





The Agreement further incorporates by reference all of the definitions found within 42 U.S.C. § 6291 and 10 C.F.R. § 430.2.

## II. RECITALS

WHEREAS, DOE, pursuant to the Act, is responsible for promulgating and enforcing the energy conservation requirements set forth in DOE Rules; and

WHEREAS, DOE has promulgated energy conservation standards for room air conditioners at 10 C.F.R. § 430.32(b); and

WHEREAS, DOE, on September 17, 2014, issued a Notice of Noncompliance Determination with respect to room air conditioner basic model SQ10N10 (“the subject model”); and

WHEREAS, room air conditioners are a “covered product” as defined in 10 C.F.R. § 430.2; and

WHEREAS, DOE, on December 5, 2014, initiated an action to assess a civil penalty for Respondent’s distribution in commerce in the United States of the subject model; and

WHEREAS, Respondent admits:

1. Respondent manufactured the subject model;
2. Respondent has distributed in commerce in the United States at least 8,241 units of the subject model;
3. The subject model is a room air conditioner subject to the energy conservation standard set forth at 10 C.F.R. § 430.32(b); and
4. The subject model does not meet the applicable energy conservation standard as set forth in 10 C.F.R. § 430.32(b); and

WHEREAS, DOE, pursuant to 42 U.S.C. §§ 6296, 6302, and 6303 and 10 C.F.R. Part 429, Subpart C, is authorized to assess civil monetary penalties against any manufacturer that knowingly distributes in commerce any new covered product that is not in conformity with an applicable energy or water conservation standard; and

WHEREAS, DOE, as the agency charged with developing and administering a balanced and coordinated national energy policy, concludes that, in light of the circumstances, this Compromise Agreement properly balances the policies recognized in the Act and is the appropriate way to resolve this matter;

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements set forth below, the sufficiency and adequacy of which are hereby acknowledged, the Parties agree as follows:

## III. TERMS OF THE AGREEMENT

1. **Adopting Order.** The Parties agree that the provisions of this Compromise Agreement shall be subject to final approval by the General Counsel by incorporation of such provisions by reference in the Adopting Order without change, addition, modification, or deletion.

2. **Obligations of Respondent.**

- a. Respondent agrees to pay the sum of \$1,483,500 (one million, four hundred and eighty-three thousand, five hundred dollars), plus one percent (1%) interest as described below, over the course of eighteen (18) months as full satisfaction of the civil penalty proposed in the Notice. Specifically, Respondent agrees to pay a total of \$1,494,626.25 (one million, four hundred and ninety-four thousand, six hundred and twenty six and 25/100 dollars) in seven (7) payments according to the following schedule:
  - i. Payment 1: \$211,928.57 within thirty (30) calendar days of the issuance of the Adopting Order;
  - ii. Payment 2: \$215,107.50 on or before January 4, 2016;
  - iii. Payment 3: \$214,577.68 on or before April 6, 2016;
  - iv. Payment 4: \$214,047.86 on or before July 6, 2016;
  - v. Payment 5: \$213,518.04 On or before October 2, 2016;
  - vi. Payment 6: \$212,988.21 on or before January 4, 2017; and
  - vii. Payment 7: \$212,458.39 on or before April 4, 2017.
- b. Respondent agrees to abide by the terms of the Notice of Noncompliance Determination, issued on September 17, 2014, captioned under case number 2014-SE-15010.

3. **Obligations of DOE.**

- a. In express reliance on the covenants and representations in this Compromise Agreement and to avoid further expenditure of public resources, DOE agrees to accept Respondent's payment pursuant to Paragraph III.2.a, above, in full satisfaction of the penalty authorized by the Act.
  - b. DOE agrees promptly to issue an Adopting Order adopting this Compromise Agreement.
  - c. DOE agrees to terminate this enforcement action with prejudice upon Respondent's completion of its Obligations in accordance with Paragraph III.2, above.
4. **Jurisdiction.** This Compromise Agreement is entered pursuant to DOE's authority to interpret and enforce its rules for energy efficiency and to enter into its own agreements interpreting and applying those rules. The Parties agree that DOE has jurisdiction over Respondent and primary jurisdiction over the matters contained in this Compromise Agreement and has the authority to enter into this Compromise Agreement.
5. **Effective Date.** The Parties agree that this Compromise Agreement shall become effective on the date on which the General Counsel issues the Adopting Order. Upon release, the Adopting Order and this Compromise Agreement shall have the same force and effect as any other Order of the General Counsel. Any violation of the Adopting Order or of the terms of this Compromise Agreement shall constitute a separate violation of an agency Order, entitling DOE to exercise any rights and remedies attendant to the enforcement of an Agency Order.

6. **Waivers.** Respondent agrees not to seek judicial review or otherwise contest or challenge the validity of the terms and penalties set out in this Compromise Agreement or the Notice associated with this case, including any right to judicial review that may be available to the Respondent. If either Party (or the United States on behalf of DOE) brings a judicial action to enforce the terms of this Compromise Agreement, neither Respondent nor DOE shall contest the validity of the Compromise Agreement, and Respondent waives any statutory right to a trial *de novo*. Respondent hereby agrees to waive any claims it may otherwise have under the Equal Access to Justice Act, 5 U.S.C. § 504, relating to the matters addressed in this Compromise Agreement.
7. **Final Settlement.** The Parties agree and acknowledge that this Compromise Agreement shall constitute a final settlement between the Parties. This Compromise Agreement resolves only the violations alleged in the Notice.
8. **Merger.** This Compromise Agreement constitutes the entire agreement between the Parties and supersedes all previous understandings and agreements between the Parties, whether oral or written.
9. **Modifications.** This Compromise Agreement cannot be modified without the advance written consent of both Parties.
10. **Severability.** If any provision of this agreement is held to be invalid, illegal, void, or unenforceable, then that provision is to be construed by modifying it to the minimum extent necessary to make it enforceable.
11. **Authorized Representative.** Each party represents and warrants to the other that it has full power and authority to enter into this Compromise Agreement.
12. **Counterparts.** This Compromise Agreement may be signed in any number of counterparts (including by facsimile or electronic mail), each of which, when executed and delivered, shall be an original, and all of which counterparts together shall constitute one and the same fully executed instrument.

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Laura L. Barhydt  
Assistant General Counsel for  
Enforcement  
U.S. Department of Energy

October 27, 2015

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Date

/S/

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(Signature)  
Typed Name: Tracy Peterson  
Title: CFR, Exec VP  
Company Name: Friedrich Air Conditioning Co.

10/23/15

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Date