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In the Matter of:	)	
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SHIMANO, INC. AND	)	CPSC Docket No.: 26-C0002
SHIMANO NORTH AMERICA	)	
HOLDING, INC.	)	
	)	

1. In accordance with the Consumer Product Safety Act, 15 U.S.C. §§ 2051–2089 (“CPSA”), and 16 C.F.R. § 1118.20, Shimano, Inc. and Shimano North America Holding, Inc. (collectively, “Shimano” or “the Firm”), and the United States Consumer Product Safety Commission (“Commission” or “CPSC”), through its staff, hereby enter into this Settlement Agreement (“Agreement”). The Agreement and the incorporated attached Order resolve staff’s charges set forth below.

2. The Commission is an independent federal regulatory agency, established pursuant to, and responsible for, the enforcement of the CPSA, 15 U.S.C. §§ 2051–2089. By executing the Agreement, staff is acting on behalf of the Commission, pursuant to 16 C.F.R. § 1118.20(b). The Commission issues the Order under the provisions of the CPSA.

3. Shimano, Inc. is a corporation, organized and existing under the laws of Japan, with its principal place of business in Japan.

4. Shimano North America Holding, Inc. is a corporation, organized and existing under the laws of the state of California, with its principal place of business in Irvine, California. Shimano North America Holding, Inc. is a subsidiary of Shimano, Inc.

STAFF CHARGES

5. Between 2012 and 2023, approximately 680,000 11-Speed Bonded Hollowtech II Bicycle Cranksets, Models Ultegra FC-6800 and FC-R8000 and Dura-Ace FC-9000, FC-R9100, and FC-R9100P (collectively, the “Subject Products”) were imported and distributed in the United States.

6. The Subject Products are “consumer products” that were “manufactured” and “import[ed]” and “distribut[ed] in commerce,” as those terms are defined or used in sections 3(a)(5), (7), (9), and (10) of the CPSA, 15 U.S.C. § 2052(a)(5), (7), (9), and (10). Shimano, Inc. is the “manufacturer” of the Subject Products, and Shimano North America Holding, Inc. is a “distributor” of the Subject Products, as such terms are defined in sections 3(a)(8) and (11) of the CPSA, 15 U.S.C. § 2052(a)(8) and (11).

Violation of CPSA Section 19(a)(4)

7. The Subject Products contain a defect which could create a substantial product hazard or create an unreasonable risk of serious injury or death because the recalled bonded crank parts can separate and break, posing a crash hazard to consumers.

8. Between 2013 and 2022, Shimano received thousands of warranty claims relating to the Subject Products and dozens of reports of consumers globally sustaining personal injuries while using the Subject Products, including bone fractures, joint displacement, and lacerations, due to falls from bicycles, contact with the broken Subject Products, and impact with the ground.

9. During this time, Shimano, Inc. made nine overall manufacturing and design changes that resulted in over twenty-five individual changes to the Subject Products to mitigate the potential for the Subject Products to separate and break.

10. Despite possessing information that reasonably supported the conclusion that the Subject Products contained a defect which could create a substantial product hazard or created an unreasonable risk of serious injury or death, Shimano did not immediately report to the Commission.

11. The Commission and Shimano North America Bicycle, Inc. jointly announced a recall of the Subject Products on September 21, 2023. The press release announcing the recall stated that the Firm had received at least 4,519 incidents of cranksets separating, and six reported injuries, including bone fractures, joint displacement, and lacerations.

Failure to Timely Report

12. Despite having information reasonably supporting the conclusion that the Subject Products contained a defect which could create a substantial product hazard or created an unreasonable risk of serious injury or death, Shimano did not notify the Commission immediately of such defect or risk, as required by sections 15(b)(3) and (4) of the CPSA, 15 U.S.C. § 2064(b)(3), (4), in violation of section 19(a)(4) of the CPSA, 15 U.S.C. § 2068(a)(4).

13. Because the information in Shimano's possession about the Subject Products constituted actual and presumed knowledge, Shimano knowingly violated section 19(a)(4) of the CPSA, 15 U.S.C. § 2068(a)(4), as the term "knowingly" is defined in section 20(d) of the CPSA, 15 U.S.C. § 2069(d).

14. Pursuant to section 20 of the CPSA, 15 U.S.C. § 2069, Shimano is subject to civil penalties for its knowing violation of section 19(a)(4) of the CPSA, 15 U.S.C. § 2068(a)(4).

RESPONSE OF SHIMANO

15. Shimano has a longstanding history of proactively working with the CPSC and remains committed to doing so. This Agreement does not constitute an admission by Shimano to the staff's charges as set forth in Paragraphs 5 through 14 above, including, without limitation, that the Subject Products contained a defect that could create a substantial product hazard or created an unreasonable risk of serious injury or death; or, that Shimano failed to notify the Commission in a timely manner in accordance with section 15(b) of the CPSA, 15 U.S.C. 2064(b); or, that Shimano knowingly violated section 19(a)(4) of the CPSA, 15 U.S.C. § 2068(a)(4), as the term "knowingly" is defined in section 20(d) of the CPSA, 15 U.S.C. § 2069(d).

16. As part of the corrective action, Shimano voluntarily agreed to start an inspection and replacement program whereby Shimano agreed to replace any Subject Products if they failed the inspection free of charge. Since the start of the inspection and replacement program, there have been no reported injuries by consumers.

17. Shimano enters into this Agreement to settle this matter and to avoid the distraction, delay, uncertainty, and inconvenience of protracted litigation or other proceedings. Shimano does not admit that it violated the CPSA or any other law, and Shimano's willingness to enter into this Agreement and Order does not constitute, nor is it evidence of, an admission by Shimano of liability, or violation of any law.

AGREEMENT OF THE PARTIES

18. Under the CPSA, the Commission has jurisdiction over the matter involving the Subject Products and over Shimano.

19. The parties enter into the Agreement for settlement purposes only. The Agreement does not constitute an admission by Shimano or a determination by the Commission that Shimano violated the CPSA.

20. In settlement of staff's charges, Shimano shall pay a civil penalty in the amount of eleven million, five hundred thousand dollars (\$11,500,000). The \$11,500,000 Payment shall be paid within thirty (30) calendar days after receiving service of the Commission's final Order accepting the Agreement. All payments to be made under the Agreement shall constitute debts owing to the United States and shall be made by electronic wire transfer to the United States via <http://www.pay.gov>, for allocation to, and credit against, the payment obligations of Shimano under this Agreement. Failure to make such payment by the date specified in the Commission's final Order shall constitute Default.

21. The Commission or the United States may seek enforcement for any breach of, or any failure to comply with, any provision of this Agreement and Order in United States District Court, to seek relief including, but not limited to, collecting amounts due.

22. All unpaid amounts, if any, due and owing under the Agreement, shall constitute a debt due and immediately owing by Shimano to the United States, and interest shall accrue and be paid by Shimano at the federal legal rate of interest set forth at 28 U.S.C. § 1961(a) and (b) from the date of Default, until all amounts due have been paid in full (hereinafter "Default Payment Amount" and "Default Interest Balance"). Shimano shall consent to a Consent Judgment in the amount of the Default Payment Amount and Default Interest Balance, and the United States, at its sole option, may collect the entire Default Payment Amount and Default Interest Balance, or exercise any other rights granted by law or in equity, including, but not limited to, referring such matters for private collection, and Shimano agrees not to contest, and

hereby waives and discharges any defenses to, any collection action undertaken by the United States, or its agents or contractors, pursuant to this paragraph. Shimano shall pay the United States all reasonable costs of collection and enforcement under this paragraph, respectively, including reasonable attorney's fees and expenses.

23. After staff receives this Agreement executed on behalf of Shimano, staff shall promptly submit the Agreement to the Commission for provisional acceptance. Promptly following provisional acceptance of the Agreement by the Commission, the Agreement shall be placed on the public record and published in the *Federal Register*, in accordance with the procedures set forth in 16 C.F.R. § 1118.20(e). If the Commission does not receive any written request not to accept the Agreement within fifteen (15) calendar days, the Agreement shall be deemed finally accepted on the 16th calendar day after the date the Agreement is published in the *Federal Register*, in accordance with 16 C.F.R. § 1118.20(f).

24. This Agreement is conditioned upon, and subject to, the Commission's final acceptance, as set forth above, and it is subject to the provisions of 16 C.F.R. § 1118.20(h). Upon the later of: (i) the Commission's final acceptance of this Agreement and service of the accepted Agreement upon Shimano, and (ii) the date of issuance of the final Order, this Agreement shall be in full force and effect, and shall be binding upon the parties.

25. Effective upon the later of: (1) the Commission's final acceptance of the Agreement and service of the accepted Agreement upon Shimano, and (2) the date of issuance of the final Order, for good and valuable consideration, Shimano hereby expressly and irrevocably waives and agrees not to assert any past, present, or future rights to the following, in connection with the matter described in this Agreement:

- (i) an administrative or judicial hearing;

- (ii) judicial review or other challenge or contest of the Commission's actions;
- (iii) a determination by the Commission of whether Shimano failed to comply with the CPSA and the underlying regulations;
- (iv) a statement of findings of fact and conclusions of law; and
- (v) any claims under the Equal Access to Justice Act.

26. Shimano shall maintain a compliance program designed to ensure compliance with the CPSA with respect to any Shimano consumer product imported, manufactured, distributed or sold in the United States, which shall contain the following elements:

- (i) written standards, policies, and procedures, including those designed to ensure that information that may relate to or impact CPSA compliance is conveyed effectively to personnel responsible for CPSA compliance, whether or not an injury has been reported;
- (ii) procedures and systems for tracking and reviewing claims, including warranty claims, and reports for safety concerns reported by consumers, whether inside or outside the United States, and for implementing corrective and preventive actions when compliance deficiencies or violations are identified;
- (iii) procedures requiring that information required to be disclosed by Shimano to the Commission is recorded, processed, and reported in accordance with applicable law;
- (iv) procedures requiring that all reporting made to the Commission is timely, truthful, complete, accurate, and in accordance with applicable law;

- (v) procedures requiring that prompt disclosure is made to Shimano management of any significant deficiencies or material weaknesses in the design or operation of such internal controls that are reasonably likely to affect adversely, in any material respect, Shimano's ability to record, process and report to the Commission in accordance with applicable law;
- (vi) mechanisms to effectively communicate to all applicable Shimano employees, through training programs or other means, compliance-related company policies and procedures to prevent violations of the CPSA;
- (vii) a mechanism for confidential employee reporting of compliance-related questions or concerns to either a compliance officer or to another senior manager with authority to act as necessary;
- (viii) Shimano's senior management responsibility for, and general board oversight of, CPSA compliance, including the implementation of steps to ensure that incident and injury data is reviewed and analyzed for purposes of CPSA Section 15(b) reporting;
- (ix) an annual internal audit of the effectiveness of policies, procedures, systems, and training related to CPSA compliance that evaluates opportunities for improvement, deficiencies or weaknesses, and the Firm's overall culture of compliance; and
- (x) retention of all CPSA compliance-related records for at least five (5) years, and availability of such records to CPSC staff upon request.

27. Shimano shall submit a report under CPSA Section 16(b), sworn to under penalty of perjury:

- (i) describing in detail its compliance program and internal controls and the actions Shimano has taken to comply with each subparagraph of paragraph 26;
- (ii) affirming that during the reporting period, Shimano has reviewed its compliance program and internal controls, including the actions referenced in subparagraph (i) of this paragraph, for effectiveness, and that it complies with each subparagraph of paragraph 26, or describing in detail any non-compliance with any such subparagraph; and
- (iii) identifying the results of the annual internal audit referenced in paragraph 26(ix) and any changes or modifications made during the reporting period to Shimano's compliance program or internal controls to ensure compliance with the terms of the CPSA and, in particular, the requirements of CPSA Section 15 related to timely reporting.

Such reports shall be submitted to the Director, Office of Compliance and Field Operations, Division of Enforcement and Litigation, for a period of three (3) years. The first report shall be submitted 30 days after the close of the first 12-month reporting period, which begins on the date of the Commission's Final Order of Acceptance of the Agreement, and successive reports shall be due annually on the same date thereafter. Without limitation, Shimano acknowledges and agrees that failure to make such timely and accurate reports, as required by this Agreement and Order, may constitute a violation of Section 19(a)(3) of the CPSA, 15 U.S.C. § 2068(a)(3), and may subject Shimano to enforcement under Section 22 of the CPSA, 15 U.S.C. § 2071.

28. Notwithstanding and in addition to the above, Shimano shall promptly provide written documentation of any changes or modifications to its compliance program or internal

controls and procedures, including the effective dates of the changes or modifications thereto.

Shimano shall cooperate fully and truthfully with staff and shall make available all non-privileged information and materials and personnel deemed necessary by staff to evaluate Shimano's compliance with the terms of the Agreement.

29. The parties acknowledge and agree that the Commission may publicize the terms of the Agreement and the Order.

30. Shimano represents that the Agreement:

- (i) is entered into freely and voluntarily, without any degree of duress or compulsion whatsoever;
- (ii) has been duly authorized; and
- (iii) constitutes the valid and binding obligation of Shimano, enforceable against Shimano in accordance with its terms. The individuals signing the Agreement on behalf of Shimano represent and warrant that they are duly authorized by Shimano to execute the Agreement.

31. The signatories represent that they are authorized to execute this Agreement.

32. The Agreement is governed by the laws of the United States.

33. The Agreement and the Order shall apply to, and be binding upon, Shimano and each of its parents, successors, transferees, and assigns; and a violation of the Agreement or Order may subject Shimano, and each of its parents, successors, transferees, and assigns, to appropriate legal action.

34. The Agreement, any attachments, and the Order constitute the complete agreement between the parties on the subject matter contained therein.

35. The Agreement may be used in interpreting the Order. Understandings, agreements, representations, or interpretations apart from those contained in the Agreement and the Order may not be used to vary or contradict their terms. For purposes of construction, the Agreement shall be deemed to have been drafted by both of the parties and shall not, therefore, be construed against any party, for that reason, in any subsequent dispute.

36. The Agreement may not be waived, amended, modified, or otherwise altered, except as in accordance with the provisions of 16 C.F.R. § 1118.20(h). The Agreement may be executed in counterparts.

37. If any provision of the Agreement or the Order is held to be illegal, invalid, or unenforceable under present or future laws effective during the terms of the Agreement and the Order, such provision shall be fully severable. The balance of the Agreement and the Order shall remain in full force and effect, unless the Commission and Shimano agree in writing that severing the provision materially affects the purpose of the Agreement and the Order.

(Signatures on next page)

SHIMANO, INC.

Dated: March 2, 2026

By: Keisuke Nakano
Keisuke Nakano
Executive Officer
Vice President, Process Engineering R&D Department and
Supervising of Quality Assurance Department in Process
Quality Management Division
Shimano, Inc.
Authorized Signatory

SHIMANO NORTH AMERICA HOLDING, INC.

Dated: 03 March 2026

Signed by:
By: Gerriet O'Neill
CEE0178789F24B3...
Gerriet O'Neill
Senior Vice President & Chief Financial Officer
Shimano North America Holding, Inc.
Authorized Signatory

Dated: 02 March 2026

DocuSigned by:
By: Cheryl Falvey
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Cheryl Falvey
Crowell & Moring LLP
Counsel to Shimano

Dated: 02 March 2026

Signed by:
By: Paul Dougherty
429A6EAE4C31467...
E. Paul Dougherty
Gregory K. Lee
Wilson Elser LLP
Counsel to Shimano

U.S. CONSUMER PRODUCT SAFETY COMMISSION

Mary B. Murphy
Director, Division of Enforcement and Litigation
Office of Compliance and Field Operations

Dated: _____

LIANA
By: WOLF
Liana G.T. Wolf
Senior Trial Attorney
Division of Enforcement and Litigation
Office of Compliance and Field Operations

Digitally signed by
LIANA WOLF
Date: 2026.03.04
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UNITED STATES OF AMERICA
CONSUMER PRODUCT SAFETY COMMISSION

In the Matter of:

SHIMANO, INC. AND
SHIMANO NORTH AMERICA
HOLDING, INC.

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) CPSC Docket No.: 26-C0002
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ORDER

Upon consideration of the Settlement Agreement entered into between Shimano, Inc. and Shimano North America Holding, Inc. (collectively, “Shimano” or “the Firm”) and the U.S. Consumer Product Safety Commission (“Commission” or “CPSC”), and the Commission having jurisdiction over the subject matter and over Shimano, and it appearing that the Settlement Agreement is in the public interest, the Settlement Agreement is incorporated by reference and it is:

Provisionally accepted and Order issued on the 12th day of March, 2026.

BY ORDER OF THE COMMISSION:

Alberta E. Mills, Secretary
U.S. Consumer Product Safety Commission