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DEFECTS INVESTIGATION

CONFIDENTIAL MATERIAL

October 25, 2000

00V356.002

Kathleen DeMeter
Office of Defects Investigation
National Highway Traffic Safety Administration
400 7th Street
Room 5326
Washington, DC 20590

Dear Ms. DeMeter:

Krystal Enterprises (Krystal) of Brea, California, is the largest manufacturer of limousine vehicles in the USA. Krystal purchases base vehicles from Lincoln and Cadillac and converts them into limousines of varying lengths and configurations within certification parameters established by the manufacturers.

As a member of the Ford QVM program, Krystal has ongoing communications with Ford regarding Lincoln vehicles purchased from Ford for conversion. On Wednesday, October 18, during a telephone conversation with Ford representatives, Krystal learned that a potential FMVSS 110, "Tire Selection and Rims", related non-compliance may exist on some of the Lincoln-based limousine vehicles.

These vehicles are designated by Ford as 418-packages. The 418 is a specially constructed Lincoln Town Car with such features as heavy duty wheels, tires, brakes, and suspension. It is intended for limousine conversion only and is not available to the general public.

As of this writing, Krystal has not received the technical details related to this apparent non-compliance. Krystal has asked Ford for further clarification and the technical details relating to this apparent non-compliance, so necessary actions may be taken. Based on the description provided to Krystal, the non-compliance is related to the load bearing capacity of the Michelin tires installed by Ford on 418-package vehicles.

This advisory letter is being submitted to the NHTSA in order to keep the agency informed of this potential non-compliance with FMVSS 110 and actions Krystal is taking to address this issue. Krystal will advise NHTSA of a proposed course of action upon completion of the internal evaluation of this potential issue. Krystal expects this evaluation to be concluded within a four-week period.

As part of our internal evaluation effort to determine the extent and consequentiality of the apparent non-compliance, Krystal is conducting the following:

- 1- Review of our warranty database for any tire/rim related claims;

- 2- Review of the warranty database maintained by Ford for any tire/rim related claims for limousines produced by Krystal;
- 3- Soliciting technical information from Ford in order to better understand the reasons Ford believes that there is a non-compliance with FMVSS 110 requirements;
- 4- Conducting an internal engineering review of compliance with FMVSS 110 requirements.

A summary of actions taken by Krystal to date follows.

REVIEW OF INTERNAL WARRANTY DATABASE

Krystal has reviewed the internal warranty database and determined that no claims were filed for the tires or rims in question. Krystal has not received any reports of tire/rim-related accidents, defects, or other safety-related complaints.

REVIEW OF WARRANTY DATABASE MAINTAINED BY FORD

Krystal asked Ford whether a review of their database had identified any tire/rim-related claims pertaining to Krystal vehicles. According to information we have received from Ford to date, no such claims have been filed, and no tire/rim-related accidents have been reported.

SOLICITATION OF TECHNICAL INFORMATION

Krystal has asked Ford for specific technical information and clarification related to the apparent non-compliance.

INTERNAL ENGINEERING REVIEW

Krystal has launched an internal engineering review of compliance with FMVSS 110.

For further information concerning this advisory letter, you may contact Greg Beck, Krystal Enterprises Engineering Director at the address shown below.

Sincerely,



Greg Beck
Director of Engineering
Krystal Enterprises





RECEIVED
00 NOV 13 AM 11:49
OFFICE
DEFECTS INVESTIGATION

November 8, 2000

Katheleen DeMeter
Office of Defects Investigation
National Highway Traffic Safety Administration
400 7th Street
Room 5326
Washington, DC 20590

00V356.002

Dear Ms. DeMeter:

As detailed in our letter dated 25 October, Krystal Enterprises has learned that an FMVSS 110 non-compliance may exist on its Lincoln-based limousine vehicles. This advisory letter is being submitted to the NHTSA in order to update the agency on our efforts to determine the extent and consequentiality of the potential non-compliance.

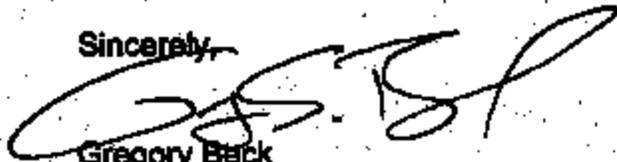
Our internal warranty database review is complete and has produced no claims relating to the tires in question. Krystal asked Ford whether a review of their database had identified any tire/rim-related claims pertaining to Krystal vehicles. According to information we have received from Ford to date, no such claims have been filed, and no tire/rim-related accidents have been reported.

We have requested specific technical information and clarification from Ford relating to the tires. As of this date, we have not received the tire information requested of Ford, but we have received some clarification as to the non-compliance. Apparently, stretching these vehicles by more than 60 inches may result in a vehicle normal load (as defined in FMVSS 110) that exceeds the high speed test load specified in FMVSS 109, but does not exceed the tires' maximum load rating.

Krystal believes that this non-compliance may be inconsequential. We have scheduled a series of FMVSS 109 high speed performance tests for the week of December 11, 2000. These tests will be conducted at a load equal to the normal load on our worst-case limousine. We will advise your office immediately upon receipt of the test results.

For further information concerning this advisory letter, you may contact Gregory Beck, Krystal Enterprises Engineering Director at the address shown below.

Sincerely,

A handwritten signature in black ink, appearing to read 'G. Beck', written over the word 'Sincerely,'.

Gregory Beck
Director of Engineering
Krystal Enterprises





November 29, 2000

Kathleen DeMeter
Office of Defects Investigation
National Highway Traffic Safety Administration
400 7th Street
Room 532B
Washington, DC 20590

00V-356.002① of ②

Subject: NHTSA Recall No. 00V356

Dear Ms. DeMeter:

As discussed in letters to your office dated October 26 and November 8, Krystal Enterprises has learned that an FMVSS 110 non-compliance exists on its Lincoln-based limousine vehicles. As stated in our November 8 letter, we believe this non-compliance may be inconsequential and had scheduled a series of high-speed tire performance tests to further investigate the matter.

We have since decided to cancel the tests and join in the subject recall to remedy the non-compliance. This decision was reached for two reasons:

1. Ford Motor Co. has agreed to conduct the entire recall and has reached a rate of retrofit tire production that can support the recall in a timely manner.
2. Krystal believes that a common remedy applied by all Ford Qualified Vehicle Modifiers better represents the limousine industry to consumers.

Following is a report pursuant to Part 573 of the NHTSA regulations (49CFR, Part 573). The numbered sections below correspond to those set forth in Part 573.

(c) 1. Krystal Coach, Inc.
d.b.a. Krystal Enterprises
2701 E. Imperial Highway
Brea, CA 92821

Krystal Motors, Inc.
d.b.a. Tiffany Coachworks
13445 Estelle St.
Corona, CA 92879

(c) 2. All limousines stretched over sixty inches (60"), manufactured in model years 1998, 1999, and 2000 on Lincoln Model 418 Town Car Chassis and equipped with P225/70R16 tires.

(c) 3. The total number of vehicles involved is 4,153.

(c) 4. It is estimated that 100% of all such vehicles are in non-compliance.

- (c) 5. It appears that the stretching of these vehicles beyond 60" has caused a weight distribution on the vehicle front end which would exceed the 88% (i.e. 1801 #) of maximum load rating of the tires (as calculated in accordance with FMVSS 109) by approximately 200 pounds.
- (c) 7. The determination was made based upon information provided by Lincoln that their testing and analysis indicated such discrepancy.
- (c) 8. Ford Motor Co. has agreed to conduct the entire recall to remedy this non-compliance for all Ford QVM manufacturers. Ford has developed a new Michelin tire, successfully tested to all standards, with a rating of 2150# maximum load, 1882# at 88% rating, to be used in the campaign. Its designation is 22570R18 107 Reinforced. The recall will be performed at no charge to QVM manufacturers and their consumers. Four new tire molds are being manufactured to facilitate this production.
- (c) 9. Ford Motor Co. will forward all appropriate notices to NHTSA.

This letter is not an admission of legal liability.

For further information concerning this letter, you may contact Gregory Beck, Krystal Enterprises Engineering Director at the address shown below.

Sincerely,



Gregory Beck
Director of Engineering
Krystal Enterprises

