

Moffatt Thomas

MOFFATT THOMAS BARRETT ROCK & FIELDS, CHTD.

Boise
Idaho Falls
Pocatello
Twin Falls

Eugene C. Thomas
John W. Barrett
R. B. Rock
Richard C. Fields
John S. Simko
John C. Ward
D. James Manning
Gary T. Dance
Larry C. Hunter
Randall A. Peterman
Mark S. Prusynski
Stephen R. Thomas
Glenna M. Christensen
Gerald T. Husch
Scott L. Campbell
Robert B. Burns

Michael E. Thomas
Patricia M. Olsson
Bradley J. Williams
Lee Radford
Michael O. Roe
David S. Jensen
James L. Martin
C. Clayton Gill
Michael W. McGreaham
David P. Gardner
Julian E. Gabiola
Angela Schaefer Kaufmann
Kimberly D. Evans Ross
Paul D. McFarlane
Jon A. Stenquist
Tyler J. Henderson

C. Edward Cather III
Jason G. Murray
Mark C. Peterson
Andrew J. Waldera
Tyler J. Anderson
Dylan B. Lawrence
Russell G. Metcalf
Benjamin C. Ritchie
Rebecca A. Rainey

Robert E. Bakes, *of counsel*
Morgan W. Richards, *of counsel*

Willis C. Moffatt, 1907-1980
Kirk R. Helvie, 1956-2003

April 20, 2007
via E-mail and facsimile

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07V-177
(7 pages)

United States Department of Transportation
National Highway Traffic Safety Administration
Office of Defects Investigation
400 7th Street, SW
Washington, D.C. 20590
NVS-211

Re: Gem State Manufacturing, Inc.
573 Report
MTBR&F File No. 17-168.5

PART 573 Defect and Noncompliance Report

Dear Sir or Madam:

Gem State Manufacturing, Inc. has decided that a defect which relates to motor vehicle safety exists in items of motor vehicle equipment listed below, and is furnishing notice to the National Highway Traffic Safety Administration in accordance with 49 C.F.R. Part 573, Defect and Noncompliance Reports. This Report was prepared on the date listed above.

The defect relating to motor vehicle safety involves the following TrailMax utility trailers, manufactured by Gem State Manufacturing, Inc.:

T-10-UT (E)
T-10-UT (S)
T-12-UT (E)
T-12-UT (S)
T-12-UT (4+16) (E)
T-12-UT (4+16) (S)

RECEIVED

2007 APR 24 A 11:30

DEFECTS INVESTIGATION
RECALL MGMT DIV.

The above-listed trailers are all double-axle utility trailers, identified primarily by the model names provided. Currently, a range of numbers identifying individual units is not available, but will be provided if and when such a range is available. Gem State Manufacturing, Inc. estimates that the total potential recall population is approximately 900 trailers manufactured between February 28, 2005, and August 31, 2006. Based upon information available to date, it

is impossible to identify the number of trailers from that potential recall population which may be affected by the recall. The potential recall population was identified by determining the models utilizing a particular axle assembly, which included a pre-assembled hub assembly, and by determining the range of dates wherein that axle assembly was utilized.

Although Gem State Manufacturing, Inc. has been unable to determine the precise cause of the believed defect, it has concluded that the problem is contained in the hub assembly. A mechanical drawing of that assembly has been attached to this report for your reference. Gem State Manufacturing, Inc. has been in contact with various engineering professionals in an effort to identify the cause and nature of the defect, and will supplement this report as additional information becomes available. The manufacturer is aware, however, that the defect at issue has resulted in what can best be described as "wheel end separations," whereby a wheel physically separates from the axle/hub assembly. These wheel end separations may occur without prior warning. The axle/hub assembly is a component part manufactured by and purchased from QDS/Henschen, Inc., GKN North America Services, Inc., 550 Warrenville Road, Suite 400, Lisle, Illinois, or an affiliate thereof.

When the first wheel end separations were reported to TrailMax dealers, they appeared to be discrete, isolated incidents which were thus treated as warranty items. However, as now that several separations have been brought to the manufacturer's attention and out of an abundance of caution, the matter is being treated as a defect and/or recall matter. There have been no reported accidents, injuries or fatalities to date, though there have been approximately 40 warranty claims to date.

As noted above, the precise nature of the defect has not yet been identified. Nevertheless, because of the potential safety issues involved, and out of an abundance of caution, Gem State Manufacturing, Inc. has decided that the appropriate recall remedy is to simply replace the entire hub assembly.

A proposed recall schedule is set forth in the Consumer Safety Recall Notice, a copy of which is also attached for your reference. Similarly, a schedule is being provided to all TrailMax trailer distributors and/or dealers, in the form attached. All recall repairs will be made within the time required under the statutes and/or regulations governing this matter.

Gem State Manufacturing, Inc.'s primary concern in this matter is the safety of its customers and that of other motorists. As such, the company is more than willing to cooperate with any investigations or inspections which may be deemed necessary. Please direct any and all inquiries in this matter to Jennifer King, Dealer Support Representative, Gem State Manufacturing, Inc. Ms. King may be reached by telephone at (800) 447-0213, or via facsimile at (208) 455-7554.

United States Department of Transportation
April 20, 2007
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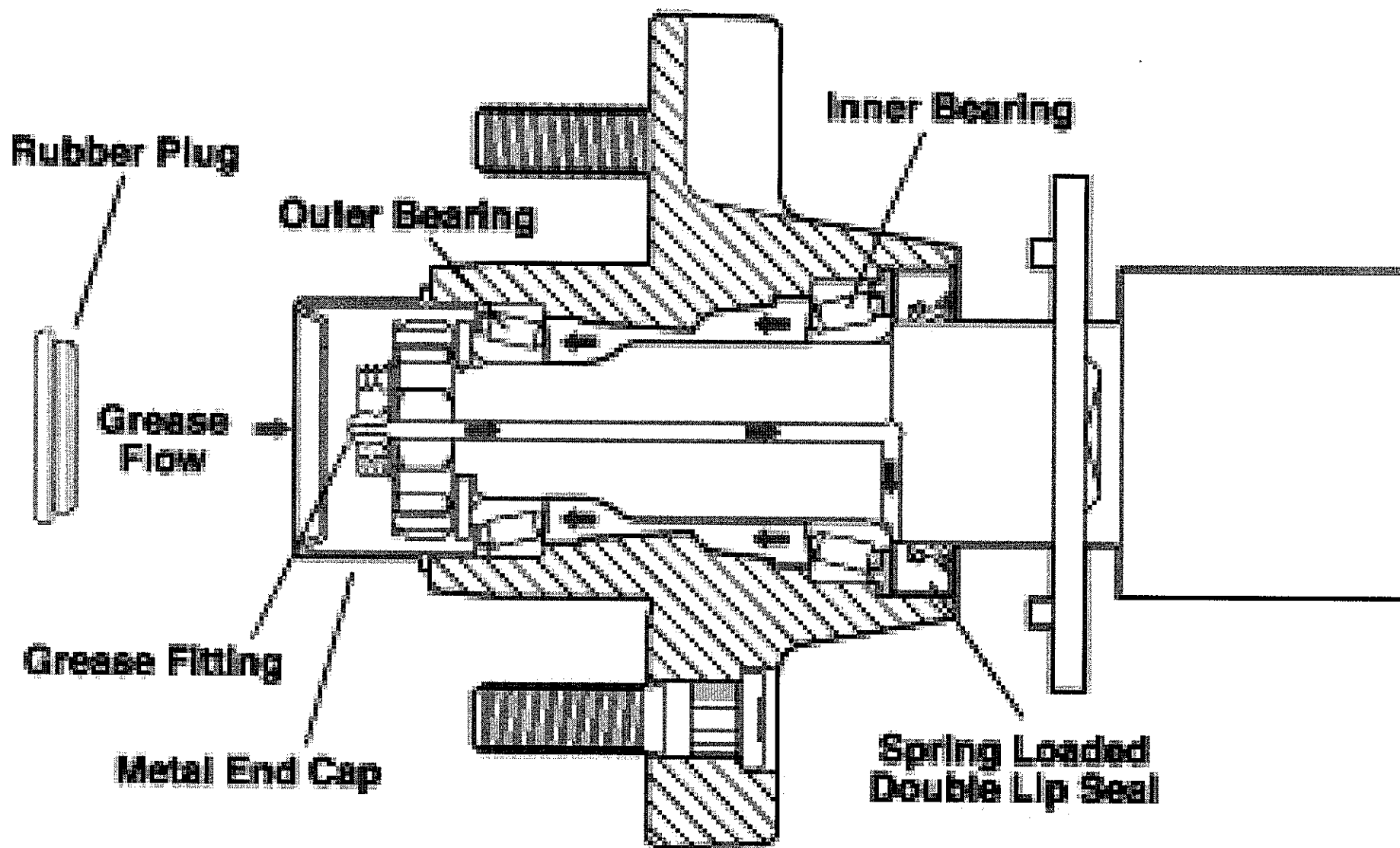
This report was prepared by the undersigned, acting as attorney-in-fact for Gem State Manufacturing, Inc.

Very truly yours,


Jason G. Murray

JGM/cih
Enclosure

cc: Michael Lemrick
Jennifer King



April 20, 2007

Dealer Name
Address
City, State Zip

To Whom It May Concern:

Please be advised the attached **SAFETY RECALL NOTICE** has been mailed to one or more of your customers. Please review the information in the attached notice so that appropriate action may be taken as quickly as possible to help ensure our customers' safety and satisfaction.

Furthermore, one or more of our trailers that you may have in inventory may also be affected by the defect addressed in the attached notice. A list of the trailers in question is enclosed for your review. Please follow the instructions set forth in the notice and contact us immediately for further instructions and in order to take the appropriate actions.

ADDITIONAL NOTICE TO DEALER OR DISTRIBUTORS OF TRAILMAX® TRAILERS: It is a violation of federal law for a dealer to deliver a new vehicle or any new or used item of motor vehicle equipment covered by the notification under a sale or lease until the defect or noncompliance with safety regulation is remedied.

If you are a lessor of any trailer identified above, you are required under 49 C.F.R. 577.7 (a) (2) (iv), to provide a copy of this notice to the lessee of said trailer.

Thank you for your attention in this important matter. We apologize for any inconvenience; we have taken this action, however, in the interest of safety and our customers' continued satisfaction with our products.

Best regards,

Mike Lemrick
President

April 20, 2007

Name
Address
City, State Zip

To Whom It May Concern:

This notice is sent to you in accordance with the requirements of the National Traffic and Motor Vehicle Safety Act. Gem State Manufacturing, Inc. has decided that a defect which relates to motor vehicle safety exists in the following TrailMax[®] trailers:

T-10-UT (E)
T-10-UT (S)
T-12-UT (E)
T-12-UT (S)
T-12-UT (4+16) (E)
T-12-UT (4+16) (S)

The aforementioned defect may not exist in each such trailer, but it is believed that trailers manufactured between February 28, 2005 and August 31, 2006 may be affected. The defect relates to the axle end components on these trailers, and such defect may result in a wheel end separation, where the trailer wheel and hub physically separate from the trailer, possibly resulting in an accident without prior warning.

In light of the defect described above, Gem State Manufacturing, Inc. will, at its option and after a good faith inspection of the trailer, either repair or replace the affected trailer parts at Gem State's cost. In the event that repair of the trailer is deemed to be the appropriate remedy, such repair will be made at the earliest possible date, but not later than thirty (30) days from the date on which the trailer is presented for inspection and repair. It is estimated, however, that only one business day will be required for the completion of the repairs.

Please contact your local TrailMax[®] dealer as soon as possible to arrange a service date. Instructions for completing this inspection and repair have been sent to your dealer and the required replacement parts are or will soon be available to such dealers. The time necessary to perform the inspection and repair is estimated to be approximately 1.25 hours per trailer. Please contact your dealer to determine how much additional time will be necessary for scheduling.

Your TrailMax® dealer is well equipped to obtain the necessary parts and to provide the required service in order to ensure that your trailer is repaired promptly and correctly. If, however, you deliver your trailer to your dealer on the pre-arranged service date, and such dealer does not make the needed repairs on that date or within three (3) business days of such date, we request that you contact Gem State Manufacturing, Inc's warranty department at 1-800-447-0213. We will then assist you in expediting the repair process.

If, after contacting both your dealer and Gem State Manufacturing Inc.'s warranty department, you are still not able to have the safety defect remedied without charge and within a reasonable time, you may wish to write to the Administrator, National Highway Traffic Safety Administration, 400 Seventh Street SW, Washington DC 20590.

If you have already performed, or had someone else perform on your behalf, the replacement or repairs referenced in this Notice, please contact Gem State Manufacturing, Inc's warranty department so the repair can be recorded.

If you are a lessor of any trailer identified above, you are required under 49 C.F.R. 577.7(a)(2)(iv) to provide a copy of this notice to the lessee of such trailer.

Thank you for your attention in this important matter. We apologize for any inconvenience; we have taken this action, however, in the interest of safety and your continued satisfaction with our products.

Best regards,

Mike Lemrick
President