U.S. Department
of Transportation
**National Highway
Traffic Safety
Administration**

1200 New Jersey Avenue SE
Washington, DC 20590

July 2, 2007

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Victor M. Morales & Assoc., Inc.
P.O. Box 6461
San Juan, PR 00603

NVS-215rw
EQ07-002

Dear Sir or Madam:

As you may be aware, Foreign Tire Sales, Inc (FTS), an importer of tires, has decided that a defect may exist in certain light truck radial tires manufactured by Hangzhou Zhongce Rubber Co. Ltd (HZR) in Hangzhou, China under the brand names Westlake, Telluride, Compass and YKS. FTS alleges that HZR discontinued the use of, and later reincorporated less effective, belt edge strips (gum strips) in the construction of these tires without FTS's approval or knowledge. According to FTS, such construction is susceptible to tread separation, which can result in a vehicle crash, property damage, injury or death. FTS has reported two (2) fatalities and one (1) serious injury resulting from an incident involving tread separation. These tires have been identified by size by FTS as follows:

-- LT235/75R-15 CR861 CR857
-- LT225/75R-16 CR861
-- LT235/85R-16 CR860 CR861 CR857
-- LT245/75R-16 CR860 CR861 CR857
-- LT265/75R-16 CR860 CR861 CR857
-- LT31X10.5-15 CR857 CR861

These tires may be referred hereinafter as "subject tires."

Victor M. Morales & Assoc., Inc; has been identified as an entity who may have imported tires of similar construction as those listed above that were fabricated in China by HZR. A copy of the report filed by FTS in this matter is enclosed for your information.

As a result of these allegations, the National Highway Traffic Safety Administration (NHTSA) is conducting a formal investigation involving light truck tire sizes produced by HZR that were imported into the United States. This letter is being sent to you to request information and to remind you of your company's responsibilities to report any tires that contain a defect related to motor vehicle safety and thus are subject to the notification and remedy requirements under 49 U.S.C. 30118(c) and 30120 of the National Traffic and Motor Vehicle Safety Act. Accordingly, please provide numbered responses to the following questions. Please restate the applicable request verbatim before each response.

1. Please identify by brand, model name and size all light truck radial tires produced by HZR that are the same size as any of the tires identified on page 1 of this letter, and which were imported into the United States by your company between January 2001 to the present, that your company sold or otherwise distributed in the United States. These tires are referred hereinafter as "similar tires."

2. If your company does not agree with the statement made in the enclosed report by FTS that your company imported tires manufactured by HZR that are similarly constructed and of the same size as those identified by FTS, and if your company does not believe that those similar tires contain a safety-related defect, please provide an explanation for your company's position.

3. Separately, for each tire line identified as similar tires above, state quantity of, and the range of TINs, for those tires that your company sold to wholesalers, retail distributors or dealers, or to the general public through individual sales.

4. As to all similar tires that you have identified in response to Request No. 1 above, please provide the following information:

   a. Identify by contact name, address and phone number each wholesaler, retail distributor or dealer, and individual member of the general public to whom your company directly sold or otherwise distributed any of the similar tires. Provide the number of tires sold or otherwise distributed to each, separately identified by brand name and size.
   b. Provide a copy of each tire registration form (see 49 C.F.R. part 574) and comparable information (e.g., data bases and files with names of tire purchasers (not for resale)).

5. State whether or not your company imported and sold tires bearing the manufacturing code "FTS" in the TIN.

6. State, with respect to the tires identified in response to Request No. 1 above, by tire brand name, model, tire size and year of manufacture, the number of each of the following, received by your company, or of which your company is otherwise aware, which relate to, or may relate to tread separation, blowout or belt to belt separation in the similar tires that you imported:

a. Reports involving a crash, injury, or fatality, based on claims against your company and/or HZR involving a death or injury, notices received by your company or HZR alleging or proving that a death or injury was caused by a possible defect in a subject vehicle;
b. Property damage claims;
c. Warranty adjustments;
d. Complaints, including those from fleet operators;
e. Third-party arbitration proceedings where your company is or was a party to the arbitration; and,
f. Lawsuits, both pending and closed, in which your company is or was a defendant or codefendant.

For subparts "a" through "f," state the total number of each item (e.g., fatality reports, property damage claims, warranty adjustments, etc.) separately. Multiple incidents involving the same tire are to be counted separately. Multiple reports of the same incident are also to be counted separately (i.e., a property damage claim and warranty adjustment involving the same incident in which a crash occurred are to be counted as a property damage claim and a warranty adjustment).

In addition, for items "a" through "f," provide a summary description of the alleged problem and causal and contributing factors and your company's assessment of the problem, with a summary of the significant underlying facts and evidence. For items "e" and "f," identify the parties to the action, as well as the caption, court, docket number, and date on which the complaint or other document initiating the action was filed.

7. Produce copies of all documents related to each item within the scope of your response to Request No. 6, including, but not limited to, received complaints and warranty adjustment claims. Describe the search method used by your company in identifying these documents. Organize the documents separately by category (i.e., fatality, property damage claims, warranty adjustments, etc.) and describe the method your company used for organizing the documents.

8. Describe all testing that your company conducted, arranged to have conducted (e.g., by a test laboratory) and/or that your company otherwise relied on in certifying that each of the subject tires were in compliance with the Federal Motor Vehicle Safety Standards. For each test, state the date of the test, describe the tire tested including model, size, and production date, describe the test (e.g., FMVSS No. 119 with "S" paragraph number) and state the test results. This information request covers a period prior to 2001 if the certification testing occurred before 2001.

9. Describe all testing that your company conducted, arranged to have conducted (e.g., by a test laboratory) and/or about which your company otherwise had information on the subject tires, other than certification tests identified in your answer to Number 8 above. For each test, state the date of the test, describe the tire tested including model, size, and production date, describe the test and state the test results. This information request covers a period prior to 2001 if for subject tires designed and tested before 2001.

10. Provide copies of all communications with HZR related to durability and performance of the subject tires.

Pursuant to Federal law, manufacturers, which includes fabricators and importers, of tires must notify NHTSA whenever they decide that tires contain a safety related defect or fail to comply with a Federal Motor Vehicle Safety Standard, must notify owners, purchasers, dealers, and distributors about that defect or noncompliance, and must provide a free remedy to owners of those defective or noncompliant tires. [49 CFR §§ 573.5, 573.6, 577.5 and 577.13] As an importer of tires, your company is defined to be the manufacturer of tires under Federal law and has the legal responsibility to conduct any recall that may be required. As of this date, we have not received notification of the above-described defect from your company. This letter serves to remind you of your company's responsibilities, and if appropriate to request that you supply a Defect Information Report, containing the information required by 49 CFR 573.6 and to conduct a recall campaign of any defective tires.

This letter is being sent to your company pursuant to 49 U.S.C. § 30166, which authorizes NHTSA to conduct any investigation that may be necessary to enforce Chapter 301 of Title 49 and to request reports and the production of things. It constitutes a new request for information. Your company's failure to respond promptly and fully to this letter could subject it to civil penalties pursuant to 49 U.S.C. § 30165 or lead to an action for injunctive relief pursuant to 49 U.S.C. § 30163. (Other remedies and sanctions are available as well.) Please note that maximum civil penalties under 49 U.S.C. § 30165 up to $6,000 per day, with a maximum of $16,375,000 for a related series of violations, for failing or refusing to perform an act required under 49 U.S.C. § 30166. This includes failing to respond to NHTSA's information requests.

Your company's responses to information requests 1 through 5, together with any confidentiality request for these materials must be submitted to this office by July 11, 2007. Responses to the remaining information requests, in duplicate, along with a copy of any confidentiality request, must be submitted to this office by July 30, 2007. Please refer to EQ07-002 in your company's response to this letter. If your company finds that it is unable to provide all of the information requested within the time allotted, it must request an extension of time from me no later than five business days before the response due date. You can reach me at (202) 366-5210. If your company is unable to provide all of the information requested by the original deadline, it must submit a partial response by the original deadline with whatever information it then has available, even if an extension has been granted.

If your company cannot respond to any specific request or subpart(s) thereof, please state the reason why it is unable to do so. If on the basis of attorney-client, attorney work product, or other privilege, your company does not submit one or more requested documents or items of information in response to this information request, your company must provide a privilege log identifying each document or item withheld, and stating the date, subject or title, the name and position of the person(s) from, and the person(s) to whom it was sent, and the name and position of any other recipient (to include all carbon copies or blind carbon copies), the nature of that information or material, and the basis for the claim of privilege and why that privilege applies.

If your company claims that any of the information or documents provided in response to this information request constitute confidential commercial material within the meaning of 5 U.S.C. § 552(b)(4), or are protected from disclosure pursuant to 18 U.S.C. § 1905, your company must submit supporting information together with the materials that are the subject of the confidentiality request, in accordance with 49 CFR Part 512, as amended (70 Fed. Reg. 53308 (Sept. 8, 2005)), to the Office of Chief Counsel (NCC-111), National Highway Traffic Safety Administration, Room W-41, 1200 New Jersey Avenue, SE, Washington, D.C. 20590. Your company is required to submit two copies of the documents containing allegedly confidential information (except only one copy of blueprints) and one copy of the documents from which information claimed to be confidential has been deleted.

If you have any technical questions concerning this matter, please contact Ric Willard of my staff at (202) 366-6544, by fax at (202) 366-1767, or by e-mail at richard.willard@dot.gov. If you have any legal questions regarding this inquiry, please contact Michael Kido at (202) 366-5263.

Sincerely,

George H. Person, Chief
Recall Management Division
Office of Defects Investigation