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$694,000 FINE TO BE PAID FOR SELLING UNREGISTERED PESTICIDE

SACRAMENTO -- Secretary for Environmental Protection James M. Strock today announced that Georgia-Pacific Corp. of Atlanta, Ga., has agreed to pay Cal/EPA's Department of Pesticide Regulation $694,000 in penalties for selling an unregistered pesticide product.

"One of Governor Wilson's goals in creating Cal/EPA was to ensure equitable enforcement of the law, so that no competitor gains an unfair advantage," said Strock. "This strong and fair settlement, the largest in the history of California's pesticide regulatory program, sends a message to the entire industry that we will take decisive action to ensure that the playing field is level. Even though it was unintentional, Georgia-Pacific avoided having to pay the state's mill tax on pesticide sales, and was therefore able to charge less for its product than companies that paid the tax. The penalties Georgia-Pacific agreed to pay remove any unfair profit made from those sales."

DPR Director James W. Wells added: "Although DPR's principal focus is, and will continue to be, protection of public health and the environment, we want to ensure that enforcement is fair and equitable in every arena that we regulate."

Unlike some cases in which unregistered products are sold illegally, Wells said, "this is not a question of an untested, potentially hazardous product being placed on the market, circumventing normal safeguards."

The pesticide in question, chlorine gas, has been extensively tested, and used safely for many years.

Georgia-Pacific is a manufacturer of pulp, paper, and building products. Chlorine gas is a manufacturing byproduct and the only pesticide product the company sells. Chlorine gas has many uses in industry, and less than five percent of the chemical used in the U.S. is sold as a pesticide, primarily as a water sanitizer by municipal water treatment plants.

Although pesticides are usually associated with agriculture, the term includes a wide variety of chemicals, including such products as insecticides, rodenticides, defoliants, herbicides, algaecides, and fungicides, as well as disinfectants and other antimicrobial products such as chlorine bleach and chlorine gas. Each year, more than 40 percent of pesticide sales in California are chlorine-based antimicrobial chemicals.

Georgia-Pacific had obtained a federal pesticide registration for its liquified chlorine gas,

but had inadvertently allowed the California registration to lapse several years ago. DPR began its investigation in 1991, in response to an anonymous complaint. The company was not aware that the product was no longer registered in California, as required by state law. When informed that it was selling an unregistered product, the company immediately halted sales. As part of the negotiation process, the company made available to DPR its records of chlorine gas sales and profit margins, which were used to determine the size of the fine.

The amount of the settlement was determined at a level which erases unfair profits made by Georgia-Pacific for illegal sales between 1979, when the registration was allowed to lapse, and 1991, when sales were stopped. Products sold as pesticides in this state are subject to a mill tax on every dollar of sales. In addition, there are yearly fees to renew registration.

Georgia-Pacific re-registered its chlorine gas in California last year, and sales were resumed.

As a result of this case, DPR will survey the state's water treatment plants to determine what brands of chlorine gas are used. Brand names and registration numbers will then be compared to DPR files to verify California registration status.

Although this case came to light from an anonymous complaint, most illegal sales of unregistered products are discovered by DPR inspectors during product quality inspections at retail, wholesale and producer establishments, as well as at sites where pesticides are being used. This program, one of the Department's oldest, is designed to assure that pesticide products contain the label ingredients stated, and that they are properly registered.

Inspectors routinely compare federal registration numbers that must appear on every pesticide product with a master list of the approximately 9,500 products that are registered in California under the same identification numbers.

Under California law, after federal registration, all pesticides must go through a separate evaluation and registration process in this state.

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