

**Taotao USA Inc.  
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April 23, 2009

Office of the Secretary

U.S. Consumer Product Safety Commission

4330 East-West Highway, Suite 700

Bethesda, MD 20814-4408

Attention: ATV Action Plans

Dear Commission Members,

Taotao USA, Inc. is fully committed to the goal of reducing ATV-related accidents. We have immediately taken actions in order to establish our company as 100% in compliance with the new regulations. We have implemented new policies and are improving existing materials in accordance with the rules set forth by the Consumer Product Safety Improvement Act of 2008. The actions outlined below are part of our continuing effort to promote safe and responsible use of our ATVs.

Comprehensive Compliance and Quality Control Program

Taotao USA, Inc. understands that we are 100% responsible for the level of quality and compliance of the products we distribute. Under no circumstance will we import or distribute substandard or non-compliant ATVs.

- Units that are found to be non-compliant shall be immediately and voluntarily sent back to our manufacturer for corrections.
- We have initiated a comprehensive compliance and quality control program at our manufacturer that includes QC audit of parts, intensive testing, and an increased level of manufacturing supervision.
- Strict policies and procedures are in place that will ensure 100% compliance.
- Taotao USA, Inc. will send a company representative to our manufacturer on a monthly basis to inspect facility, inspect record keeping, and conduct quality control and compliance training.

Record Keeping

New record keeping policies and procedures are being utilized at our manufacturer and our distribution warehouse enabling us to quickly identify any units that may out of compliance.

These records will be used to prevent these units from being imported to the United States and will also allow us to voluntarily and proactively prevent these non-compliant units from being sold in the United States.

#### Dealer Monitoring

- Taotao USA, Inc. will use its best efforts to maintain dealer compliance with our Action Plan
- Our dealer monitoring system will include on site dealer store inspections by company representatives as well as undercover investigators and mystery buyers. Taotao USA, Inc. will conduct as part of its program both random and targeted dealer locations. Taotao will conduct a minimum of 50 undercover, on-site dealer inspections annually.
- Taotao USA, Inc. will take disciplinary measures against non-complying dealers, including fines and termination, to the extent permitted by law. Additionally, we shall provide incentives for compliant dealers in the form of discounts and free advertising.

#### Age Recommendations

Taotao USA, Inc. will only recommend, market, and sell ATVs for use under the age category/speed guidelines specified at Section 6 of the ANSI/SVIA 1-2007 standard for ATVs. Taotao will not recommend, market, advertise, or sell adult-sized ATVs for the use of persons less than 16 years of age. Taotao will use its best efforts to ensure that its dealers comply with these requirements.

#### ATV Labels

Taotao USA, Inc. will use all required labels including age recommendation, passenger, general safety, and tire. Additionally, our ATVs will have an Overloading Warning Label.

#### Hang Tags

Taotao USA, Inc. will use hang tags that will convey the same, consistent safety messages as required and will educate dealers on their use and enforce compliance in this area. Hang Tags will comply with the requirements of Section 4.24 of the ANSI/SVIA 1-2007 standard for ATVs.

#### Information and Education

- Taotao USA, Inc. will provide DVDs with every unit sold. These DVDs will feature safety themes and messages developed through research conducted during and resulting from the 1998 Consent decrees.
- Materials used will largely consist of all publications produced by the SVIA and ASI and will be focused on deterring children until 16 years of age from using adult sized ATVs. Use of evaluation forms designed to educate parents regarding their child's riding ability will be required of each authorized dealer.
- Safety reminders will be distributed by direct mail within a few weeks of retail purchase. These safety reminders will be mailed to all purchasers of new Taotao ATVs and will be directed at parents.
- Safety Ad campaign will be sponsored by Taotao USA, Inc. that will include web advertising as well as print advertising in major off-road publications. Web advertising will take place on ATV websites such as atvrideronline.com, atvriders.com, and powersportsforums.com. Print advertisements will run continuously throughout the year with an increase of the number of placed advertisements during peak seasons. We will place safety related advertising in magazines such as ATV Rider, 4 Wheel ATV Action, and All Terrain Vehicle Magazine.

- ATV Safety educational materials will be distributed directly to the community through schools, community centers, and other organizations such as YMCA, Chamber of Commerce. Local city websites may also be utilized for educating the public about ATV Safety.
- All authorized dealers will be required to display SVIA and ASI posters and educational materials in their retail locations. Materials include educational booklets, Tips and Practice Guides, ATV Institutes Golden Rules, DVDs-Ride Safe, Ride Smart, Pre-ride checklists. All materials are based on safety education. Posters have themes such as "Safety is no Accident", as well as others. All materials are designed to encourage riders to take the formal training courses offered.

#### Owner's Manuals

- Owners' Manuals will comply with the requirements of Section 4.21 of the ANSI/SVIA 1-2007 standard for ATVs
- Taotao USA, Inc. will use newly updated owner's manuals that include the substantive informational content required by the new law.
- Taotao USA, Inc. owner's manuals will have newly updated format, language, corresponding illustrations, and other associated components to convey the substantive messages and warnings of the manual, consistent with generally accepted communication techniques and standards.
- Information will include a toll free information helpline.

#### Advertising

- Taotao USA, Inc. company policy will require that all advertising and promotional materials depict ATVs in a manner consistent with safe and responsible use of the product. The advertising shall include the substance of the safety messages that are described at Section J.1 and Appendix K of the 1988 Consent Decrees.
- Taotao USA, Inc. will use its best efforts to promote dealer compliance with company's policies
- Taotao USA, Inc. print and web advertising shall include SVIA and ASI logos and contact information.

#### Safety Alerts

- Taotao USA, Inc. will provide to its distributors, for dissemination to prospective purchasers, information that conveys substantive safety messages including information concerning the estimated number of injuries and fatalities associated with ATVs as described at Section H 3 b (4)(c) and Appendix J of the 1988 Consent Decrees. Information will include injury and death statistics for ATVs, safety rules, and age recommendations.
- Safety Alerts will contain current information on the availability of the ATV training course.

#### Rider Training

- Taotao USA, Inc. will provide at no cost to the consumer, hands-on training to all purchasers of ATVs and qualifying members of their immediate families.
- The training program utilized will be the ATV Safety Institute (ASI) Course.
- After completion of the course the rider will qualify for an incentive worth \$100. The \$100 incentive for training will include at least \$50 in cash, with the balance offered (at the consumer's choice) as a rebate for already purchased safety equipment or a credit towards the purchase of new safety equipment.
- This training is in addition to the information Taotao USA Inc. already provides in a variety of forms to all purchasers, including owner's manual, hang tags, and other media.

#### Safety Video

Taotao USA, Inc. will provide at point of purchase, a Safety Video, to all retail purchasers of Taotao USA, Inc. The video shall comply with all requirements described at Section H.3.b (4)(b) and Appendix I of the 1988 Consent Decrees.

#### 24 Hour Toll Free Hotline

Taotao USA will provide a 24 hour toll-free consumer hotline that meets all requirements of Section H.4 of the 1988 ATV Consent Decrees. The hotline will serve to provide safety and training information, including age recommendations.

#### Advance Notice of Changes

Taotao USA, Inc. shall inform CPSC with at least 60 days advance notice of any intention to terminate or materially change any commitment under this action plan.

Thank you in advance for your attention to this important matter. We stand by ready to comply with all requirements.

Sincerely,



Michael Hillman  
General Manager  
Taotao USA Inc.