September 29, 2008

Mr. David M. Semas, Chairman & CEO
Metalast International, Inc.
Metalast Tech Center
2241 Park Place, Suite C
Minden, Nevada 89423

Dear Mr. Semas:

The enclosed Finding of Violation and Order addresses the Metalast Tech Center’s violations of national pretreatment standards. These standards, including the federal categorical standard for metal finishers, apply to the facility’s wastewater discharges into Douglas County’s sewer system and treatment plant. The Administrative Order (“Order”) establishes interim requirements because Douglas County Public Works currently cannot issue its own sewer discharge permits. The Order includes corrective actions to establish a final compliance sampling point, to eliminate dilution as a substitute for treatment, and to establish a self-monitoring schedule.

It is our understanding that the Metalast Tech Center (“Metalast”) first became aware of the applicable national pretreatment standards during our May 21, 2008 inspection. Douglas County Public Works currently does not have a pretreatment program and, therefore, has not issued sewer discharge permits to any industrial users discharging to the Douglas County sewer system. However, the pretreatment regulations apply regardless of whether the industrial user operates under a permit.

Specifically, the Order requires Metalast to establish a final compliance sampling point that accounts for and allows the sampling of all process-related wastewater discharges to the sewer system. The Order also requires Metalast to eliminate dilution as a substitute for adequate treatment to achieve compliance with pretreatment standards. At a minimum, Metalast must retrofit its flow-through rinses to on-demand rinse systems or to static rinse tanks. Metalast should carefully evaluate whether it needs to install a treatment system for pH adjustment or for treatment of metals and/or cyanide. Since Metalast is subject to the metal finishing federal categorical standard, it must comply with the limits for metals and cyanide in 40 CFR 433.17. It must also comply with the national prohibitions in 40 CFR 403.5, and in particular, the pH-related specific prohibition at 40 CFR 403.5(b)(2).

The Order requires one year of self-monitoring. After the one year ends, Metalast should be aware that it will still need to report to the Control Authority at least twice per year, as required by 40 CFR 403.12, to show compliance with the applicable categorical standard, 40 CFR 433. EPA is currently the Control Authority for Metalast.
Following are the key milestones and associated deadline dates of the Order:

<table>
<thead>
<tr>
<th>Item No. in the Order</th>
<th>Requirement</th>
<th>Deadline Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Complete steps necessary to provide a final compliance sampling point. Submit notice of completion.</td>
<td>10/31/08</td>
</tr>
<tr>
<td>2</td>
<td>Submit preliminary design plan for eliminating dilution as a substitute for treatment.</td>
<td>11/28/08</td>
</tr>
<tr>
<td>3</td>
<td>Submit notice of construction.</td>
<td>Upon commencement of construction</td>
</tr>
<tr>
<td>4</td>
<td>Complete installation and startup of the proposed systems to eliminate dilution as a substitute for treatment. Submit notice of completion.</td>
<td>2/27/09</td>
</tr>
<tr>
<td>5-9</td>
<td>Begin one year of self-monitoring under this Order.</td>
<td>11/1/08</td>
</tr>
<tr>
<td>5-9</td>
<td>End self-monitoring under this Order.</td>
<td>10/31/09</td>
</tr>
</tbody>
</table>

The enclosed Finding of Violation and Order is issued pursuant to Sections 308(a) and 309(a)(3), (a)(4) and (a)(5)(A) of the Clean Water Act (“the Act”) as amended [33 U.S.C. § 1318(a) and 1319(a)(3), (a)(4), and (a)(5)(A)]. Any violation of the terms of this Order or pretreatment standards could subject Metalast International, Inc. to a civil action for appropriate relief pursuant to Section 309(b) of the Act [33 U.S.C. § 1319(b)] and/or penalties under Section 309(d) of the Act [33 U.S.C. § 1319(d)] of up to $32,500 per day of violation. In addition, under Section 309(g) of the Act [33 U.S.C. § 1319(g)], any violation of the pretreatment standards could also subject Metalast International, Inc. to an administrative penalty action of up to $11,000 per day of violation not to exceed $157,500. Sections 309(c)(1), (c)(2), and (c)(4) of the Act [33 U.S.C. § 1319(c)(1), (c)(2), and (c)(4)] also provide penalties for negligent violations, knowing violations, and knowingly making false statements.

If you have any questions regarding this matter, please contact Anna Yen of my staff at (415) 972-3976 or at yen.anna@epa.gov.

Sincerely,

<Original signed by>
Alexis Strauss
Director, Water Division

Enclosure

cc: Jon Palm, Nevada Division of Environmental Protection
    Catherine Pool, Douglas County Public Works
In the Matter of Metalast International, Inc. Minden, Nevada

FINDING OF VIOLATION

And Order

Proceedings under Section 308(a) and 309(a)(3), (a)(4) and (a)(5)(A) of the Clean Water Act, as amended, 33 U.S.C. Section 1318(a) and 1319(a)(3), (a)(4) and (a)(5)(A) Docket No. CWA-309(a)-08-043

STATUTORY AUTHORITY

The following Finding of Violation and Order (Docket No. CWA-309(a)-08-043) is issued under the authority vested in the Administrator of the U.S. Environmental Protection Agency (“EPA”) pursuant to Sections 308(a) and 309(a)(3), (a)(4), and (a)(5)(A) of the Clean Water Act [33 U.S.C. § 1318(a) and 1319(a)(3), (a)(4), and (a)(5)(A)] (hereinafter “the Act”). This authority has been delegated by the Administrator and the Regional Administrator of EPA Region 9 to the Director of the Water Division of EPA Region 9.

FINDING OF VIOLATION

The Director of the Water Division of EPA Region 9 finds that Metalast International, Inc.’s Metalast Tech Center (“Metalast”) in Minden, Nevada, is in violation of Section 307(d) of the Act [33 U.S.C. § 1317(d)]. This Finding is made on the basis of the following facts:

1. Section 307(d) of the Act [33 U.S.C. § 1317(d)] prohibits any owner or operator of any source from introducing pollutants into publicly owned treatment works (“POTWs”) in violation of any effluent standard or prohibition or pretreatment standard promulgated under Section 307 of the Act.
2. Under Section 307(b) of the Act [33 U.S.C. § 1317(b)], EPA promulgated the following general pretreatment regulations:

a. The national pretreatment standards in 40 CFR 403.5(b)(2) for all industrial dischargers into POTWs nationwide, which prohibit the introduction of pollutants that will cause corrosive structural damage to the POTW, and in no case have a pH below 5.0 s.u.;

b. The federal categorical pretreatment standards for metal finishing in 40 CFR 433 which require metal finishers that perform electroplating, electroless plating, anodizing, chemical coating, or chemical etching to comply with the standards for cadmium, chromium, copper, lead, nickel, silver, zinc, total or amenable cyanide, and total toxic organics, which are listed in 40 CFR 433.17 for new sources;

c. The national pretreatment standards in 40 CFR 403.6(d) for categorical industrial dischargers into POTWs which prohibits any increase in the use of process water or any other attempt to dilute a discharge as a partial or complete substitute for adequate treatment to achieve compliance with pretreatment standards;

d. The national pretreatment standards in 40 CFR 403.12(e) and (g) for all industrial dischargers into POTWs which require categorical industrial users to submit, at least twice per year, periodic reports of sampling that is representative of the discharge to the sewers and indicate both the concentration of the discharge for all federally-regulated parameters and the flowrate of the discharge.

e. The definitions in 40 CFR 403.3 including the following term:

i. The term, Pretreatment Standards, means any regulation containing pollutant discharge limits promulgated by EPA in accordance with Section
307 (b) and (c) of the Act, [33 U.S.C. § 1317(b) and (c)], including the specific prohibitions and local limits established pursuant to 40 CFR 403.5(b) and (d).

3. Metalast International, Inc. is a corporation and, therefore, a person within the meaning of Section 502(5) of the Act [33 U.S.C. § 1362(5)]. Metalast is a non-domestic wastewater source in Minden, Nevada. Metalast introduces pollutants within the meaning of Section 502(6) of the Act [33 U.S.C. § 1362(6)] into the Douglas County domestic sewer system and the Douglas County North Valley Wastewater Treatment Plant, which together are a POTW within the meaning of Section 307(b) of the Act and the pretreatment regulation in 40 CFR 403.3(q). Metalast is therefore subject to the provisions of the Act [33 U.S.C. § 1251 et seq., including Section 307, 33 U.S.C. § 1317].

4. On May 21, 2008, an EPA inspector and a representative of Douglas County Public Works conducted a Clean Water Act industrial user inspection of Metalast:
   a. **Facility Description**: Metalast International, Inc. owns and operates a facility, called the Metalast Tech Center, at 2241 Park Place, Suite C, in Minden, Nevada, that provides anodizing and chemical conversion coating solutions as a consulting service.
      i. The facility operates an anodizing and conversion coating process line.
      ii. The specific anodizing or conversion coating operations Metalast performs at any one time can change depending on the customers or projects Metalast currently has;
iii. At the time of the May 21, 2008 inspection, Metalast’s metal finishing operations consisted of alkaline soap degreasing, caustic etching, aluminum desmut, Type II and Type III aluminum anodizing, titanium anodizing, black dye coloring of aluminum, chromate conversion coating, and electrolytic conversion coating (for coloring).

iv. Metalast’s metal finishing operations are contained in a laboratory where bench-scale titrations are performed.

v. Metalast’s anodizing and coating processes are materially the same processes that EPA intended to regulate under the categorical standard 40 CFR 433.

vi. The operations began at this facility in 1996;

b. Wastewater Discharges to the Sewer: Metalast discharges process-related wastewaters into the Douglas County domestic sewer system which feeds into the Douglas County North Valley Wastewater Treatment Plant for discharge to the groundwater via percolation:

i. The anodizing and conversion coating process line generates metal finishing spents and rinses;

ii. The facility does not have a wastewater treatment system;

iii. Rinse tanks in the process line may also include a small amount of rinse water from cleaning out the portable pump used to drain out metal finishing spents from a process tank. (The spents that are pumped out are hauled offsite.)
iv. The process-related wastewaters that discharge through a floor drain, herein referred to as Floor Drain 1, which leads directly to the sewer system, are the untreated rinses from the anodizing and conversion coating process line.

c. **Prohibited Discharges:** The following pH-related federal specific prohibition in 40 CFR 403.5(b)(2) applies to the discharges from Metalast to the Douglas County sewer system: pH not less than 5.0 s.u. at any time.

d. **Categorical Standards:** The federal categorical pretreatment standards in 40 CFR 433 for new source metal finishing operations apply to all process-related wastewater discharges from Metalast. Metalast is a new source, as defined in 40 CFR 403.3(m)(1), rather than an existing source, because operations in this facility began after August 31, 1982.

i. **40 CFR 433 Applicability:** Metalast performs anodizing and chemical coating, both of which are listed among the core metal finishing operations in 40 CFR 433. Because Metalast performs at least one of the core metal finishing operations, Metalast is subject to 40 CFR 433. The federal categorical pretreatment standards in 40 CFR 433 apply to all process wastewaters from the core operations as well as from any other onsite operation, as specifically listed in 40 CFR 433.10(a);

ii. **Federal Standards as Applied to Metalast:** The federal categorical pretreatment standards in the following table, taken from 40 CFR 433.17, apply to the discharges from Metalast at the final compliance sampling
point. The final compliance sampling point accounts for all process-related wastewater discharges to the sewer system.

<table>
<thead>
<tr>
<th>Pollutant or Pollutant Property</th>
<th>Maximum for any 1 day (mg/l)</th>
<th>Monthly average shall not exceed (mg/l)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cd Cadmium</td>
<td>0.11</td>
<td>0.07</td>
</tr>
<tr>
<td>Cr Chromium</td>
<td>2.77</td>
<td>1.71</td>
</tr>
<tr>
<td>Cu Copper</td>
<td>3.38</td>
<td>2.07</td>
</tr>
<tr>
<td>Pb Lead</td>
<td>0.69</td>
<td>0.43</td>
</tr>
<tr>
<td>Ni Nickel</td>
<td>3.98</td>
<td>2.38</td>
</tr>
<tr>
<td>Ag Silver</td>
<td>0.43</td>
<td>0.24</td>
</tr>
<tr>
<td>Zn Zinc</td>
<td>2.61</td>
<td>1.48</td>
</tr>
<tr>
<td>CN (T) Total cyanide</td>
<td>1.20</td>
<td>0.65</td>
</tr>
<tr>
<td>CN (A) Amenable cyanide</td>
<td>0.86</td>
<td>0.32</td>
</tr>
<tr>
<td>TTO Total toxic organics</td>
<td>2.13</td>
<td>--</td>
</tr>
</tbody>
</table>

5. **Dilution as a Substitute for Treatment**: Metalast may be using dilution of its federally-regulated process wastewaters as a substitute for treatment, based on the following factors:

a. Metalast uses flow-through rinse tanks which allow water to discharge continuously to the sewer system regardless of whether parts are being rinsed at that moment. Therefore, Metalast is discharging an excessive amount of water as part of the federally-regulated process wastewater discharge stream.

b. Metalast is discharging federally regulated wastewaters to the sewer system without treatment for metals, cyanide, or pH.

7. The federal regulation 40 CFR 403 requires Metalast to self-monitor at least twice per year for all federally regulated pollutants. Metalast has not been monitoring its wastewater discharge for the federally regulated pollutants, resulting in at least 2 days of violation per year, for a total of 10 days of violation over the past 5 years.

8. On August 12, 2008, EPA issued a report on its May 21, 2008 inspection of Metalast. The inspection report is made part of this Finding of Violation and Order by reference.
ADMINISTRATIVE ORDER

Considering the foregoing Finding of Violation, the potential environmental and human health effects of the violations, and all good faith efforts to comply, EPA has determined that compliance in accordance with the following requirements is reasonable. Pursuant to Section 308(a) and 309(a)(3), (a)(4) and (a)(5)(A) of the Act [33 U.S.C. § 1318(a) and 1319(a)(3), (a)(4) and (a)(5)(A)], IT IS HEREBY ORDERED that Metalast comply with the following requirements:

Final Compliance Sampling Point

1. By OCTOBER 31, 2008, Metalast shall complete the steps necessary to provide a final compliance sampling point, at Floor Drain 1 or at other locations approved by EPA, and submit a notice of completion. The final compliance sampling point(s) must meet the following requirements:
   a. account for all process-related wastewater discharges to the sewers;
   b. be readily accessible by Metalast staff and by County, State, and Federal inspectors;
   c. be a point at which sampling is representative of all process-related wastewater discharges to the sewers over the reporting period.

Eliminate Dilution as a Substitute for Treatment

2. By NOVEMBER 28, 2008, Metalast shall submit a preliminary design plan of the steps to be taken to eliminate dilution as a substitute for treatment, as required in 40 CFR 403.6(d). The plan shall include, at minimum, retrofitting of the flow-through rinses to
on-demand rinse systems or to static rinse tanks. This preliminary design plan shall also include all of the following:

a. A detailed description of the proposed systems, including existing components, modifications to existing components, and new components, that will be installed and operated to achieve consistent compliance with 40 CFR 403.6(d);

b. A schematic of the proposed systems, with all components labeled;

c. A detailed description of how the proposed systems will be operated and maintained;

d. A schedule of all corrective actions to be made in order to eliminate dilution as a substitute for treatment, not to extend beyond the deadlines specified in Item 4 of this Order;

e. Components include, but are not limited to, equipment, piping, hardware, instrumentation, and telemetry;

3. Metalast shall submit a notice of construction upon commencement of construction of the proposed systems.

4. By **FEBRUARY 27, 2009**, Metalast shall complete installation and startup of the proposed systems to consistently comply with 40 CFR 403.6(d), and submit a notice of completion.
Self-Monitoring Requirements

5. From **November 1, 2008 through October 31, 2009**, Metalast shall self-monitor the process-related wastewater discharges at the final compliance sampling point established as required by Item 1 of this Order.

   a. **Once every day**, Metalast shall self-monitor the process-related wastewater discharges to the sewers for pH. If the process line was not operated that day, Metalast shall indicate this in the report to EPA;

   b. **Once every month**, Metalast shall self-monitor the process-related wastewater discharges to the sewers for discharge flowrate, oil and grease, cadmium, chromium, copper, lead, nickel, silver, zinc, and total cyanide;

   c. **Once every six months** (before January 28, 2009 and July 28, 2009), Metalast shall self-monitor the process-related wastewater discharges to the sewers for total toxic organics.

   d. The sampling required by Items 5a, 5b, and 5c of this Order must account for and be representative of all the wastewater discharges from the anodizing/conversion coating process line over the applicable reporting period.

6. Metalast shall self-monitor and analyze using the sampling protocols listed below and the EPA-approved analytical methods (or equivalent) necessary to achieve detection limits no greater than those indicated below:

<table>
<thead>
<tr>
<th>Parameters and Pollutants</th>
<th>Sampling Protocols</th>
<th>Detection Limits no greater than:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cadmium</td>
<td>24-hour composite*</td>
<td>10 µg/l</td>
</tr>
<tr>
<td>Chromium</td>
<td>24-hour composite*</td>
<td>10 µg/l</td>
</tr>
<tr>
<td>Copper</td>
<td>24-hour composite*</td>
<td>10 µg/l</td>
</tr>
<tr>
<td>Lead</td>
<td>24-hour composite*</td>
<td>10 µg/l</td>
</tr>
</tbody>
</table>
Nickel 24-hour composite* 10 µg/l  
Silver 24-hour composite* 10 µg/l  
Zinc 24-hour composite* 10 µg/l  
Cyanide – total 24-hour manual composite grabs 10 µg/l  
Total toxic organics Grab 10 µg/l  
Oil and grease – petroleum Grab 1 mg/l  
Discharge flowrate Unspecified --  
pH Field grabs 0.1 s.u.  

* 24-hour composites may be replaced by grabs if the discharge is from a once-per-day batch discharge.

7. The total toxic organics self-monitoring required by Item 5c may be replaced by self-certifications, after approval by EPA of a toxic organics management plan as provided for in 40 CFR 433.12(a).

8. By the TWENTY-EIGHTH (28th) DAY OF EACH MONTH, Metalast shall submit all self-monitoring results for the previous month. The first monthly report is due on December 28, 2008 for the November 2008 self-monitoring. The 12th-and-last monthly report is due on November 28, 2009 for the October 2009 self-monitoring. For the 6-month monitoring, the reports are due on the dates indicated in Item 5c of this Order.

9. For each sample, Metalast shall record the following:
   a. the sample results, including an indication when a result is out of compliance with applicable limits in the Pretreatment Standards;
   b. the EPA analytical methods used;
   c. the date, time, and location of sampling;
   d. the type of sample (i.e., 24-hour composite, grab, or manual composite);
e. a tank-by-tank listing of the contents of all tanks (by station number) in the process line at the time of sampling, and a listing of the tanks (by station number) that were used in metal finishing operations taking place during the sampling;

f. the discharged wastewaters accounted for by the sample (name the specific rinse tanks from which the wastewater was discharged);

g. the name of the laboratory used; and

h. self-certifications in lieu of self-monitoring as allowed by Item 7 of this Order.

10. All reports submitted pursuant to this Order shall be signed by a principal executive officer of Metalast and shall include the following statement:

   I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, I certify that the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I certify that all wastewater samples analyzed and reported herein are representative of the ordinary process wastewater flow from this facility. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

11. All submittals shall be mailed to the following addresses:

   U.S. ENVIRONMENTAL PROTECTION AGENCY, Region 9
   75 Hawthorne Street
   San Francisco, California  94105
   Attn: Anna Yen (WTR-7)

   NEVADA DIVISION OF ENVIRONMENTAL PROTECTION
   901 South Stewart Street, Suite 4001
   Carson City, Nevada  89701
   Attn: Joseph Maez

   DOUGLAS COUNTY PUBLIC WORKS
   P.O. Box 218
   Minden, Nevada  89423
   Attn: Catherine Pool
General Provisions

12. This Order is not and shall not be interpreted to be a National Pollutant Discharge Elimination System permit under Section 402 of the Act, [33 U.S.C. § 1342], nor a Douglas County or State of Nevada sewer discharge permit under 40 CFR 403.8(f)(1)(iii). In addition, this Order shall not in any way extinguish, waive, satisfy, or otherwise affect Metalast's obligation to comply with the Act or its regulations, as well as any other Federal, State or local law.

13. This Order takes effect upon signature.

_________________________    ____________________________________
Date      Alexis Strauss
<Original signed by>
September 29, 2008

Director
Water Division