



Our Children's Earth Foundation | 100 First Street, Suite 100-367, San Francisco, CA 94105

NEWS RELEASE

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ENVIRONMENTAL GROUPS SUE NINE LOS ANGELES COMPANIES FOR POLLUTION TRADING PROGRAM VIOLATIONS

LOS ANGELES -- Our Children's Earth (OCE) Foundation and Communities for a Better Environment (CBE) sued nine Los Angeles companies today for emitting more than 700,000 pounds of nitrogen oxides ("NOx") without purchasing sufficient pollution credits under federal law.

The lawsuits, filed in United States District Court in Los Angeles, allege that the companies emitted excess nitrogen oxides ("NOx") by failing to comply with federally-approved Regional Clean Air Incentive Market ("RECLAIM") rules. OCE and CBE reported these violations to the South Coast and US Environmental Protection Agency and went forward only after those agencies failed to act.

"These types of market-based credit trading programs are being touted as the silver bullet for reducing air pollution by the George W. Bush administration. In truth, programs with gaps like these allow an irresistible opportunity for everyone to cook the books," said Tiffany Schauer, OCE Executive Director. "Who's watching the store? When the only people interested in accountability are environmental watch dogs, it means the system is broken and needs repair."

Created by SCAQMD in 1993, RECLAIM is a "cap and trade" air pollution-trading program designed to control emissions of NOx in the greater Los Angeles area. NOx leads to the creation of ozone, the principal element of smog. A recent study has shown that children playing sports in smoggy areas are three times more likely to develop asthma.

Under RECLAIM, each participating facility is given an annual allocation of pollution credits, called RECLAIM Trading Credits ("RTCs") which equals the maximum amount of pollution which they can release. Facilities must hold credits equal to their actual emissions. If a facility wants to pollute above their allocation, they must offset that excess by buying RTCs. If they under-pollute, they can sell their excess RTCs. Each quarter, RECLAIM participants must hold sufficient RTCs to cover the amount of NOx emitted by the participant up to that point in the year.

The lawsuits allege that several companies violated the Clean Air Act by failing to purchase sufficient pollution credits. Defendants in the lawsuits include: Crimson Resource Management Corp.; So Cal Gas Co.; Western Metal Decorating Co.; National Gypsum Co.;

Fontana Paper Mills, Inc.; Van Can Co.; United Airlines; City of Burbank; and Pomona Paper Co. As a result, more smog-causing pollution was released than allowed by federal law. The greater Los Angeles area is the smoggiest in the nation and ozone levels in are often twice the federal health standard. By the SCAQMD's own admission, many major sources in the South Coast air basin have maintained the same levels of pollution, and some have even increased their pollution since the creation of the RECLAIM program. In fact, the two largest NOx source categories, refineries and power plants, have actually increased their emissions over the past eight years.

"These lawsuits will help reduce air pollution and hold polluters and regulators accountable," said Scott Kuhn, CBE Staff Attorney. "We told the government about these violations two months ago, but they have not taken action to enforce the law."

Instead of purchasing federally approved credits, SCAQMD has allowed polluters to use pollution credits from mobile sources in violation of the Clean Air Act.

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