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June 29, 2012

Jennifer Timian
Chief, Recall Management Division
National Highway Traffic Safety Administration
NVS-215, Room W46-421
1200 New Jersey Avenue, SE
Washington, DC 20590

Dear Ms. Timian,

The following information is submitted in accordance with National Highway Traffic Safety Administration's reporting regulations, 49CFR Part 573.6.

Zero Motorcycles Inc. has decided that a defect which relates to motor vehicle safety exists on certain model year 2012 Zero Motorcycles motorcycles.

IDENTIFICATION OF EQUIPMENT POTENTIALLY CONTAINING THE DEFECT:

The recall population of 254 motorcycles includes 2012 model year Zero S motorcycles built December 27, 2011 through April 13, 2012; 2012 model year Zero DS motorcycles built December 22, 2011 through April 13, 2012; 2012 model year Zero X motorcycles built December 19, 2012 through March 15, 2012; and 2012 model year Zero XU motorcycles built February 13, 2012 through April 5, 2012; and 2012 model year Zero XU-LSM motorcycles built April 9, 2012 through April 12, 2012. This covers the entire range of motorcycles potentially containing the subject defect.

DESCRIPTION OF DEFECT:

The subject motorcycles have a Battery Management System (BMS) printed circuit board (PCB) with insufficient weatherproofing compound on its connector pins. This condition could cause adjacent pairs of the BMS PCB connector pins to short-circuit when subjected to wet conditions. Short-circuiting of the BMS PCB connector pins could cause the motorcycle to inadvertently lose power, which could lead to a possible crash and potential injury or death of the rider.

CHRONOLOGY OF EVENTS:

On 03/28/2012, Zero Motorcycles received a dealer report of a 2012 Model Year (12MY) S model motorcycle (VIN #538SM3M31CCA00122) that stopped running inadvertently. The dealer claimed that it had a bad BMS and that replacing this BMS under warranty with a new component resolved the problem. Zero Motorcycles Engineering was made aware of this issue and began an investigation in collaboration with Zero Motorcycles' Customer Service department.

04/03/12, Zero Motorcycles received a report of a dealership's 12MY XU model demo motorcycle (VIN #538XU2M20CCE00034) that stopped charging. A replacement of the BMS under warranty resolved the condition.

On 04/05/2012, upon inspection and analysis of the two photographed and returned warrantied BMSs, Zero Motorcycles Engineering determined that the root cause of these reported events was insufficient coverage of the weatherproofing compound being applied to the BMS PCB, resulting in corrosion of the PCB's connector pins. Such corrosion led to a short circuiting of these pins on these particular BMSs, resulting in a disconnection of the battery by the BMS, hence disabling the discharge and charge circuits of the battery. On the same day, Zero Motorcycles requested that its BMS manufacturer improve the application process of the weatherproofing compound to remedy the possibility for this condition.

On 04/13/2012, Zero Motorcycles received and implemented into its motorcycle production BMS PCBs manufactured according to the revised weatherproofing compound application process that ensured adequate coating of the BMS PCB's connector pins.

On 4/26/2012, two Zero Motorcycles company owned vehicles (COV's), a 12MY S and a 12MY DS (VIN #538SM3M37CCA00044 and #538SD3M34CCB00036), experienced faltering conditions while being ridden in heavy rain. Upon return of the vehicles and analysis of the issue, it was determined that their pre-04/13/12 BMS PCBs malfunctioned due to the corrosion present on their insufficiently coated BMS PCB connector pins.

On 05/10/2012, Zero Motorcycles received a dealer report of a 12MY model S motorcycle (VIN #538SM3M34CCA00096) whose customer claimed poor running of the motorcycle after riding in the rain. A replacement of the BMS under warranty resolved the condition. The BMS was returned to Zero Motorcycles and was determined to have malfunctioned due to the corrosion present on its insufficiently coated BMS PCB connector pins.

On 05/10/2012, Zero Motorcycles received a dealer report of a 12MY model DS motorcycle (VIN #538SD3M35CCB00109) whose customer claimed he was getting a BMS malfunction fault code. A replacement BMS under warranty resolved the condition. The BMS was returned to Zero Motorcycles and was determined to have malfunctioned due to the corrosion present on its insufficiently coated BMS PCB connector pins.

On 06/07/2012, this concern was brought to the attention of Zero Motorcycles' Product Integrity Team. This group spent the next two weeks analyzing all of the data and ensuring a good understanding of the concern and its possible effects.

On 06/22/2012, Zero Motorcycles completed its internal investigation of this issue and concluded that insufficient weatherproofing of the BMS PCB connector pins used on 2012 model year S, DS, X and XU motorcycles built on or prior to April 13, 2012 could lead to a short-circuiting of these pins when subjected to wet conditions, which could lead to a quits-while-

running situation. Zero Motorcycles executive management considered this information and determined that a defect related to motor vehicle safety existed.

Zero Motorcycles is not aware of any accidents or injuries caused by this condition.

DESCRIPTION OF THE PROGRAM TO REMEDY THE DEFECT:

The remedy of this defect is for authorized Zero Motorcycles dealers to clean and apply weatherproofing compound to the BMS PCB connector pins.

SUPPLIER INFORMATION:

R&D Tech
2526 Qume Ave, Bldg 16
San Jose, CA 95131
Tel: (408) 239-4858
Fax: (408) 416-3358
President: Dave Linebaugh
Contact Person: Richard Hernandez

DEALER AND OWNER NOTIFICATION:

Zero Motorcycles expects to notify its dealer network no later than the week of July 02, 2012 and the motorcycle owners no later than the week of July 16, 2012.

Part 577 NOTICE LETTER:

A draft of the owner notification letter is attached.

Please advise the undersigned of the campaign assigned by ODI to this recall.

Sincerely,



Richard Kenton
Director of Customer Service
Zero Motorcycles, Inc.