UNITED STATES DEPARTMENT OF TRANSPORTATION
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION
1200 New Jersey Avenue SE
Washington, D.C. 20590

In re:	)
Ricon Corp.	)
EQ 13-003	)
NHTSA Recall Nos. 13E-001 & 14E-010	)

CONSENT ORDER

This Consent Order is based on the agreement of the National Highway Traffic Safety Administration ("NHTSA"), an operating component of the U.S. Department of Transportation, and Ricon Corporation ("Ricon") to resolve claims associated with NHTSA's Equipment Query EQ 13-003 and NHTSA Recall Nos. 13E-001 and 14E-010 under the terms and conditions incorporated herein.

I. NATURE OF THE ACTION

1. The National Traffic and Motor Vehicle Safety Act of 1966 as amended and recodified (the "Safety Act"), 49 U.S.C. § 30101, *et seq.*, provides for regulation of motor vehicles and motor vehicle equipment by the Secretary of Transportation. 49 U.S.C. § 30111. The Secretary has delegated his authorities under the Safety Act to the NHTSA Administrator, 49 C.F.R. §§ 1.95(a), 501.2(a)(1). This delegation includes the authority to compromise the amount of civil penalties for violations of the Safety Act and regulations prescribed thereunder. *See* 49 U.S.C. § 30165(b); 49 C.F.R. § 1.95.

2. Under the Safety Act, a manufacturer of motor vehicles or motor vehicle equipment ("manufacturer") has a duty to notify NHTSA and owners, purchasers, and dealers if the manufacturer learns that the vehicle or item of equipment contains a defect and decides in good faith that the defect is related to motor vehicle safety. 49 U.S.C. § 30118(c)(1). A manufacturer must provide this notice to NHTSA not more than five working days after a defect in a vehicle or item of motor vehicle equipment has been determined to be safety related. 49 C.F.R. § 573.6(b). A manufacturer's notice to NHTSA must be in the form specified by regulation. *See* 49 C.F.R. Part 573.

3. The Safety Act also prohibits a manufacturer from selling, offering for sale, or introducing or delivering for introduction into interstate commerce, motor vehicles or motor vehicle equipment that contain a safety related defect about which notice has been given under 49 U.S.C. § 30118(c). *See* 49 U.S.C. § 30112(a)(3).

4. A person who violates the notification requirements of the Safety Act, or the act's prohibition against selling, delivering or introducing into interstate commerce motor vehicle equipment containing a safety related defect, or a regulation prescribed under the Safety Act, is liable to the United States Government for a civil penalty of not more than $7,000 for each violation. 49 U.S.C. § 30165(a)(1); 49 C.F.R. § 578.6(a). A separate violation occurs for each motor vehicle and for each failure or refusal to allow or perform a required act. 49 U.S.C. § 30165(a)(1); 49 C.F.R. § 578.6(a). The maximum penalty for a related series of violations is $35,000,000. 49 U.S.C. § 30165(a)(1).

5. Ricon is a manufacturer of motor vehicle equipment within the meaning of the Safety Act, *see* 49 U.S.C. § 30102(a)(5).

6. On September 28, 2012, Ricon furnished NHTSA with a Defect Information Report, pursuant to 49 C.F.R. § 573.6 (also known as a "Part 573 Report"). Therein, Ricon stated that it had determined that a defect related to motor vehicle safety existed with respect to certain "S" and "K" Series wheelchair lifts equipped with an optional armored pendant cable. Ricon described the defect as follows: "In the event the lift is installed such that the armored pendant cable is not managed to be kept clear of the wheelchair lift and the protective, elastomeric cover is either omitted or improperly installed, the armored pendant cable may contact the power lug resulting in a high current short circuit and the possibility of fire." This recall was designated by NHTSA as Recall No. 12E-038.

7. Ricon's recall remedy was to supply a supplemental power lug cover kit and a clip for the pendant cord, along with instructions for managing the cord. Although the recall remedy would fully protect the lifts from conductive contact in the field, Ricon also intended to initiate a production change that would install a nonconductive sheath over the armored pendant cable in order to provide an additional measure of protection. That production change, however, was not implemented as intended.

8. On January 11, 2013, Ricon submitted a new Part 573 Report increasing the recall population. Ricon informed NHTSA that it had discovered anomalies with the data set upon which the original Part 573 Report was based. The revised campaign was designated by NHTSA as Recall No. 13E-001.

9. On June 13, 2013, NHTSA opened an Equipment Query (EQ13-003) to determine if all vehicle manufacturers using the recalled wheelchair lifts were aware of the safety recall. In

processing EQ13-003, NHTSA discovered that Ricon had not included in its report the date upon which it ended production of wheelchair lifts containing the safety defect.

10. Following NHTSA's inquiry, Ricon discovered that, between January 11, 2013 and January 4, 2014, it continued to manufacture and ship wheelchair lifts without the additional nonconductive sheath. On January 15, 2014, Ricon communicated that fact to NHTSA. Ricon also noted that it would include these additional units within the campaign associated with Recall No. 13E-001.

11. On March 24, 2014, Ricon submitted a Part 573 Report with regard to the 356 wheelchair lifts. This recall campaign was designated by NHTSA as Recall No. 14E-010.

WHEREAS, it is the mutual desire of NHTSA and Ricon to administratively resolve EQ13-003 without the need for further action, and to avoid a protracted dispute and possible litigation.

THEREFORE, based on the agreement of the parties and pursuant to the authority of the Secretary of Transportation to compromise the amount of a civil penalty, 49 U.S.C. § 30165(b), to issue orders under the Safety Act, 49 U.S.C. § 30118(e), to require manufacturers to report safety related defects in a timely manner, 49 U.S.C. § 30118(c)(1) & 49 C.F.R.§ 573.6(b), and to prohibit the manufacture and shipping of motor vehicle equipment with safety related defects, 49 U.S.C. § 30112(a)(3), as those authorities are delegated to the NHTSA Administrator, 49 C.F.R. § 1.95, it is ORDERED and AGREED as follows:

II. TERMS AND CONDITIONS OF CONSENT ORDER

12. Ricon admits that while its conduct was not intentional, it violated 49 U.S.C. §30112(a)(3) when it manufactured and shipped 356 units without the intended nonconductive sheaths, and that this oversight would have allowed vehicles equipped with those units to be subject to the identified safety defect if the recall remedy were not installed. Ricon admits that this oversight permitted wheelchair lifts subject to a pending recall to be manufactured and shipped in such a way that they continued to be susceptible to the safety defect as defined.

13. Ricon admits that it violated 49 C.F.R. § 573.6(b) by failing to timely file a full and complete Part 573 Report with NHTSA with regard to the additional 356 defective model "S" and "K" wheelchair lifts. In so admitting, Ricon states that it intended to handle the additional units within the pre-existing recall and believed that it had communicated that intent to NHTSA.

14. Ricon shall pay the United States a civil penalty in the sum of one million seven hundred fifty thousand dollars ($1,750,000) for its violations of 49 U.S.C. § 30112(a)(3) and 49 C.F.R. § 573.6(b). Ricon shall pay this sum in one lump sum payment by electronic transfer to the U.S. Treasury within 30 days of the execution of this Consent Order.

15. NHTSA will consider remedial actions Ricon has taken prior to the execution of this Consent Order in determining whether Ricon has carried out the performance requirements of this Consent Order.

16. To the extent Ricon has not already done so, Ricon shall develop written procedures to prevent future manufacture and shipment of motor vehicle equipment containing a safety related defect or noncompliance, as well as to provide timely notice to NHTSA of safety related defects as required by 49 C.F.R.§ 573.6(b). No later than 60 calendar days after

execution of this Consent Order, Ricon shall provide a copy of such written procedures to NHTSA. If NHTSA reasonably determines that any changes to the written procedures are warranted, Ricon shall revise its written procedures to incorporate NHTSA's feedback. Ricon shall provide a revised copy of the written procedures to NHTSA no later than 30 calendar days after receiving any such feedback from NHTSA.

17. For a period of 1 year from the date of this Consent Order, Ricon shall acknowledge all communications from NTHSA within three business days. All communications to Ricon shall be sent to:

a. Dante DeLeo, Director of Engineering, Ricon Corp., 1135 Aviation Place, San Fernando, CA 91340; and

b. David Seitz, Legal Dept., Ricon Corp., 1001 Air Brake Avenue, Wilmerding PA 15148.

18. Thirty calendar days after incorporating any feedback from NHTSA and finalizing the written procedures in Paragraph No. 16, Ricon shall meet with NHTSA to discuss the actions it has taken to satisfy Paragraph Nos. 16 and 17 of this Consent Order.

19. Sixty calendar days after incorporating any feedback from NHTSA and finalizing the written procedures specified in Paragraph No. 16, Ricon shall submit a report detailing Ricon's efforts to implement these written procedures. Ricon shall continue submitting these reports every 90 calendar days thereafter until the one year anniversary of the execution of this Consent Order.

20. Ricon shall train appropriate personnel on its written procedures outlined in Paragraph No. 16.

21. Ricon shall use its best efforts to comply with its obligations under the Safety Act, and regulations thereunder, to take all actions and do all things necessary to comply with this Consent Order, and to cooperate with NHTSA in carrying out the requirements of this Consent Order. Ricon's best efforts shall include, but not be limited to, (i) providing prompt notice to NHTSA in the event any requirement of this Consent Order cannot be met or timely met, and (ii) ensuring employees involved with implementation of the performance requirements of this Consent Order are kept well-informed and are allowed sufficient time during their working hours to enable them to thoroughly and effectively perform actions to carry out or implement the performance requirements of this Consent Order.

22. Ricon shall provide written notice of each required submission under this Consent Order by electronic mail to the Chief of NHTSA's Recall Management Division (currently Jennifer Timian, Jennifer.Timian@dot.gov), with a copy to NHTSA's Assistant Chief Counsel for Litigation and Enforcement (currently Timothy H. Goodman, Tim.Goodman@dot.gov).

III. TERM OF CONSENT ORDER

23. Unless otherwise specified, the term of Ricon's performance under this Consent Order is one year.

IV. AMENDMENT

24. This Consent Order cannot be modified, amended or waived except by an instrument in writing signed by all parties, and no provision may be modified, amended or waived other than by a writing setting forth such modification, amendment or waiver and signed by all parties.

V. INTERPRETATION CONSISTENT WITH FEDERAL LAW

25. Nothing in this Consent Order shall be interpreted or construed in a manner inconsistent with, or contravening, any Federal law, rule, or regulation at the time of the execution of this Consent Order, or as amended thereafter.

VI. FULL AND AUTHORIZED SETTLEMENT

26. Upon receipt of the payment set forth in Paragraph No. 14 above, the Secretary of Transportation, by and through the Administrator of NHTSA, releases Ricon, including its current and former directors, officers, employees, agents, parents, subsidiaries, affiliates, successors, and assigns, from liability for civil penalties pursuant to 49 U.S.C. § 30165, 49 C.F.R.§ 573.6(b) and 49 U.S.C. § 30112(a)(3), in connection with recall numbers 14E-010 and 13E001.

27. This Consent Order does not release Ricon from civil or criminal liabilities, if any, that may be asserted by the United States, the Department of Transportation, NHTSA, or any other governmental entity, other than its civil liability as described in Paragraph No. 26 above.

28. The parties shall each bear their own respective attorneys' fees, costs, and expenses.

29. This Consent Order shall be effective following the execution of this Consent Order. Any breach of the obligations under this Consent Order shall be immediately enforceable in any United States District Court. Ricon agrees that it will not raise any objection as to venue.

30. This Consent Order constitutes the entire agreement regarding the resolution of the subject matter therein, and supersedes any and all prior or contemporaneous written or oral agreements or representations.

31. The parties who are the signatories to this Consent Order have the legal authority to enter into this Consent Order, and each party has authorized its undersigned to execute this Consent Order on its behalf.

32. This Consent Order shall be binding upon, and inure to the benefit of, Ricon and its current and former directors, officers, employees, agents, parents, subsidiaries, affiliates, successors, and assigns. Ricon agrees to waive any and all defenses that may exist or arise in connection with any person or entity succeeding to the interest or obligations herein, including as a result of any changes to the corporate structure or relationship among or between Ricon and any of its parents, subsidiaries, or affiliates.

33. This Consent Order shall not be construed to create rights in, or grant any cause of action to any third party who is not a party to this Consent Order.

APPROVED AND SO ORDERED:

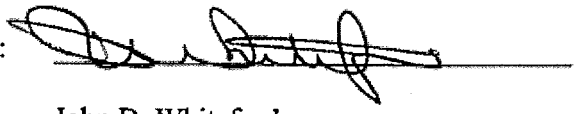
Dated: February 6, 2015

\\ORIGINAL SIGNED BY
MARK R. ROSEKIND
Administrator

AGREED:

RICON CORPORATION

Dated: February 6, 2015

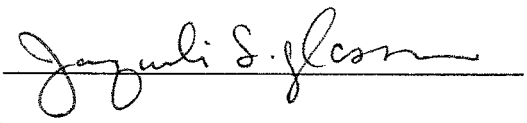
By: 

John D. Whiteford
President
Ricon Corporation

AGREED:

HOGAN LOVELLS LLP

Dated: February 6, 2015

By: 

Jacqueline S. Glassman
Hogan Lovells US LLP
Counsel to Ricon Corporation

AGREED:

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, U.S. DEPARTMENT OF TRANSPORTATION

Dated: February 6, 2015

By: O. Kevin Vincent

O. Kevin Vincent
Chief Counsel

Dated: February 6, 2015

By: T. H. Goodman

Timothy H. Goodman
Assistant Chief Counsel for
Litigation & Enforcement

Dated: February 6, 2015

By: Matthew Weisman

Matthew Weisman
Trial Attorney