Mendoza and Salazar for Law360: $100M Clean Air Act Ruling Transforms Parent Company Liability

By Mary Simmons Mendoza, Victor K. Salazar | July 14, 2026

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Haynes Boone Partner **Mary Mendoza** and Associate **Victor K. Salazar** authored an article for *Law360* analyzing a recent Clean Air Act decision that imposed more than $100 million in penalties and relief while extending liability beyond a facility operator to parent corporate entities.

Mendoza and Salazar examine the application of the U.S. Supreme Court's Bestfoods framework in the Clean Air Act context, the factors that led to the finding of operator liability and key considerations for companies overseeing environmental compliance across complex corporate structures.

Read an excerpt from the article below.

Background

EES Coke owned and operated a coke oven battery facility on Zug Island in River Rouge, Michigan.

In 2014, the facility modified its state air permit to remove certain limits on its operations, and concluded that the modification would not constitute a major modification and would not require it to implement best available control technology and lowest achievable emissions rate controls.

However, in 2020, the U.S. Environmental Protection Agency issued a notice of violation, contending that the change triggered new source review permitting requirements, and required EES Coke to install the controls. …

Practical Takeaways for Parent Companies

The EES Coke decision provides a diagnostic tool for parent companies to evaluate their own exposure. Based on the court's analysis, the following practices are advisable.

1. Ensure the subsidiary has its own operational capacity. …

2. Limit the scope of management services agreements. …

3. Reserve environmental decision-making to the subsidiary. …

4. Closely evaluate the role of parent corporation employees in the regulatory interface. …

5. Monitor contracts with an emissions nexus. …

Conclusion

The EES Coke decision is one of the most significant judicial applications of Bestfoods operator liability to date. …

Parent companies that take proactive steps now to ensure meaningful subsidiary autonomy in environmental decision-making will be best positioned to defend against operator liability claims in the future.

Read the full article on *Law360* **here**.