Once the sender has made her threats or promises, the target chooses whether or not to pollute. Polluting raises the target's payoff, depending on his type, by $H$ or $L$, and lowers the sender's by $D$. What happens next depends on the threats and promises made by the sender at the beginning of the period and the target's subsequent action. If the sender had promised a reward then it is paid if and only if the target has refrained from polluting. If the sender threatened a punishment and incurred...