



UNITED STATES  
CONSUMER PRODUCT SAFETY COMMISSION  
4330 EAST WEST HIGHWAY  
BETHESDA, MD 20814  
COMMISSIONER PETER A. FELDMAN

**STATEMENT OF COMMISSIONER PETER A. FELDMAN  
OPPOSING SETTLEMENT WITH SEGWAY POWERSPORTS INC.  
AUGUST 24, 2022**

The most recent beneficiary of lenient settlement terms with the Consumer Product Safety Commission is the Chinese-owned Segway Powersports Inc. (SPI). Rather than require full restitution or pursue litigation based on the facts in evidence, the Commission voted instead to resolve its claims against SPI for less than American consumers deserve. Today I write to explain why I oppose the agreement as presented to the Commission, and how my proposal, if adopted, would have remedied its deficiencies.

The Consumer Product Safety Act (CPSA) prohibits manufacturers and distributors from importing all-terrain vehicles (ATV) unless “the ATV is subject to an ATV action plan...filed with and approved by the Commission.” SPI and its Beijing-based parent, [Ninebot Limited](#) (Ninebot), knew that importing ATVs without a Commission-approved action is illegal. Nevertheless, they knowingly, and perhaps willfully, shipped over 150 ATVs to the United States anyway. This was not an accident. They flouted the law and put American consumers at risk in the process. Accordingly, my amendment would have recommended a criminal inquiry.

Such blatant disregard for our safety laws, at a minimum, should have resulted in a higher penalty. A civil penalty between \$7 and \$10 million would have been consistent [with recent Commission precedent](#). Instead, the Commission chose to impose, and then to suspend, a \$5 million penalty based on SPI’s asserted inability to pay. I’m skeptical of this claim. Does anyone really believe that a Chinese subsidiary is not backed by the full faith and credit of its parent and ultimately the Chinese government? I don’t. Ninebot is a [billion-dollar company](#) with cash reserves in the hundreds of millions of dollars and access to vast amounts of additional Chinese capital.

Ninebot is [refusing to pay fines](#) for this illegal conduct but remains unincumbered to collect SPI’s profits, including future domestic ATV sales should it successfully enter our market. SPI and Ninebot are using U.S. laws to avoid paying the full fine amount for their illegal conduct. By agreeing to suspend the penalty but keeping open Ninebot’s path to market, the Commission is creating a loophole that foreign entities can, and will, use to avoid full accountability going forward. My solution was designed to close this loophole. To do otherwise is unfair both to consumers and to Ninebot’s competitors who play by the rules. CPSC needs a principled and effective penalty regime. Yet, once again, we have failed to secure meaningful relief.

Segway Powersports Inc. Settlement Agreement Take Other Action

- (1) Staff is directed to continue negotiations with Segway Powersports Inc. (SPI) seeking additional monetary relief including a provision clarifying that SPI's future financial commitments, including any affiliate loans, financial support, financial guarantees, or similar representations about SPI's finances, including any commitments included in an ATV action plan as well as future SPI profits, for a period of 10 years after the Settlement is agreed to, shall be considered as evidence of SPI's ability to pay the suspended amount of the civil penalty included in the Settlement Agreement and allow for payment of any remaining suspended amounts that the Commission determines are within SPI's financial capability. Staff shall include a provision requiring SPI to document regularly during this 10-year period, and no less than once per year, its ability to pay the suspended amount.
- (2) Staff is further directed to consult with the Department of Justice to determine whether conduct by SPI, its parent company Ninebot Limited, or any of the firms' individual directors, officers, or agents, constitutes a knowing and willful violation of 15 U.S.C § 2068, and if so, to make any appropriate referrals for criminal prosecution.
- (3) If SPI agrees to the provisions in paragraph (1), staff shall present a new Consent Order Agreement and Order to the Commission for review and provisional acceptance under 16 C.F.R. § 1118.20(d).
- (4) If SPI does not agree to the provisions in paragraph (1), then staff is authorized to refer the matter to the Department of Justice for litigation.