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September 11, 2008

**VIA FAX: (202) 366-7882**

**VIA CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

**08V-479**  
**(3 pages)**

Associate Administrator for Enforcement  
National Highway Traffic Safety Administration  
Attn: Recall Management Division (NVS-215)  
1200 New Jersey Avenue, S.E.  
Washington, DC 20590

Re: Defect Information Report under 49 C.F.R. Part 573

Dear Sir or Madam:

In compliance with the requirements of 49 C.F.R. Part 573, Defect and Noncompliance Responsibility and Reports, please find enclosed a Defect Information Report. The vehicle is manufactured by Tianjin Quingyuan Electric Vehicles Co. Ltd. and imported into the US by Miles Electric Vehicles, Inc. This report contains details of a potential defect which relates to motor vehicle safety, specifically, in the brake tee of the brake system and certain bleeder screws of the brake system of the Miles XS40ST low speed vehicle (Rule 500) truck.

As described in more detail in the Report, a voluntary recall program is being conducted to replace the potentially defective parts. Please contact me with any questions and I look forward to working with the Agency throughout this recall process.

Yours very truly,

A handwritten signature in black ink, appearing to read 'Broc TenHouten'.

Broc TenHouten  
Vice President, Engineering and Project Management

Enclosures

RECEIVED

2008 SEP 22 10:35 AM

DEFECTS INVESTIGATION  
RECALL MGMT DIV.

Miles Electric Vehicles Inc., 3100 Airport Avenue, Santa Monica, CA 90405

September 11, 2008  
Associate Administrator for Enforcement  
National Highway Traffic Safety Administration  
Attn: Recall Management Division  
1200 New Jersey Avenue, S.E.  
Washington, DC 20590

Re: DEFECT INFORMATION REPORT under 49 C.F.R. Part 573

Dear Sir or Madam:

Pursuant to Part 573 of the Code of Federal Regulations, Miles Electric Vehicles, Inc. ("Importer"), submits the following information concerning a safety recall program it is voluntarily initiating.

1.

Vehicle Manufacturer	Designated Agent	Importer
Tianjin Qingyuan Electric Vehicle Co. Ltd. Tianjin, China	Miles Electric Vehicles, Inc. 3100 Airport Ave. Santa Monica, CA 90405	Miles Electric Vehicles, Inc. 3100 Airport Ave Santa Monica, CA 90405

2. Identification of Vehicles Involved.

The vehicles involved in this recall are certain Model Year 2008 Miles XS40ST trucks. The Miles XS40ST truck is a low speed vehicle, manufactured in conformity with NHTSA Rule 500, with a maximum speed of 25mph. The vehicles were manufactured between January and March 2008.

3. Number of Vehicles Potentially Affected

The number of vehicles potentially affected by this recall is 104.

4. Estimated Percentage of Vehicles with the Defect

Unknown. An audit of 15 corporate vehicles (not included in the 104 that are subject of the recall) and an examination of 21 vehicles in the possession of one customer has revealed no defects.

5. Description of the Defect

Pursuant to an investigation that resulted from Importer's standard pre-delivery inspection process, a defect related to motor vehicle safety has been determined to exist in the XS40ST's brake system, specifically, in the brake tee of the brake system and certain bleeder screws of the brake system located at the wheel calipers/cylinders.

Manufacturing and assembly inconsistencies with the brake tee and assembly inconsistencies (under-torquing or over-torquing of the bleeder screws) relating to the bleeding of the brake system have,

respectively, produced instances of visible brake fluid seepage at the brake tee and at the bleeder screws, respectively. The brake tee is located at the firewall of the motor compartment and connects to the brake line which exits the firewall above the brake tee and to the brake line as it continues down under the chassis; brake calipers are located at the front wheels and brake cylinders are located at the rear wheels. If the vehicle is affected, the driver may experience reduced brake performance when applying and maintaining force on the brake pedal and, over time, the capacity to brake will gradually deteriorate, forcing the driver to use higher than expected forces (i.e., driver may experience a "soft pedal") when compared to an intact brake system. Continued loss of brake fluid above certain amounts would lead to the brake being inoperative.

#### 6. Chronology of Events

Importer became aware of this matter as a result of Importer's pre-delivery inspection quality control processes. An investigation was commenced on August 12, 2008. A determination was made on September 8, 2008. NHTSA was notified on September 11, 2008. Importer has received no reports of any accident, injury or warranty claim related to this condition.

#### 7. Program for Remedy of Defect

An inspection of the brake system will be performed. Brake tees will be replaced and, if necessary, wheel calipers or wheel cylinders, as the case may be, will be replaced. The vast majority of customers are "fleet" customers who will be visited directly; retail customers of authorized dealers will be instructed and encouraged to visit their dealer. In all cases inspection and replacement of parts will be performed free of charge.

#### 8. Copies of Notices, Bulletins, Etc.

Copies of information are being drafted and will be submitted to the agency shortly

#### 9. Proposed Owner Notification Letter

A draft of the XS40ST's Owner notification letter is being created and will be submitted to the agency shortly. Importer intends to contact the vast majority of customers directly by phone and commence remediation immediately.

#### 10. The Manufacturer's Campaign Number

None is currently assigned

If you have any questions regarding this report please contact me at (310) 390-4890, ext. 314, or by email, [btenhouten@milesev.com](mailto:btenhouten@milesev.com).

Sincerely yours,  
Miles Electric Vehicles, Inc.



Broc TenHouten

Vice President, Engineering and Program Management