

SETTLEMENT AGREEMENT

The Commissioner of Labor (hereinafter referred to as "Commissioner") and F & F Coatings, (hereinafter referred to as "Employer") hereby agree as follows:

The Commissioner amends the Safety Order(s) and Notification(s) of Penalty, IOSHA Inspection No. 314259243 issued to the Employer on February 17, 2011 in the following manner.

SAFETY ORDER 01:

Item 2a:	Deleted, penalty deleted
Item 2b:	Deleted
Item 3:	Deleted, penalty deleted
Item 5c:	Deleted
Item 6a:	Deleted, penalty deleted
Item 6b:	Deleted
Item 7:	Upheld, penalty reduced to \$600.00

Except for the above specified amendments all other provisions of Safety Order Number 1 are retained intact.

The TOTAL AGREED PENALTY is \$5,100.00

The employer has agreed to a PAYMENT PLAN: six payments, the 1st on April 5, 2011 of \$850.00; 2nd on May 5, 2011 of \$850.00; 3rd on June 5, 2011 of \$850.00; 4th on July 5, 2011 of \$850.00; 5th on August 5, 2011 of \$850.00; 6th on September 5, 2011 of \$850.00

THE EMPLOYER IS SATISFIED WITH THE AMENDMENTS STATED ABOVE AND ACCORDINGLY WAIVES ITS RIGHT TO FILE A NOTICE OF CONTEST OF THE SAFETY ORDER(S) AND NOTIFICATION(S) OF PENALTY AS AMENDED AND AGREES TO WITHDRAW ANY PREVIOUSLY FILED NOTICES OF CONTEST IN THIS MATTER.

Upon full execution of this Settlement Agreement the Employer will post this Agreement for three (3) working days or until abatement is completed, whichever period is longer.

The total AGREED PENALTY is due and payable within fifteen (15) working days from the Employer's execution of this Agreement. The Employer further agrees that if the AGREED PENALTY is not paid within fifteen working days from the Employer's execution of this Agreement, that the full amount of the penalty initially assessed against the Employer in the Safety Order(s) and Notification(s) of Penalty which are the subject of this Agreement is due and payable immediately.

The Safety Order(s) and Notification(s) of Penalty are, and shall be, herein a final and enforceable Order of the Board of Safety Review.

Except for this agreement, and matters arising out of this agreement, and any other subsequent IOSHA proceedings between the parties, none of the foregoing agreements, statements, findings, and actions taken by Employer shall be deemed an admission by Employer of the allegations

contained within the Safety Order(s) and Notification(s) of Penalty. The agreements, statements, findings and actions taken herein are made in order to compromise and settle this matter economically and amicably, and they shall not be used for any other purpose, except as herein stated.

F & F COATINGS

By: Antonio Perez

Title: President

Date: 3-15-11

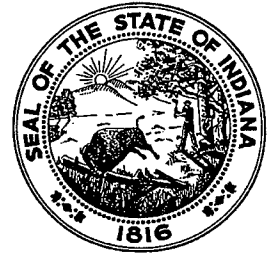
COMMISSIONER OF LABOR

By: J. H. Kallan

Title: Director IC

Date: 3-15-11

Indiana Department of Labor
Indiana Occupational Safety and Health Administration
402 West Washington Street
Room W195
Indianapolis, IN 46204-2751
Phone: 317/232-1979 Fax: 317/233-8509



Certified Mail # 7003 1010 0003 5731 5369 2-17-11 jtd

Safety Order and Notification of Penalty

To:

F&F Coatings,
and its successors
9710 Farm Road 79
Sumner, TX 75486

Inspection Site:

Peshewa Court & Indian Heights
Kokomo, IN 46904

Inspection Number: 314259243
Inspection Date(s): 09/10/2010 - 01/31/2011
Issuance Date: 02/17/2011

The violation(s) described in this Safety Order and Notification of Penalty is (are) alleged to have occurred on or about the day(s) the inspection was made unless otherwise indicated within the description given below.

An inspection of your place of employment has revealed conditions which we believe do not comply with the provisions of the Indiana Occupational Safety and Health Act (Indiana Code Chapter 22-8-1.1) or the standards or rules adopted thereunder. Accordingly, enclosed please find safety order(s) and notification(s) of penalty describing such violation(s) with references to applicable standards, rules, or provisions of the statute and stating the amount of any penalty(ies).

Informal Conference - Please be advised that it may be possible to informally settle any potential dispute without initiating the more elaborate proceedings brought on by a petition for review. Prior to filing a petition for review, you may request an informal conference concerning any of the results of the inspection (safety orders, penalties, abatement dates, etc.) by contacting the Indiana Department of Labor/IOSHA, preferably by telephone, in a prompt manner. Please be advised that a request for an informal conference cannot extend the fifteen working day period for filing a petition for review. Informal conferences frequently resolve any possible disputes, and therefore you are urged to take advantage of this opportunity. Because of the limited time period and in order to facilitate scheduling, any requests for an informal conference should be made promptly upon your receipt of the safety order(s) and notification(s) of penalty.

Right to Contest - You are hereby also notified that you are entitled to seek administrative review of the safety order(s), penalty(ies), or both by filing a written petition for review at the above address postmarked within fifteen working days of your receipt of the safety order(s) and notification(s) of penalty. ("Working days" means Mondays through Fridays, but does not include Saturdays, Sundays, legal holidays under a state statute or days

on which the Indiana Department of Labor's offices are closed during regular business hours). If you do not file such a petition for review (contest), the safety order(s) and penalty(ies) shall be deemed final orders of the Board of Safety Review and not subject to review by any court or agency. The issuance of a safety order does not constitute a finding that a violation has occurred unless no petition for review is filed, or if a petition for review (contest) is filed, it must contain a statement of its basis and should reference the above inspection number. Upon receipt of your petition for review, we will affirm, amend or dismiss the safety order(s) and notification(s) of penalty. If we affirm, your petition for review will be granted (unless it was not timely) and the dispute will be certified by the Board of Safety Review for further proceedings. The Board of Safety Review is an independent agency appointed by the governor with authority to conduct hearings and to issue decisions concerning disputed safety order(s) and notification(s) of penalty. If we amend the safety order(s) or notification(s) of penalty, your petition for review shall be deemed moot. However, you will then be given an opportunity to file a petition for review concerning the amended safety order(s) and notification(s) of penalty.

Please be advised that an employee or representative of employees may file a petition for review to contest the reasonableness of the time stated in the safety order(s) for the abatement of any violation.

Posting - Upon receipt of any safety order(s) you are required to post such safety order(s), or a copy thereof, unedited, at or near each place an alleged violation referred to in the safety order(s) occurred. However, if your operations are such that it is not practicable to post the safety order(s) at or near each place of alleged violation, such safety order(s) shall be posted, unedited, in a prominent place where it will be readily observable by all affected employees. For example, if you are engaged in activities which are physically dispersed, the safety order(s) may be posted at the location from which the employees operate to carry out their activities. You must take steps to ensure that the safety order is not altered, defaced, or covered by other material. Posting shall be until the violation is abated, or for three working days, whichever is longer.

Penalties - Penalties are due within fifteen (15) working days of receipt of this notification unless contested. Abatement does not constitute payment of penalties.

Abatement - The conditions cited in the safety order(s) must be corrected (abated) on or before the date shown for each item on the safety order(s) and notification(s) of penalty unless:

(1) You file a petition for review concerning the violation, in which case the full abatement period shall commence from the issuance of a final decision by the Board of Safety Review or the courts which requires compliance with the safety order; or

(2) The abatement period is extended by the granting of a petition for modification of abatement date.

PMAs - The petition for modification of abatement date is a manner in which you may seek additional time to correct (abate) a violation without having to file a petition for review concerning the safety order, or after the expiration of the time period to file such a petition for review when it becomes apparent that you need extra time to abate the violation. A petition for modification of abatement date shall be in writing and shall include the following information:

(1) All steps you have taken, and the dates of such actions, in an effort to achieve compliance during the prescribed abatement period.

(2) The specific additional abatement time necessary in order to achieve compliance.

(3) The reasons such additional time is necessary, including the unavailability of professional or technical personnel or of materials and equipment, or because necessary construction or alteration of facilities cannot be completed by the original abatement date.

(4) All available interim steps being taken to safeguard employees against the cited hazard during the abatement period.

(5) A certification that a copy of the petition has been posted, and if appropriate, served on the authorized representative of affected employees, and a certification of the date upon which such posting and service was made.

A petition for modification of abatement date shall be filed with the Indiana Department of Labor/IOSHA no later than the close of the next working day following the date on which abatement was originally required. A later-filed petition shall be accompanied by the employer's statement of exceptional circumstances explaining the delay. A copy of such petition shall be posted in a conspicuous place where all affected employees will have notice thereof or near such location where the violation occurred. The petition shall remain posted until the time period for the filing of a petition for review of the Commissioner's granting or denying the petition expires. Where affected employees are represented by an authorized representative, said representative shall be served a copy of such petition.

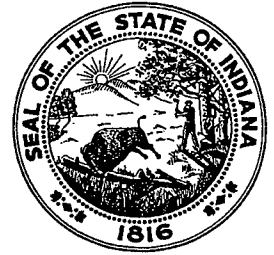
Notification of Corrective Action - Correction of the alleged violations which have an abatement period of thirty (30) days or less should be reported in writing to us promptly upon correction. A "Letter of Abatement" form and an "Abatement Photographs" worksheet are enclosed for your assistance in providing adequate documentation of abatement. Reports of corrections should show specific corrective action on each alleged violation and the date of such action. On alleged violations with abatement periods of more than thirty (30) days, a written progress report should be submitted, detailing what has been done, what remains to be done, and the time needed to fully abate each such violation. When the alleged violation is fully abated, we should be so advised. Timely correction of an alleged violation does not affect the initial proposed penalty.

Followup Inspections - Please be advised that a followup inspection may be made for the purpose of ascertaining that you have posted the safety order(s) and corrected the alleged violations. Failure to correct an alleged violation may result in additional penalties for each day that the violation has not been corrected.

Employer Discrimination Unlawful - The law prohibits discrimination by an employer against an employee for filing a complaint or for exercising any rights under this Act. An employee who believes that he/she has been discriminated against may file a complaint no later than 30 days after the discrimination occurred with the Indiana Department of Labor/IOSHA at the address shown above.

Notice to Employees - The law gives an employee or his/her representative the opportunity to object to any abatement date set for a violation if he/she believes the date to be unreasonable. The contest must be mailed to the Indiana Department of Labor/IOSHA at the address shown above within fifteen (15) working days (excluding weekends and State holidays) or receipt by the employer of this safety order and penalty.

If you wish additional information, you may direct such requests to us at the address or telephone number stated above.



NOTICE TO EMPLOYEES OF INFORMAL CONFERENCE

An informal conference has been scheduled with IOSHA to discuss the safety order(s) issued on 02/17/2011. The conference will be held at the IOSHA office located at 402 West Washington Street, Room W195, Indianapolis, IN 46204 on _____ at _____.

Employees and/or representatives of employees have a right to attend an informal conference.

Indiana Department of Labor

Occupational Safety and Health Administration

Inspection Number: 314259243
Inspection Dates: 09/10/2010 - 01/31/2011
Issuance Date: 02/17/2011



Safety Order and Notification of Penalty

Company Name: F&F Coatings
Inspection Site: Peshewa Court & Indian Heights Kokomo, IN 46904

Safety Order 1 Item 1 Type of Violation: **Serious**

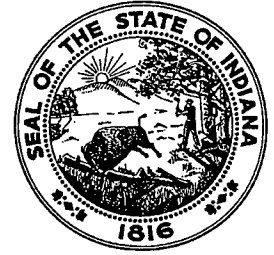
29 CFR 1926.21(b)(2): The employer did not instruct each employee in the recognition and avoidance of unsafe condition(s) and the regulation(s) applicable to his work environment to control or eliminate any hazard(s) or other exposure to illness or injury:

Facility Wide - Laborers were required to perform job tasks such as but not limited to painting water tower, making repairs to water tower access ladders, guard rails, and water tower structures. Laborers utilized welding equipment, fall arrest equipment, and suspended scaffolds to perform this work.

Date By Which Violation Must be Abated: 03/16/2011
Proposed Penalty: \$1,500.00

Indiana Department of Labor
Occupational Safety and Health Administration

Inspection Number: 314259243
Inspection Dates: 09/10/2010 - 01/31/2011
Issuance Date: 02/17/2011



Safety Order and Notification of Penalty

Company Name: F&F Coatings
Inspection Site: Peshewa Court & Indian Heights Kokomo, IN 46904

The alleged violations below have been grouped because they involve similar or related hazards that may increase the potential for illness or injury resulting from an accident.

Safety Order 1 Item 2a Type of Violation: **Serious**

29 CFR 1926.451(d)(1): All suspension scaffold support devices, such as outrigger beams, cornice hooks, parapet clamps, and similar devices, did not rest on surfaces capable of supporting at least 4 times the load imposed on them by the scaffold operating at the rated load of the hoist:

Indian Heights, Peshewa Court - Laborers were required to utilize a suspension scaffold, which was anchored to guard rails on the water tower catwalk, approximately 120 feet above the ground.

Date By Which Violation Must be Abated: 03/16/2011
Proposed Penalty: \$1,500.00

Safety Order 1 Item 2b Type of Violation: **Serious**

29 CFR 1926.451(d)(5)(iii): Suspension scaffold support devices such as cornice hooks, roof hooks, roof irons, parapet clamps, or similar devices were not secured against movement by tiebacks installed at right angles to the face of the building or structure:

Indian Heights, Peshewa Court - Laborers were required to utilize a suspension scaffold, which was anchored to guard rails on the water tower catwalk, approximately 120 feet above the ground.

Date By Which Violation Must be Abated: 03/16/2011

Safety Order 1 Item 3 Type of Violation: **Serious**

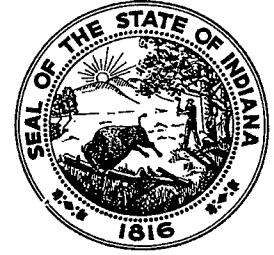
29 CFR 1926.451(f)(7): Scaffolds were not erected, moved, dismantled, or altered only under the supervision and direction of a competent person qualified in scaffold erection, moving, dismantling or alteration:

Indian Heights, Peshewa Court - Laborers were required to utilize a suspension scaffold, which was anchored to guard rails on the water tower catwalk, approximately 120 feet above the ground.

Date By Which Violation Must be Abated: 03/16/2011
Proposed Penalty: \$1,500.00

Indiana Department of Labor
Occupational Safety and Health Administration

Inspection Number: 314259243
Inspection Dates: 09/10/2010 - 01/31/2011
Issuance Date: 02/17/2011



Safety Order and Notification of Penalty

Company Name: F&F Coatings
Inspection Site: Peshewa Court & Indian Heights Kokomo, IN 46904

The alleged violations below have been grouped because they involve similar or related hazards that may increase the potential for illness or injury resulting from an accident.

Safety Order 1 Item 4a Type of Violation: **Serious**

29 CFR 1926.451(f)(17)(i): To reduce the possibility of welding current arcing through the suspension wire rope when performing welding from suspended scaffolds, the following precautions were not taken, an insulated thimble was not used to attach each suspension wire rope to its hanging support:

Indian Heights, Peshewa Court - Laborers were required to perform job tasks such as but not limited to making repairs to water tower access ladders, guard rails, and water tower structures and painting water towers utilizing welding equipment, fall arrest equipment, and suspended scaffolds.

Date By Which Violation Must be Abated: 03/16/2011
Proposed Penalty: \$1,500.00

Safety Order 1 Item 4b Type of Violation: **Serious**

29 CFR 1926.451(f)(17)(ii): To reduce the possibility of welding current arcing through the suspension wire rope when performing welding from suspended scaffolds, the following precautions were not taken, the suspended wire rope was not covered with insulating materials extending at least 4 feet above the hoist:

Indian Heights, Peshewa Court - Laborers were required to perform job tasks such as but not limited to making repairs to water tower access ladders, guard rails, and water tower structures and painting water towers utilizing welding equipment, fall arrest equipment, and suspended scaffolds.

Date By Which Violation Must be Abated: 03/16/2011

Indiana Department of Labor
Occupational Safety and Health Administration

Inspection Number: 314259243
Inspection Dates: 09/10/2010 - 01/31/2011
Issuance Date: 02/17/2011



Safety Order and Notification of Penalty

Company Name: F&F Coatings
Inspection Site: Peshewa Court & Indian Heights Kokomo, IN 46904

Safety Order 1 Item 4c Type of Violation: **Serious**

29 CFR 1926.451(f)(17)(iii): To reduce the possibility of welding current arcing through the suspension wire rope when performing welding from suspended scaffolds, the following precautions were not taken, each hoist was not covered with insulated protective covers:

Indian Heights, Peshewa Court - Laborers were required to perform job tasks such as but not limited to making repairs to water tower access ladders, guard rails, and water tower structures and painting water towers utilizing welding equipment, fall arrest equipment, and suspended scaffolds.

Date By Which Violation Must be Abated: 03/16/2011

Safety Order 1 Item 4d Type of Violation: **Serious**

29 CFR 1926.451(f)(17)(iv): To reduce the possibility of welding current arcing through the suspension wire rope when performing welding from suspended scaffolds, the following precautions were not taken, in addition to a work lead attachment required by the welding process, a grounding conductor was not connected from the scaffold to the structure:

Indian Heights, Peshewa Court - Laborers were required to perform job tasks such as but not limited to making repairs to water tower access ladders, guard rails, and water tower structures and painting water towers utilizing welding equipment, fall arrest equipment, and suspended scaffolds.

Date By Which Violation Must be Abated: 03/16/2011

Safety Order 1 Item 4e Type of Violation: **Serious**

29 CFR 1926.451(f)(17)(v): To reduce the possibility of welding current arcing through the suspension wire rope when performing welding from suspended scaffolds, the following precautions were not taken, if the scaffold grounding lead is disconnected at any time, the welding machine was not shut off:

Indian Heights, Peshewa Court - Laborers were required to perform job tasks such as but not limited to making repairs to water tower access ladders, guard rails, and water tower structures and painting water towers utilizing welding equipment, fall arrest equipment, and suspended scaffolds.

Date By Which Violation Must be Abated: 03/16/2011

Indiana Department of Labor

Occupational Safety and Health Administration

Inspection Number: 314259243
Inspection Dates: 09/10/2010 - 01/31/2011
Issuance Date: 02/17/2011



Safety Order and Notification of Penalty

Company Name: F&F Coatings
Inspection Site: Peshewa Court & Indian Heights Kokomo, IN 46904

Safety Order 1 Item 4f Type of Violation: **Serious**

29 CFR 1926.451(f)(17)(vi): To reduce the possibility of welding current arcing through the suspension wire rope when performing welding from suspended scaffolds, the following precautions were not taken, an active welding rod or uninsulated welding lead was allowed to contact the scaffold or its suspension system:

Indian Heights, Peshewa Court - Laborers were required to perform job tasks such as but not limited to making repairs to water tower access ladders, guard rails, and water tower structures and painting water towers utilizing welding equipment, fall arrest equipment, and suspended scaffolds.

Date By Which Violation Must be Abated:

03/18/2011

Indiana Department of Labor
Occupational Safety and Health Administration

Inspection Number: 314259243
Inspection Dates: 09/10/2010 - 01/31/2011
Issuance Date: 02/17/2011



Safety Order and Notification of Penalty

Company Name: F&F Coatings
Inspection Site: Peshewa Court & Indian Heights Kokomo, IN 46904

The alleged violations below have been grouped because they involve similar or related hazards that may increase the potential for illness or injury resulting from an accident.

Safety Order 1 Item 5a Type of Violation: **Serious**

29 CFR 1926.502(d)(15)(ii): Anchorages used for attachment of personal fall arrest equipment were not designed, installed, and used under the supervision of a qualified person:

Indian Heights, Peshewa Court - Laborers were required to utilize fall arrest equipment which was anchored to guard rails, along with the suspended scaffold, located on the water tower catwalk, approximately 120 feet above the ground.

Date By Which Violation Must be Abated: **03/16/2011**
Proposed Penalty: **\$1,500.00**

Safety Order 1 Item 5b Type of Violation: **Serious**

29 CFR 1926.502(d)(15): Anchorages used for attachment of personal fall arrest equipment were not independent of any anchorage being used to support or suspend platforms:

Indian Heights, Peshewa Court - Laborers were required to utilize fall arrest equipment which was anchored to guard rails, along with the suspended scaffold, located on the water tower catwalk, approximately 120 feet above the ground.

Date By Which Violation Must be Abated: **03/16/2011**

Safety Order 1 Item 5c Type of Violation: **Serious**

29 CFR 1926.502(d)(20): The employer did not provide for prompt rescue of employees in the event of a fall:

Indian Heights, Peshewa Court - Laborers, required to utilize fall arrest equipment which was anchored to guard rails located on the water tower catwalk, approximately 120 feet above the ground, were not able to effectively communicate with emergency rescue personnel.

Date By Which Violation Must be Abated: **03/16/2011**

Indiana Department of Labor

Occupational Safety and Health Administration

Inspection Number: 314259243
Inspection Dates: 09/10/2010 - 01/31/2011
Issuance Date: 02/17/2011



Safety Order and Notification of Penalty

Company Name: F&F Coatings
Inspection Site: Peshewa Court & Indian Heights Kokomo, IN 46904

Safety Order 1 Item 5d Type of Violation: **Serious**

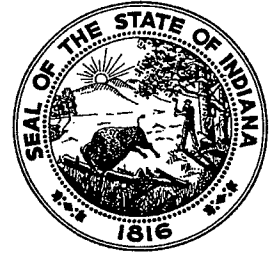
29 CFR 1926.502(d)(23): Personal fall arrest systems were attached to guardrail systems:

Indian Heights, Peshewa Court - Laborers were required to utilize fall arrest equipment which was anchored to guard rails, along with the suspended scaffold, located on the water tower catwalk, approximately 120 feet above the ground.

Date By Which Violation Must be Abated: 03/16/2011

Indiana Department of Labor
Occupational Safety and Health Administration

Inspection Number: 314259243
Inspection Dates: 09/10/2010 - 01/31/2011
Issuance Date: 02/17/2011



Safety Order and Notification of Penalty

Company Name: F&F Coatings
Inspection Site: Peshewa Court & Indian Heights Kokomo, IN 46904

The alleged violations below have been grouped because they involve similar or related hazards that may increase the potential for illness or injury resulting from an accident.

Safety Order 1 Item 6a Type of Violation: **Serious**

29 CFR 1926.503(a)(1): The employer did not provide a training program for each employee who might be exposed to fall hazards:

Facility Wide - Laborers were required to utilize fall arrest equipment such as but not limited to full body harnesses, lanyards, and lifelines while painting and making repairs to water towers from suspended scaffolds of heights up to 120 feet above the ground.

Date By Which Violation Must be Abated: 03/16/2011
Proposed Penalty: \$1,500.00

Safety Order 1 Item 6b Type of Violation: **Serious**

29 CFR 1926.503(b)(1): The employer did not verify compliance with paragraph (a) of this section by preparing a written certification record:

Facility Wide - Laborers were required to utilize fall arrest equipment such as but not limited to full body harnesses, lanyards, and lifelines while painting and making repairs to water towers from suspended scaffolds of heights up to 120 feet above the ground.

Date By Which Violation Must be Abated: 03/16/2011

Indiana Department of Labor
Occupational Safety and Health Administration

Inspection Number: 314259243
Inspection Dates: 09/10/2010 - 01/31/2011
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Safety Order and Notification of Penalty

Company Name: F&F Coatings
Inspection Site: Peshewa Court & Indian Heights Kokomo, IN 46904


Safety Order 1 Item 7 Type of Violation: **Serious**

29 CFR 1926.1053(a)(7): Ladders not designed for such use were tied or fastened together to provide longer sections:

Indian Heights, Peshewa Court - Laborers were required to climb a metal ladder that had been tied with rope to another section of fixed metal ladder while performing job tasks such as but not limited to replacing water tower ladder sections and guard rails on the top of the catwalk.

Date By Which Violation Must be Abated:
Proposed Penalty:

03/16/2011
\$1,500.00



Robert A. Kattau
Director, Industrial Compliance



Indiana Department of Labor

Indiana Occupational Safety and Health Administration

402 West Washington Street

Room W195

Indianapolis, IN 46204-2751

Phone: 317/232-1979 Fax: 317/233-8509

INVOICE/DEBT COLLECTION NOTICE

Company Name: F&F Coatings
Inspection Site: Peshewa Court & Indian Heights Kokomo, IN 46904
Issuance Date: 02/17/2011

Summary of Penalties for Inspection Number 314259243


Safety Order 01, Serious	=	\$10,500.00
Total Proposed Penalties		\$10,500.00

Penalties are due within fifteen (15) working days of receipt of this notification unless contested. Make your check or money order payable to: "Indiana DOL/IOSHA". Please indicate IOSHA's Inspection Number (indicated above) on the remittance.

IOSHA does not agree to any restrictions or conditions or endorsements put on any check or money order for less than full amount due, and will cash the check or money order as if these restrictions, conditions, or endorsements do not exist.

~~Corrective action, taken by you for each alleged violation should be submitted to this office on or about the abatement dates indicated on the Safety Order and Notification of Penalty.~~

A work sheet has been provided to assist in providing the required abatement information. A completed copy of this work sheet should be posted at the worksite with the safety order(s).


Robert A. Kattau
Director, Industrial Compliance

2-17-11
Date