

Sections 8a(10) and 17(o) of the Act that the Commission shall have the authority to delegate to NFA any portion of the Commission's registration responsibilities under the Act for purposes of carrying out these responsibilities in the most efficient and cost-effective manner and upon NFA's representations concerning the standards and procedures to be followed and the reports to be generated in administering these functions.

This Order does not, however, authorize NFA to render "no-action" positions, exemptions or interpretations with respect to applicable disclosure, reporting, recordkeeping and registration requirements.

Nothing in this Order or in Sections 8a(10) or 17(o) of the Act shall affect the Commission's authority to review NFA's performance of the Commission functions listed above.

NFA is authorized to perform all functions specified herein until such time as the Commission orders otherwise. Nothing in this Order shall prevent the Commission from exercising the authority delegated herein. NFA may submit to the Commission for decision any specific matters that have been delegated to it, and Commission staff will be available to discuss with NFA staff issues relating to the implementation of this Order. Nothing in this Order affects the applicability of previous orders issued by the Commission under Parts 4 and 30.

Issued in Washington, DC, on May 21, 1999 by the Commission.

Jean A. Webb,

Secretary of the Commission.

[FR Doc. 99-13572 Filed 5-28-99; 8:45 am]

BILLING CODE 6351-01-M

CONSUMER PRODUCT SAFETY COMMISSION

[CPSC Docket No. 99-C0006]

Shimano American Corporation; Provisional Acceptance of a Settlement Agreement and Order

AGENCY: Consumer Product Safety Commission.

ACTION: Notice.

SUMMARY: It is the policy of the Commission to publish settlements which it provisionally accepts under the Consumer Product Safety Act in the **Federal Register** in accordance with the terms of 16 CFR 1118.20. Published below is a provisionally-accepted Settlement Agreement with Shimano American Corporation, containing a civil penalty of \$150,000.

DATES: Any interested person may ask the Commission not to accept this agreement or otherwise comment on its contents by filing a written request with the Office of the Secretary by June 16, 1999.

ADDRESSES: Persons wishing to comment on this Settlement Agreement should send written comments to the Comment 99-C0006, Office of the Secretary, Consumer Product Safety Commission, Washington, DC 20207.

FOR FURTHER INFORMATION CONTACT: Deborah Lewis, Trial Attorney, Office of Compliance and Enforcement, Consumer Product Safety Commission, Washington DC 20207; telephone (301) 504-0626, 1346.

SUPPLEMENTARY INFORMATION: The text of the Agreement and Order appears below.

Dated: May 25, 1999.

Sadye E. Dunn,

Secretary.

Settlement Agreement and Order

1. Shimano American Corporation ("Shimano") a corporation, enters into this Settlement Agreement and Order with the United States Consumer Product Safety Commission ("the CPSC") in accordance with 16 CFR 1118.20 of the Commission's Procedures for Investigations, Inspections, and Inquiries under the Consumer Product Safety Act ("CPSA").

I. The Parties

2. The Consumer Product Safety Commission is an independent federal regulatory agency responsible for the enforcement of the Consumer Product Safety Act, 15 U.S.C. 2051-2084.

3. Shimano is a corporation organized and existing under the laws of the State of California. Its principal offices are located at One Holland Drive, Irvine, CA, 92618.

II. Staff Allegations

4. Between March, 1994 and November, 1995, Shimano Inc. of Japan manufactured over one million bicycle cranks—models FC-CT90, FC-M290 and FC-MC12—a significant number of which were imported and distributed in the United States by Shimano American Corporation. Shimano is, therefore, a distributor of bicycle cranks in commerce.

5. The bicycle cranks attach to the pedals of bicycles. Shimano Inc. of Japan and Shimano sold the cranks to 49 bicycle manufacturers.

6. The bicycle cranks can break during use. A consumer can be injured in a number of ways if the bicycle cranks break while he or she is riding it:

(1) The broken crank or part exposed as a result of the crank breaking can injure the bicyclist; (2) The bicyclist can fall as a result of the broken crank, leading to injuries from contact with the ground; (3) The bicyclist can lose control and collide with another vehicle or object.

7. Between June, 1995 and July, 1997, Shimano received 22 reports of injuries from consumers due to broken cranks. The injuries included fractures, lacerations, puncture wounds, head trauma, and severe bruising and swelling. Shimano conducted numerous tests on the bicycle cranks and held at least one meeting at a high level in the corporation in September, 1996, about its growing concern over the cranks. Yet, Shimano did not report the problem until July, 1997.

8. Shimano obtained information which reasonably supported the conclusion that its bicycle cranks contained defects which could create a substantial product hazard but failed to report that information in a timely manner as required by section 15(b) of the CPSA, 15 U.S.C. 20643(b).

III. Response of Shimano

9. Shimano denies the allegations of the staff that the bicycle cranks contain a defect which could create a substantial product hazard pursuant to section 15(a) of the CPSA, 15 U.S.C. 2064(a), denies that it violated the reporting requirements of section 15(b) of the CPSA, 15 U.S.C. 2064(b), and further denies the other allegations of the CPSC as stated herein.

10. Shimano voluntarily contacted the CPSC in May 1997, to seek the CPSC's cooperation in conducting a recall of the three models of bicycle cranks. In June, Shimano filed a report under Section 15(b) of the CPSA and proposed a voluntary product recall under the CPSC's Fast Track program. Shimano's report and voluntary recall did not result from any investigation by the CPSC, but rather represented part of Shimano's effort to maintain its reputation for providing bicycle components of the highest quality.

11. Prior to May 1997, Shimano did not have reason to believe that the cranks posed a substantial product hazard. Shimano believes the information available did not reasonably support the conclusion that the products were defective within the meaning of the CPSA, and, therefore, no report was required under Section 15(b) of the Act. During the time period in which the CPSC alleges Shimano wrongfully failed to file a report, Shimano conducted its own internal testing as well as independent testing of the cranks, and these tests suggested

that no defect was present. Likewise, the extremely low failure rate of the cranks and the rigorous conditions in which they were used, suggested that any failures were due to rigorous usage rather than an inherent product defect. For these reasons, Shimano was not required to, and did not, report to the CPSC prior to May 1997.

12. By entering into this Settlement Agreement and Order, Shimano does not admit any liability or wrongdoing. This Settlement Agreement and Order is agreed to by Shimano to avoid incurring additional legal costs and does not constitute, and is not evidence of, an admission of any liability or wrongdoing by Shimano.

IV. Agreement of the Parties

13. The Commission has jurisdiction over this matter under the Consumer Product Safety Act, 15 U.S.C. 2051 *et seq.*

14. Shimano knowingly, voluntarily and completely waives any rights it may have to: (1) an administrative or judicial hearing with respect to the staff allegations discussed in paragraphs 4 through 8 above; (2) judicial review or other challenge or contest of the validity of the Commission's Order; (3) a determination by the Commission as to whether a violation of section 15(b) of the CPSA, 15 U.S.C. 2064(b), has occurred; and (4) a statement of findings of fact and conclusion of law with regard to the staff allegations.

15. Upon provisional acceptance of this Settlement Agreement and Order by the Commission, this Settlement Agreement and Order shall be placed on the public record and shall be published in the **Federal Register** in accordance with 16 CFR 1118.20.

16. This Settlement Agreement and Order releases Shimano and Shimano Inc. from liability arising from any allegations of violation of section 15(b) of the CPSA regarding the bicycle cranks described in paragraph 4, above. The Settlement Agreement and Order becomes effective upon final acceptance by the Commission and its service upon Shimano.

17. Upon final acceptance of this Settlement Agreement by the Commission, the Commission may issue a press release to advise the public of the civil penalty Settlement Agreement and Order.

18. Shimano shall pay the Consumer Product Safety Commission a civil penalty in the amount of \$150,000 within ten days of final acceptance of the Settlement Agreement and Order.

19. Shimano agrees to entry of the attached Order, which is incorporated herein by reference, and to be bound by its terms.

20. This Settlement Agreement and Order are entered into for settlement purposes only and shall not constitute an admission or determination arising from the allegations that the bicycle cranks contain a defect which could create a substantial product hazard.

21. This Settlement Agreement is binding upon Shimano and the assigns or successors of Shimano.

22. Agreements, understandings, representations, or interpretations made outside this Settlement Agreement and Order may not be used to vary or to contradict its terms.

Dated: March 29, 1999.

By: Shimano American Corporation
U.S. Consumer Product Safety Commission

By: Alan Schoem,
Assistant Executive Director, Office of Compliance.

Eric Stone,
Director, Legal Division, Office of Compliance.

Deborah Lewis,
Attorney, Legal Division, Office of Compliance.

Order

Upon consideration of the Settlement Agreement entered into between Shimano American Corporation, a corporation, and the staff of the U.S. Consumer Product Safety Commission; and the Commission having jurisdiction over the subject matter and Shimano American Corporation, and it appearing that the Settlement Agreement and Order is in the public interest, it is

Ordered, that the Settlement Agreement be and hereby is accepted, and it is

Further ordered, Shimano American Corporation shall pay the Commission a civil penalty in the amount of *one hundred fifty thousand and 00/100* dollars, (\$150,000.00) within ten (10) days after service of this Final Order upon Shimano American Corporation.

Provisionally accepted and Provisional Order issued on the 25th day of May, 1999.

By Order of the Commission.

Sadye E. Dunn,

Secretary, U.S. Consumer Product Safety Commission.

[FR Doc. 99-13669 Filed 5-28-99; 8:45 am]

BILLING CODE 6355-01-M

DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 99-16]

36(b)(1) Arms Sales Notification

AGENCY: Department of Defense, Defense Security Cooperation Agency.

ACTION: Notice.

SUMMARY: The Department of Defense is publishing the unclassified text of a section 36(b)(1) arms sales notification. This is published to fulfill the requirements of section 155 of Pub. L. 104-164 dated 21 July 1996.

FOR FURTHER INFORMATION CONTACT: Ms. J. Hurd, DSCA/COMPT/RM, (703) 604-6575.

The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 99-16, with attached transmittal, policy justification, Sensitivity of Technology, and Sec. 620C(d) of the FAA of 1961.

L.M. Bynum,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

BILLING CODE 5001-10-M