



Office of the Secretary
U.S. Consumer Product Safety Commission
4330 East-West Highway
Bethesda, Maryland 20814

October 12, 2016

Subject: ATV Action Plan of Tao Motor, Inc.

I am pleased to present to you the CPSC Action Plan from Tao Motor, Inc. (TAO MOTOR). TAO MOTOR is committed to promoting the safe and responsible use of the ATVs through its stringent compliance in this agreement. TAO MOTOR is committed to safety testing and stringent quality control methods applied to all of its ATVs to meet the U.S. Consumer Product Safety Commission (CPSC) compliance performance requirements per ANSI/SVIA 1-2010 and any successor standards adopted by the CPSC for ATVs ("the ATV Standard"). This TAO MOTOR CPSC Action Plan was developed through the guidance of the "CPSC Presentation about ATV Action Plans"¹, section 42(e)(2) of the CPSA (as amended by the CPSIA)". This Action Plan was also developed by following the "All-Terrain Vehicles: Final Rule Amending Consumer Product Safety Standard"² and Tao Motor is implementing policies in accordance with the rules set forth by the section 232 of the Consumer Product Safety Improvement Act of 2008. TAO MOTOR is committed to meeting or exceeding the CPSC safety requirements and to fully executing its CPSC Action Plan.

I. Age Recommendations

TAO MOTOR will not recommend, market, advertise, and sell ATVs for use pursuant to the age category/speed guidelines specified in section 6 of the ANSI/SVIA 1-2010 standard for ATVs and any successor standards adopted by the CPSC for ATVs ("the ATV Standard"). In addition, TAO MOTOR will not recommend, market, advertise or sell adult-sized ATVs for the use of individuals less than 16 years of age. TAO MOTOR will not recommend, market, advertise, or sell Y-6+ youth-size ATVs for use of persons under 6 years of age, Y-10+ youth-size ATVs for use of persons under 10 years of age; or Y-12+ youth-size ATVs for the use of persons under 12

¹ <http://www.cpsc.gov/PageFiles/124029/atvactionplan.pdf>

² <http://www.cpsc.gov/PageFiles/91447/atvfinal.pdf>

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years of age. TAO MOTOR will use its best efforts, including dealer monitoring, training and reporting program as outlined in the next sections to ensure that TAO MOTOR's retail dealers do not recommend or sell ATVs for use by individuals under the minimum age.

II. Dealer Monitoring

TAO MOTOR is committed to requiring dealers to accurately convey the recommendations and safety messages associated with TAO MOTOR vehicles. TAO MOTOR requires that its dealers verify the intended rider's age prior to selling that rider or his/her parent or guardian an ATV. TAO MOTOR's vehicle warranty registration cards will also require the submissions of the intended rider's name and date of birth. TAO MOTOR will use its "best efforts"³ to ensure that its authorized dealers comply with:

- The user age recommendation requirements of the ATV standard;
- The requirements related to notifying ATV purchasers about the availability and importance of free, hands-on ATV safety training and the monetary incentive for taking such training; and
- The requirements relating to providing the ATV Hang Tag, the ATV Owner's Manual, the ATV Safety Video, and the ATV Safety Alert to ATV purchasers at the point of purchase.

TAO MOTOR will conduct undercover monitoring at least twice a year by the means of an independent, undercover investigators (also known as "secret shoppers") of sales presentations of TAO MOTOR dealers to ensure that these dealers comply with the above-listed requirements and other safety-related practices during sales or promotional functions. Under the secret shopper program, all TAO MOTOR's authorized dealers will be independently monitored, annually, by an on-site retail dealer visit. TAO MOTOR is also committed to reporting of all secret shopper activities on a bi-annual basis to the CPSC. To an extent that a TAO MOTOR dealer's sales activities continue to display repeated non-compliance with any CPSC ATV safety requirements, such as recommending TAO MOTORS ATVs to under age riders, TAO MOTOR will take appropriate action to remedy any non-compliance TAO MOTORS dealer, including

³ "Best Efforts" shall include, among other things, an obligation to require, to the extent permissible under federal and state law, compliance by TAO MOTOR's dealers, agents, or representatives with the terms of this ATV Action Plan in future contracts entered into with dealers, agents, or representatives, and, where possible and within a reasonable time, modification of existing contracts with dealers, agents or representative to impose this duty.

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termination of TAO MOTOR's dealers to ensure dealers follow all CPSC safety and compliance requirements.

III. Notice and Training Program

Within fifteen (15) days of learning about a dealer's non-compliance with the above-listed requirements from the CPSC staff or by one of TAO MOTOR's independent investigators⁴ (secret shoppers) TAO MOTOR will:

- Notify the dealer of its non-compliance;
- Inform the dealer of the operative facts reported by the CPSC staff or the independent investigator (such as the name of the salesperson and the model(s) of the ATV(s) allegedly recommended during the inspection; and
- Demand a cure or modification in their activity regarding the reported violation(s) to bring them into compliance with TAO MOTOR's requirements.

In addition, within thirty (30) days after notifying the dealer of its non-compliance, TAO MOTOR will provide both on-site ATV safety training for non-compliant dealers in addition to the live Webinar training to all dealership personnel who are involved in the sale of ATVs. The training will include, but not be limited to, information concerning above-listed requirements, the need for compliance with them, and the potential enforcement actions (including termination and non-renewal of the dealership agreement) that the dealer may incur if non-compliance continues. A record of the training effort will be made to TAO MOTOR and provided to CPSC staff during the bi-annual reporting (as described in the "Reporting" section below).

IV. Follow-up Dealer Monitoring and Enforcement for Repeated Non-Compliance

Within sixty (60) days after completing the above-reference training for a non-compliant dealer, TAO MOTOR will conduct an undercover, on-site, follow-up inspection of the dealer to determine whether the dealer is complying with the above-listed requirements. If this follow-up inspection reveals evidence of continuing violations, TAO MOTOR will take remedial action against the dealer, up to and including possible termination or non-renewal of the dealership

⁴ Within fifteen (15) days of learning of a dealer's non-compliance with the above-listed requirements from a third party (such as another dealers), TAO MOTOR will notify the dealer of the reported non-compliance and arrange an undercover, on-site inspection of the dealer to determine whether the dealer is complying with the above-listed requirements. If TAO MOTOR discovers a violation during this inspection, TAO MOTOR will initiate the notice and training procedures outlined in this section.

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agreement with TAO MOTOR.⁵ If TAO MOTOR elects not to terminate the dealer's contract, remedial action will at a minimum include additional undercover on-site inspections of the dealer. If these additional inspections reveal an additional violation, TAO MOTOR will terminate or decline to renew the dealer's agreement. In each instance, TAO MOTOR will inform the CPSC Office of Compliance and Field Operations in advance of any remedial action or disposition, and it will provide the CPSC staff a reasonable opportunity to commend on such action or disposition before it occurs.

V. Reporting

TAO MOTOR will report the results of the its dealer monitoring program to the CPSC staff on a bi-annual basis, with reports due to the CPSC's Office of Compliance and Field Operations on February 1 and August 1 of each year. These reports should include a list of non-complying dealerships, the date of inspection, and all training and enforcement actions taken by TAO MOTOR, along with dates of all follow-up activities and remedial actions. TAO MOTOR will maintain a list of TAO MOTOR authorized dealerships inspected each year in spread sheet format and this spread sheet format shall be provided promptly to the CPSC staff upon request. The CPSC staff agrees to maintain the confidentiality of these reports in accordance with applicable laws. The CPSC staff will have the right to request additional information from TAO MOTORS regarding the results of the TAO MOTOR dealer monitoring program.

VI. Notice to Dealers

TAO MOTOR will notify its dealer in writing of its dealer monitoring program within fifteen (15) days of the effective date of this Action plan. The notice will remind dealers of their on-going obligations to comply with the above-listed requirements and the consequences of non-compliance, including, but not limited to, the assessment of the administrative costs for TAO MOTOR monitoring of the dealer and possible termination or non-renewal of the dealership agreement. TAO MOTOR will provide the CPSC's Office of Compliance and Field Operations an advance copy of the notice.

⁵ The nature of the enforcement action will be determined on a case-by-case basis, and TAO MOTOR will consider factors such as the applicable state and local laws, the circumstances of the reported violations, the length of time between reported violations, any intervening inspections in which the dealer was reported to be in compliance with the above-listed requirements, and the strength of the evidence supporting the enforcement that may include termination of business with the dealer.

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VII. Hands-On Consumer Training Course

- **Free Training.** TAO MOTOR will offer to first time purchasers and age appropriate immediate family members, a hands-on ATV training program at no charge to the consumer. The customer will be encouraged by the TAO MOTOR sales person and by brochures in the sale of the ATV to sign up for the course, and TAO MOTOR will pay for the course directly to the ATV Safety Institute (ASI), a not-for-profit division of the Specialty Vehicle Institute of America (SVIA) so the rider can attend the ASI training facility of the customer's choice.
- **Free Training Incentive.** TAO MOTOR will offer first time purchasers a \$50 cash rebate together with a \$50 credit for use towards purchase of ATV safety equipment after a rider's successful completion of the ASI safety training has been completed for a total value of \$100 to purchasers who have purchased a new TAO MOTOR ATV. This \$100 incentive to take the ATV Safety training course is designed to encourage the purchaser to take the ATV Safety Institute (ASI) hands-on ATV training soon after the time of purchase of the TAO MOTOR ATV.
- **Tracking.** TAO MOTOR will also use its Safety Information and Purchase paperwork to track the safety training participation of new TAO MOTOR ATV purchasers. TAO MOTOR will offer rider training certificates to standardize the training course enrollment process with the TAO MOTOR dealers. All TAO MOTOR point-of-purchase safety materials, safety education and information will be presented to consumer purchasers at the time of purchase.

VIII. Safety Alert

TAO MOTOR will provide to its dealers for dissemination to all prospective buyers, information that conveys the same safety message as the current CPSC "ATV Safety Alert". The Safety Alert will include the required information concerning the estimated number of fatalities and injuries associated with ATV riding as specified by Section H.3.b (4) (c) and Appendix J of the 1988 ATV Consent Decree.

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IX. Information and Education Effort

TAO MOTOR is committed in both time and effort to ensure the use of safety and education packages with every ATV to the TAO MOTOR dealers. TAO MOTOR's focus of the ATV safety and education program is to stress the importance of children under the age of 16 not operating Adult ATVs and importance of wearing the appropriate safety gear while riding ATVs. The program's message will be delivered through in-store advertising, in-store pamphlets and the internet, including the Tao Motor website.

The Safety and Education Package will include the following:

- TAO MOTOR will send a multiple dealer packages to their authorized dealers to include the Safety and Alert Education Form that the dealer and rider will review before purchase, which will encourage the purchase of safety equipment at the time of purchase and to ensure that the rider clearly understands the importance of correct ATV sizing and safety training.
- TAO MOTOR makes a commitment to set-aside \$25,000 per year for the next ten (10) years to support its Information and Education Program.
- TAO MOTOR will require that all authorized dealers implement a new information/education effort to communicate age recommendations, passenger, and other safety-related information to consumers.
- TAO MOTOR will distribute to their authorized dealers, safety posters and the following printed safety materials that Tao Motor, Inc. purchases directly from SVIA that includes; #SVPU4000NC00 - PARENTS, YOUNGSTER & ATV'S; #SVPU4001NC00 - TIPS & PRACTICE GUIDE FOR ATV; #SVPU4002NC00 - Become A Better ATV Rider Brochure; SVPU4016NC00 - ASI's Golden Rules Cards; and SVPU4017NC00 - About the ASI Brochure.
- The content of these posters and printed safely materials will include the safety messages for TAO MOTOR dealers to display.
- In addition, TAO MOTOR will require authorized dealers to display TAO MOTOR safety posters in the dealer's retail stores and provide the printed safety materials to consumers.

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- TAO MOTOR's company website will provide on-line access and the ability for both dealers and consumers to download safety and educational information. The website will provide appropriate warnings against the improper use of ATVs and inform consumers about the risk associated with ATV use. Users will be able to print valuable safety and educational information for personal use or to share with others.
- TAO MOTOR will use a "Safety and Training" form. This is a form that includes a checklist of all safety warnings and important safety riding guidelines of which both the dealer and consumer/rider acknowledges with their confirmation by signature.
- All TAO MOTOR customers/riders must verify on the "TAO MOTOR RIDER" form; a confirmation of age-appropriate rider, amount of previous ATV rider experience, and complete rider contact information, before purchase. TAO MOTOR dealers will only retail TAO MOTOR ATVs to experienced ATV riders.
- All TAO MOTOR ATVs must be physically and mechanically inspected by the TAO MOTOR dealer and signed by the dealer owner before delivery to customer.
- A Safety DVD Video designed for ATV safety riding information, will be included in the package of safety forms and information presented to the customer/rider at the time of purchase and then signed off by the customer and dealer before ATV delivery.
- Any and all TAO MOTOR's advertising; including web advertising, social media, print advertising or any major off-road publications, will include the promotion of safe ATV riding and age recommendations.
- TAO MOTOR's vehicles will carry a hangtag will include safety messages and to remind the consumer of the "Free ATV Safety Training" information and incentives for completing the training.
- TAO MOTOR will also develop and provide safety videos at the TAO MOTOR's website to promote safety for advanced riders to ensure safe driving experiences.
- TAO MOTOR will include all safety ATV warnings, information and educational safety efforts through its marketing efforts through online internet and social media outlets that would include; YouTube, Facebook, Twitter and ATV specific internet media.

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- TAO MOTOR will directly promote its ATV Educational Safety outreach efforts through TAO MOTOR's local dealers with specific non-profit organizations, such as the YMCA that appeal to youth and adult ATV riders respect as is described at Appendix N of the 1988 ATV Consent Decree that will assist TAO MOTOR in promoting safe ATV rider behavior.

X. Point-Of-Purchase Safety Materials

TAO MOTOR will provide the following safety materials with all ATVs:

- **Labels and Hangtags.** TAO MOTOR will provide a label for the purpose of tire pressure/overloading and an EPA required warning label. All TAO MOTOR ATVs will have the appropriate tamper-proof warning labels and hangtags, as specified in the section 4.23 and 4.24 of the ANSI/SVIA 1-2010 standards and any successor standards adopted by the CPSC for ATVs ("the ATV Standard"). TAO MOTOR will inspect all ATVs before shipping to TAO MOTOR's dealers that the vehicles are in complete compliance to all CPSC label and hangtag requirements.
- **Owner's Manuals.** TAO MOTOR's owner's manual will comply with section 4.21 of the ATV standard.
- **Safety Poster.** TAO MOTOR will create and disseminate a poster with safety messages for TAO MOTOR's dealers to display in their stores. TAO MOTOR will use its best efforts to ensure its dealers will display these safety posters to be viewed by TAO MOTOR customers.
- **Safety Video.** TAO MOTOR will provide to each purchaser TAO MOTOR ATV Safety video on DVD as described in Section H.3.b. (4) (b) and paragraphs II.A and II.C Appendix I of the 1988 ATV Consent Decree. The video will be included in the ATV's shipping safety package and sent with each TAO MOTOR ATV. The video will contain safety messages in accordance with the safety messages displayed on the general ATV warning labels affixed to the vehicles. The video and all safety information will be given to the consumer/rider by the TAO MOTOR dealer.
- **Training Certificates.** TAO MOTOR will use rider training certificates to inform and to standardize the training course enrollment process at the TAO MOTOR dealership and to ensure the ATV safety message is presented to the purchaser. All TAO

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MOTOR safety messages will be consistent with all other point-of-purchase safety materials, safety information and TAO MOTOR safety educational outreach efforts.

XI. Toll-Free ATV Hotline

TAO MOTOR will provide a toll-free, 24 hour hotline to respond to consumer inquiries as described in section H.4 of the ATV Consent Decree. All TAO MOTOR sales management and dealers will be trained to provide safety and training information, including age-appropriate information to consumers. TAO MOTOR's toll-free number will be printed in all TAO MOTOR owner's manuals, marketing materials, website and promotional materials.

XII. Advertising

TAO MOTOR's advertising and promotional materials shall include substance of the safety messages that are described as Section J.1 and Appendix K to the 1988 ATV Consent Decrees and will depict ATVs in a manner consistent with safe and responsible use of the product which will include:

- All riders shown in such advertisements shall wear helmets and full protective gear.
- In addition, TAO MOTOR will use its "best efforts" to promote dealer compliance with the advertising requirements.

XIII. Safety Warning Labels

All TAO MOTOR ATVs will have tamper-proof safety warning labels affixed in the appropriate locations on the TAO MOTOR ATVs in compliance with all of the requirements according to the Section 4.23 of the ANSI/SVIA 1-2010 standards and any successor standards adopted by the CPSC for ATVs ("the ATV Standard"). Upon request TAO MOTOR can provide additional assurance of photograph copies of all TAO MOTOR Safety Warning Labels located on TAO MOTOR ATVs within 30 days of request.

XIV. Participation in ASI's Safety Training Program

TAO MOTOR will be participating in the use of ASI's Safety Training Program, and therefore if TAO MOTOR no longer is able to access or ceases to use ASI's training, safety materials and services, TAO MOTOR will cease to distribute ATV's into the U.S. commerce until time that TAO MOTOR is able to provide equal or greater materials and services as described herein.

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XV. Voluntary Standards

TAO MOTOR will participate in the ongoing efforts to update and revise the ATV voluntary standards. Potential technical issues identified by CPSC staff will be discussed and considered in good faith as part of those efforts.

XVI. 3-Wheel ATVs

TAO MOTOR will not manufacture, market or sell 3-wheel ATVs.

XVII. Notification of Change

TAO MOTOR intends to implement their CPSC Action Plan according to this letter for the foreseeable future. TAO MOTOR will notify and inform the CPSC 60 days in advance of any changes in the TAO MOTOR's Action Plan. TAO MOTOR will provide information about these activities upon request from the CPSC.

XVIII. Amendment and Termination Procedures

If the CPSC Commission staff determines that TAO MOTOR's approved ATV Action Plan is no longer effective or adequate, the CPSC Commission staff may take certain actions, including but not limited to notifying TAO MOTOR that the ATV Action Plan must be amended to address the effectiveness of the adequacy of the plan. With that notification, the CPSC Commission staff shall provide TAO MOTOR with the text of any proposed amendment. TAO MOTOR and the CPSC Commission staff must reach an agreement on the proposed amendment within thirty (30) calendar days of the notification, unless the CPSC Commission grants an extension for good cause. If TAO MOTOR and the CPSC Commission staff fail to reach an agreement within the designated timeframe, then the CPSC Commission staff may recommend termination of the Action Plan. Additionally, (i) if TAO MOTOR fails to comply with the obligations of this Action Plan, or (ii) if the CPSC Commission staff determines that TAO MOTOR can no longer comply with the obligations of this ATV Action Plan, or (iii) if TAO MOTOR fails to adopt a requested amendment within the timeframe specified by CPSC Commission staff, after providing TAO MOTOR with notice and an opportunity to respond, may recommend termination of the ATV Action Plan. TAO MOTOR may not manufacture, import, or distribute any ATV in the United States under this Action Plan after receiving notice of termination. Failure to cease

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manufacture, importation, or distribution in the United States commerce of any ATV under this ATV Action Plan after receipt of notice of termination is a prohibited act under section 19(a) of the CPSA, 15 U.S.C. § 2068 (a)(1).

XIX. Implementation

TAO MOTOR is committed to full implementation of the TAO MOTOR Action Plan. TAO MOTOR is also committed to reporting to the CPSC authorities on a bi-annual basis of all CPSC safety related activities and responsibilities, including Dealer Monitoring, Safety Poster, CPSC Dealer training and any other CPSC safety activities as requested by the CPSC.

TAO MOTOR is fully committed to instituting and promoting the safe use of ATVs in the U.S. TAO MOTOR will work within its TAO MOTOR dealer network to promote the safe and responsible use of ATVs by TAO MOTOR customers and ATV riders.

Sincerely,

David Garibyan, Compliance Officer
Tao Motor, Inc.

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浙江涛涛车业股份有限公司
Zhejiang Taotao Vehicles Co.,Ltd

October 11, 2016

Lauren Oliner Kleinman
Trial Attorney
Office of the General Counsel
U.S. Consumer Product Safety Commission
4330 East West Highway
Bethesda, Maryland 20814

Re: ATV Action Plan of Tao Motor, Inc.

Dear Ms. Kleinman:

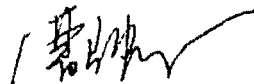
This letter supplements the ATV Action Plan submitted to the U.S. Consumer Product Safety Commission by Tao Motor, Inc. ("Tao Motor"), on March 14, 2016, (the "Plan") and should be considered to be part of the Plan.

Zhejiang TaoTao Vehicles Co., Ltd. ("Zhejiang TaoTao Vehicles") hereby agrees to provide financial support to ensure that Tao Motor takes all of the actions to promote ATV safety set forth in the Plan, and further agrees to ensure that Tao Motor fulfills each of the undertakings set forth in the Plan.

Zhejiang TaoTao Vehicles understands that any failure by Tao Motor to perform the actions, or fulfill the commitments, set forth in the Plan could result in termination of the Plan.

Sincerely,

[authorized signatory of Zhejiang TaoTao Vehicles]



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