

JUL 21 2003

Mr. Jason J. Cavallo
Halcore Group, Inc.
3800 McDowell Road
Grove City, Ohio 43123

Dear Mr. Cavallo:

This is in reply to your e-mail of June 18, 2003, and your letter of June 20, to Taylor Vinson of this Office, asking for an interpretation of certain provisions of the Early Warning Reporting (EWR) regulation, found in 49 CFR Part 579.

You reported in your e-mail that Horton Emergency Vehicles (Horton) is a subsidiary of Halcore Group which also "owns two other emergency vehicle manufacturers," and that you have been told that "we need to combine our overall production between all three companies and report as a Group 1 manufacturer." This statement formed the basis of the first question in your letter of June 20:

"1. When making the determination between group 1 and group 2 reporting levels what is NHTSA's policy on production totals when a parent company owns multiple subsidiaries? Does the parent have to report as one on behalf of its subsidiaries? Or, can each subsidiary report individually?"

Halcore was formed in 1998 through the combination of Horton Emergency Vehicle Company (Horton), American Emergency Vehicles (AEV) and Leader Industries (Leader), each of which makes ambulances. Halcore is regarded as the largest ambulance manufacturing corporation in North America. (see, www.aev.com). Halcore's website (www.Halcore.com) refers to Horton, AEV and Leader. AEV refers to itself as a division of the Halcore Group, Inc. In legal proceedings, Leader has referred to itself as Leader Industries, a Division of Halcore Group, Inc. Leader is the California distributor for Horton and AEV. (www.Leader.com). Under the EWR regulation, the definition of "manufacturer" at 49 CFR 579.4(c) includes parents, subsidiaries, and affiliates. For purposes of determining whether the production of vehicles meets or exceeds the 500 vehicles per year threshold in Section 579.21 *et seq.*, the production of the divisions, parent, subsidiaries and affiliates must be aggregated. However, under section 579.3(b), the parent may report collectively or the incorporated entities may report separately, provided that all vehicles are covered by the reporting.

You related that Horton is a final stage manufacturer that does “not warrant the chassis,” and that “if a user has a chassis problem we don’t usually hear about it.” Typically, if there is a problem with the chassis, the vehicles are taken to their “local chassis dealers for warranty and repair issues.” You asked about Horton’s EWR reporting responsibilities on chassis-related warranty matters, commenting that you believed “the chassis manufacturer would have to report the warranty claim” because Horton is not paying the claim. This issue formed the basis of the first part of your second question. Our reply is that, as to the narrow question posed, you are correct. Horton’s responsibility is to report warranty claims that are submitted to it and that it pays.

As the second part of your second question, you also asked (as phrased in the e-mail) that “if an end user contacted us with a chassis issue and we advised them to contact their local chassis dealer does that constitute a reportable complaint?” The answer is yes; Horton would have to include this incident in its numerical count of consumer complaints if the substance was within the scope of matters covered by the definition of “consumer complaint” in Section 579.4. The term “consumer complaint” is a broad one; it covers “a communication of any kind made by a consumer (or other person) to or with a manufacturer . . . expressing dissatisfaction with a product, or relating the unsatisfactory performance of a product”

Your third question concerned reportable components on emergency vehicles. You related in your e-mail that you have been informed that “certain items on an emergency vehicle, specifically emergency lighting, interior lighting, and interior cabinetry, are not reportable items for TREAD purposes.” However, it is your understanding that all items are reportable; i.e., “an exterior light was reportable as an exterior light regardless of whether it was an emergency light or headlamp.” Your understanding is correct. The term for reporting that covers emergency lights and headlamps is “exterior lighting,” defined in the EWR to mean “all the exterior lamps.”

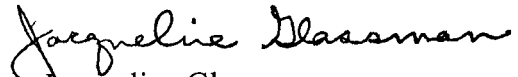
You have also asked in your e-mail “how would one categorize interior lighting and interior cabinetry? Would that be electrical and structure respectively?” You are correct in surmising that interior lighting is covered under the EWR’s term “electrical system.” That term is defined to mean “any electrical or electronic component of a motor vehicle that is not included in any one of the other reporting categories enumerated” in the EWR regulation. This includes interior lighting. Without having a description of the interior cabinetry that is the subject of your question, it would be considered “structure” only to the extent that it “serves to maintain the shape and size of the vehicle, including the frame, the floorpan, the body, bumpers doors, tailgate, hatchback, trunk lid, hood, and roof.” Ordinarily, interior cabinetry does not serve that function. Interior cabinetry does not fall within any of the other defined components and system. Accordingly, it would be a component of a motor vehicle that is not covered by the EWR regulation. However, if an incident involving a death or injury results in Horton’s receiving a claim, or a notice alleging or proving that the death or injury was caused by a possible defect in the interior

cabinetry, or any other reportable information involving interior cabinetry, Horton would have to report that claim or notice and utilize Code 98 as the system or component involved.

Your letter asked, in its third question, "Is there a set of criteria that an item must meet in order to be reportable?" The EWR specifies certain defined components and systems for which information is required, and assigns them code numbers for reporting purposes. As indicated above, in compiling reportable information under the EWR regulation, a manufacturer must report under Code 98 for items of equipment not covered by the other Codes. Thus, all items of motor vehicle equipment are covered by a reporting Code, either under those pertaining to specified components or systems, or under Code 98 for those that are not covered by one of the other Codes.

If you have further questions, you may refer them to Taylor Vinson (202-366-5263).

Sincerely,


Jacqueline Glassman
Chief Counsel