

ATV Action Plan of Shenke USA, Inc.

Address: 1503 Kelly Blvd, Carrollton, Texas, 75006
Tel: 972-820-7961; Fax: 972-820-7916

October 7, 2009

Renee K. Haslett
Trial Attorney
Division of Compliance
Office of the General Counsel
U.S. Consumer Product Safety Commission
4330 East West Highway
Bethesda, MD 20814-4408

MER/PRV/LBR NOTIFIED 6/18/10
COMMENTS: YES NO
 OVERRULED; ATTACHED
 EXCISIONS/FOIA Hxs.
 DO NOT RE-NOTIFY RE-NOTIFY

Dear Ms. Haslett:

Shenke USA, Inc. (herein "Shenke") is fully committed to the goal of reducing ATV-related accidents. We have implemented new policies in accordance with the rules set forth by Section 232 of 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.

Age Recommendations

Shenke 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 ("the ATV Standard"). Shenke will not recommend, market, advertise, or sell adult-sized ATVs for the use of persons less than 16 years of age. Shenke will use its best efforts to ensure that our dealers comply with these requirements.

Dealer Monitoring

Shenke requires that its dealers verify the intended ATV rider's age prior to selling that rider or his/her guardian an ATV. Shenke warranty registration cards require the identification of the intended rider's name and date of birth to ensure that dealers do not sell Shenke ATVs to under-aged riders.

Shenke will use its best efforts to obtain dealer compliance with the age recommendation requirements of the ATV Standard. Shenke will conduct on-site inspections of each of our authorized ATV dealers at least twice a year, with a minimum of 50 on-site inspections per year. These inspections will be conducted by means of independent, undercover investigators (also known as "secret shoppers") to ensure that these dealers follow age requirements and other safety related practices during sales or promotional functions. Shenke will also modify the visitation criteria of its field support staff so that inspecting for dealer compliance becomes a normal function of the dealer visit.

ATV Action Plan of Shenke USA, Inc.

When Shenke learns of dealers who do not abide by the age requirements of the ATV Standard, it will arrange follow-up inspections. If Shenke finds evidence of continued violations, Shenke will take remedial action, to the extent permitted by applicable state and local laws, up to and including possible termination or non-renewal of the dealer's contract with Shenke.

Training

Shenke will offer free, hands-on, interactive training to all Shenke ATV purchasers. This free training will be extended to the buyers' immediate relatives who are age appropriate for the ATV purchased. This training will be conducted through the existing educational programs of the ATV Safety Institute ("ASI").

Shenke will instruct its dealers to communicate to ATV purchasers the availability and importance of the ASI training course. Purchasers will also find a toll-free phone number to contact ASI about registering for the training course in point-of-sale materials (including a rebate form) and the owner's manual. Shenke will also email purchasers with information about how to register for the ATV Safety Institute ("ASI") training course. Purchasers will have to pay ASI an up-front fee for the training. This fee will be reimbursed by Shenke after consumers mail to Shenke a certificate of completion for the course and a copy of their bill of sale for the Shenke ATV.

After completion of the ASI course, the rider will qualify for a \$100 incentive. 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.

Safety Video

Shenke will provide each purchaser with an ATV safety video as described in Section 11.3.b. (4) (b) and paragraphs 11.A and 11.C of Appendix I of the 1988 ATV Consent Decree. The safety video will actively promote the training course and provide a series of important safety messages.

Safety Alerts

Shenke will provide to dealers for dissemination to each purchaser a "Safety Alert" containing the same substantive safety information as the Safety Alert described in Section 11.3.b. (4)(c) and Appendix J of the 1988 ATV Consent Decree. The information will also include death and injury statistics for ATVs, safety rules, and age recommendations. The Safety Alert will contain information about the availability of ASI's safety training as well.

Toll-free Telephone Hotline

Shenke will provide a toll-free, 24-hour hotline to respond to consumer inquiries as described at Section 11.4 of the 1988 ATV Consent Decree. Agents will be trained to provide safety and

ATV Action Plan of Shenke USA, Inc.

training information, including age recommendations. Shenke's toll-free number will be printed in all owners' manuals, ATV web-site, and other promotional materials.

Advertising

When preparing and presenting advertising and promotional materials, Shenke will depict the safe and responsible operation of ATVs. The use shown will be appropriate to the ATV, the age of the operator, and the depicted situation. ATV riders depicted in advertising and promotional materials will wear helmets and full protective gear. These marketing materials and presentations will contain the safety messages described in Section J.1. and Appendix K of the 1988 ATV Consent Decree and will contain information about the availability of operator training. Shenke will use its best efforts to promote dealer compliance with the advertising requirements, including conditioning cooperative advertising funding on such compliance.

Information/Education Program

Shenke has worked with its ATV dealers to develop an information/education campaign directed primarily at providing safety information and at deterring children under age sixteen from operating adult-sized ATVs. Shenke will undertake the program for a minimum of 10 years. In addition to our other programs, this effort will further promote Shenke's ongoing efforts to communicate age recommendation, riding safety, and other safety-related information to consumers.

Shenke will create and disseminate a safety poster for posting by all Shenke dealers. Shenke will also distribute this safety poster to pediatric offices, schools, and public libraries on a national level so that these materials may target children in the hopes of keeping children informed of safety precautions. This poster will feature safety and educational information containing ATV safe riding messages and encouraging correct ATV sizing and the need to take hands-on training.

Shenke will distribute safety brochures to dealers in order to target individual consumers. Additionally, Shenke commits to mailing safety brochures directly to individual consumers subsequent to their ATV purchase in order to act as a post-purchase reminder of safety measures that consumers should abide by. Further, these brochures will incorporate valuable safety messages to parents in regards to child safety warnings and precautions.

Shenke's print advertisements will feature safety messages communicating the importance and availability of safety training. Shenke will make this commitment for a period of at least 10 years.

The ATV Safety Public Awareness Campaign, which is attached to this action plan as Appendix A, describes the ATV Safety Awareness Information and Education Campaign that Shenke plans to implement. Shenke will undertake the program for a minimum of 10 years.

Notice of Termination or Modification of Action Plan

Shenke will give the CPSC at least 60 days advance notice of its intention to terminate or materially change any commitment under the Action Plan.

ATV Action Plan of Shenke USA, Inc.

Conclusion

Shenke will maintain the above specified actions and will continue Shenke's effective efforts to promote safe and responsible use of its ATVs. Shenke will provide information about these activities upon reasonable request from CPSC.

Sincerely yours,
SHENKE USA, INC.



Xiaotong Qi
General Manager

ATV Action Plan of Shenke USA, Inc.
Appendix A

Shenke USA, Inc.
Proposed Education Plan for the
ATV Safety Public Awareness Campaign

October 7, 2009

This document describes the ATV Safety Awareness Information and Education Campaign that Shenke USA Inc. (herein "Shenke") plans to implement.

Objective

Generate and raise awareness of the safety issues, Age Recommendations, proper ATV operations, and the importance of the Training Program, among the target audience in an effort to help reduce the occurrence of injuries associated with ATV riding.

Target

The campaign's target audience will primarily consist of customers who made a purchase from Shenke's dealer stores as well as the prospective buyers of any product distributed by Shenke.

Geography

Support the full national scope of ATV owners and prospective buyers.

Timing

Shenke plans to concentrate most of its campaign efforts during the "high sales" season which is early Fall. However, we will commit to continuing our on-line campaign all throughout the year in order to keep people informed and educated about the importance of safe ATV riding.

Communication Goal

Develop an on-line internet campaign targeted toward ATV owners and other consumers interested in purchasing ATVs as well as their family members and other ATV enthusiasts.

The overall message of the campaign is to communicate the importance of following all of the safe-riding guidelines established by the ATV Safety Institute through a series of analogical messages comparing the dangers of going against the guidelines with other common dangerous, painful and life threatening experiences. Our goal is for people to realize our mission "Be safe and have more fun!"

ATV Action Plan of Shenke USA, Inc.

Costs

Shenke USA will do its best to devote as much funds as possible to the development of the ATV safety and awareness campaign. However, recognizing the fact that Shenke USA will plan to start with 10 to 20 dealers at the early ATV business stage, sales will be estimated at a much lower level than other ATV distributors in the country. Shenke commits to increasing its Information & Education Program expenditures as its sales volume increases. Shenke plans to reserve 3% of our sales revenue as the budget for the Information & Education program in each of the following 10 years.

Projected First Year Media Costs

Media Costs:

Internet Advertizing: \$ 15,000.00

Print Materials: \$ 15,000.00

Total Media: \$ 30,000.00

Strategies

Shenke intends to do most of its educational campaign efforts through the internet. The latest studies by the US Census Bureau, Nielsen/Net Ratings and ITU show that 73.1% of the United States population uses the internet for various purposes on at least a weekly basis. By utilizing this common advertising outlet, we potentially can reach as many as 246,822,936 internet users.

Shenke will invest in various methods that will raise our web-site's exposure on the internet when a key word "ATV" is entered in a search on several of the most popular search engines (such as Google, Yahoo, MSN, and AOL). We will commit to creating a special section on our web-site (www.Shenke-atv.com) that will have various articles, pictures, videos and links on ATV safety. We also will create an application that will create a pop-up advertisement on the page every time a visitor clicks on the ATV link on our web-site which will display the campaign messages through pictures and text.

In addition to this Shenke will create an online ATV drawing program quarterly for people who earn a full score on Shenke's online ATV safety quiz program.

The safety messages will be attractively designed by our marketing team for online advertising and printed as flyers and posters. The print advertising will be distributed and displayed by the dealers in our dealer network and will feature safety messages communicating the importance and availability of safety training.

Shenke will also distribute safety brochures to dealers in order to target individual consumers. Additionally, Shenke commits to mailing safety brochures directly to individual consumers subsequent to their ATV purchase in order to act as a post-purchase reminder of safety measures that consumers should abide by. Further, these brochures will incorporate valuable safety messages to parents in regards to child safety warnings and precautions.

The dealers will also be instructed by our company to constantly remind the customers to keep checking our web-site for updates. This will increase our chances to penetrate as much of the

ATV Action Plan of Shenke USA, Inc.

target audience as possible. At the same time, our dealers will provide a variety of forms and pamphlets to all purchasers, including but not limited to the owner's manual, hang tags, ATV safety video instructions, and other media to promote ATV safety.

Shenke will advertise its safety messages in magazines that target potential ATV customers or parents who are likely to own or purchase an ATV. The magazine schedule will include four magazines: Dealer news, Motorcycle Industry, Powersports Business, and ATV World. Each year, Shenke will advertise its safety messages a total of 12 times through advertisements placed in those magazines

Creative Development

Shenke will promote its message about ATV safety through a series of on-line ads and other printed materials. The ads will associate riding an ATV without proper gear or performing dangerous maneuvers to common instances of getting injured. The ads will say "Unsafe Riding = Injury = No Fun". The rationale is that people do not realize how seriously they can get hurt on an ATV. They mostly think it is something entirely hypothetical that happens to other people, but will never happen to them. Our effort will be concentrated toward making a person stop and think for a second of how much pain and discomfort as well as other dire consequences an ATV injury can cause.