

**§ 599.505**

or revoke the dealer registration or the participation eligibility of the salvage auction or disposal facility.

(4) The Administrator shall notify the dealer, salvage auction or disposal facility in writing of the decision, including the reasons for it. The decision shall reflect the gravity of the offense.

(5) A suspension or revocation is effective as of the date of the Administrator's written notification, unless another date is specified therein.

(6) The Administrator shall state the period of any suspension in the notice to the dealer, salvage auction or disposal facility.

(7) There shall be no opportunity to seek reconsideration of the Administrator's decision issued under this paragraph (a).

(b) *Reinstatement of suspended registration or participation eligibility.*

(1) When a registration or participation eligibility has been suspended under this subpart, the registration or participation eligibility will be reinstated after the expiration of the period of suspension specified by the Administrator, or such earlier date as the Administrator may subsequently decide is appropriate.

(2) Reinstatement is automatically effective as of the date previously set forth in the Administrator's written notification of suspension, unless another date is specified by the Administrator in writing.

(c) *Effect of suspension or revocation of registration or participation eligibility.*

(1) If a dealer's registration or a salvage auction or disposal facility's participation eligibility is suspended or revoked, as of the date of suspension or revocation, the dealer, salvage auction or disposal facility will not be considered registered or eligible to participate in the CARS Program, and must cease participating in the program.

(2) A dealer whose registration has been suspended will not be entitled to any rights or reimbursement of funds for new transactions submitted as of the effective date of the suspension or revocation.

(3) NHTSA may take such action as appropriate, including publication, to provide notice that a dealer's registration, or salvage auction's or disposal

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facility's participation eligibility has been suspended or revoked.

**§ 599.505 Reports and investigations.**

(a) Any person may report an apparent violation of the CARS Act or regulations issued thereunder to NHTSA.

(b) NHTSA may independently monitor for violations of the CARS Act or regulations issued thereunder.

(c) When a report of an apparent violation has been received by NHTSA, or when an apparent violation has been detected by any person working for NHTSA, the matter may be investigated or evaluated by NHTSA Enforcement. If NHTSA Enforcement believes that a violation may have occurred, NHTSA Enforcement may prepare a report and send the report to the NHTSA Chief Counsel.

(d) The NHTSA Chief Counsel will review the reports prepared by NHTSA Enforcement to determine if there is sufficient information to establish a likely violation.

(1) The matter may be returned to NHTSA Enforcement for further investigation, if warranted.

(2) The Chief Counsel may close a matter. A matter may be closed if, for example, the investigation has established that a violation did not occur, the alleged violator is unknown, there is insufficient information to support the existence of a violation and little likelihood of discovering additional relevant facts, or the magnitude of the matter is, under the circumstances, including availability of resources, insufficient to be pursued further.

(3) If the Chief Counsel determines that a violation has likely occurred, the Chief Counsel may:

(i) Issue a Notice of Violation to the party, and/or

(ii) In the case of a dealer recommend that the Administrator suspend or revoke registration in the program or in the case of a salvage auction or disposal facility, recommend that the Administrator suspend or revoke participation eligibility in the program.

(4) In the case of either paragraphs (d)(3)(i) or (ii) of this section, the NHTSA Chief Counsel will prepare a case file with recommended actions. A record of any prior violations by the

same person or entity, shall be forwarded with the case file.

**§ 599.506 Notice of Violation.**

(a) The agency has the authority to assess a civil penalty for any violation of the CARS Act or this part. The penalty may not be more than \$15,000 for each violation.

(b) The Chief Counsel may issue a Notice of Violation to a party. Notice of Violation will contain the following information:

(1) The name and address of the party;

(2) The alleged violation and the applicable law or regulations violated;

(3) The amount of the maximum penalty that may be assessed for each violation;

(4) The amount of proposed penalty;

(5) A statement that payment of the proposed penalty within 30 days will settle the case without admission of liability;

(6) The place to which, and the manner in which, payment is to be made;

(7) A statement that the party may decline the Notice of Violation and that if the Notice of Violation is declined, the party has the right to a hearing prior to a final assessment of a penalty by a Hearing Officer.

(8) A statement that failure to either pay the proposed penalty on the Notice of Violation or to decline the Notice of Violation and request a hearing within 30 days of the date shown on the Notice of Violation will result in a finding of violation by default and that NHTSA will proceed with the civil penalty in the amount proposed on the Notice of Violation without processing the violation under the hearing procedures set forth in this subpart.

(c) The Notice of Violation may be delivered to the party by:

(1) Hand-delivery to the party or an employee of the party;

(2) Mailing to the party (certified mail is not required);

(3) Use of an overnight or express courier service; or

(4) Facsimile transmission or electronic mail (with or without attachments) to the party or an employee of the party.

(d) If a party submits a written request for a hearing as provided in the

Notice of Violation within 30 days of the date shown on the Notice of Violation, the case file will be sent to the Hearing Officer for processing under the hearing procedures set forth in this subpart.

(e) If a party pays the proposed penalty on the Notice of Violation or an amount agreed on in compromise within 30 days of the date shown on the Notice of Violation, a finding of "resolved with payment" will be entered into the case file. Such payment shall not be an admission of liability.

(f) If the party agrees to pay the proposed penalty, but has not made payment within 30 days of the date shown on the Notice of Violation, NHTSA will enter a finding of violation by default in the matter and NHTSA will proceed with the civil penalty in the amount proposed on the Notice of Violation without processing the violation under the hearing procedures set forth in this subpart.

(g) If within 30 days of the date shown on the Notice of Violation a party fails to pay the proposed penalty on the Notice of Violation; and fails to request a hearing, then NHTSA will enter a finding of violation by default in the case file, and will assess the civil penalty in the amount set forth on the Notice of Violation without processing the violation under the hearing procedures set forth in this subpart.

(h) NHTSA's order assessing the civil penalty following a party's default is final agency action.

**§ 599.507 Disclosure of evidence.**

The alleged violator may, upon request, receive a free copy of all the written evidence in the case file, except material that would disclose or could lead to the disclosure of the identity of a confidential source. Following a timely request for a hearing, other evidence or material, if any, of whatever source or nature, may be examined at the Hearing Officer's offices or such other places and locations that the Hearing Officer may, in writing, direct, if there are adequate safeguards to prevent loss or tampering.