174. Thank you for your consideration in this matter.

Sincerely,

Jeffrey W. Schwartz  
President  
Axium Group, LLC

CC: MDEQ, Kalamazoo District Office Supervisor,  
7953 Adobe Rd., Kalamazoo, MI 49009-5025