



U.S. Department of Transportation
**National Highway Traffic Safety
Administration**



VIA EMAIL ONLY

August 16, 2023

Mr. D. Michael Hockett
Chief Executive Officer
Diversified Vehicle Services, Inc.
1919 S. Post Road, Suite B
Indianapolis, IN 46239
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Dear Mr. Hockett,

The November 17, 2021 Consent Order between the National Highway Traffic Safety Administration (NHTSA or the “Agency”) and Diversified Vehicle Services, Inc. (DVS) was for a two-year term, “provided, however, that NHTSA may extend the term of [the] Consent Order for up to an additional year if NHTSA reasonably finds that an extension is warranted.” Consent Order ¶ 56. This letter is to notify you that NHTSA has determined that a one-year extension is warranted, and that the Consent Order will now end November 16, 2024. This extension also extends the Monitorship, which will now end November 16, 2024. *See id.* ¶ 57.

In June 2021, NHTSA suspended DVS’s status as a registered importer and proposed to revoke its registration based on NHTSA findings and assertions of repeated serious violations of the requirements governing registered importers. In the November 17, 2021 Consent Order, DVS admitted to violating numerous provisions of the Vehicle Safety Act and regulations governing registered importers. NHTSA is deeply concerned about the seriousness with which DVS has taken its legal obligations, even while under a Consent Order. NHTSA’s investigation into potential violations of law by DVS during the term of the Consent Order is ongoing.

As described in more detail below, NHTSA is particularly concerned about (1) DVS’s recent importation, modification, and certification of a vehicle not eligible for importation through a registered importer program (a Dodge Charger manufactured for the Mexican market), and (2) DVS’s Carleton, Michigan facility at the Manheim Auto Auction, from what was discovered during recent visits to that site. Based on such concerns regarding DVS’s compliance with its legal obligations and the need for further investigation and evaluation of these and other issues, NHTSA has decided to extend the Consent Order for an additional year.

Dodge Charger Manufactured for the Mexican Market

As you are aware, one of the violations to which DVS previously admitted in this Consent Order was the importation of nonconforming and noncertified vehicles from Mexico under customs declarations stating that the vehicles were conforming and certified, and importing such vehicles under an inapplicable eligibility code. Consent Order ¶ 24. Among the measures in the Consent Order seeking to address such issues was the requirement that DVS, with the assistance of the Monitor, develop written procedures and employee training materials to improve its compliance with the Safety Act and its regulations, specifically incorporating and addressing the duties of an RI under 49 C.F.R. § 592.6 and performance requirements under the Consent Order. *See id.* ¶ 40.

It is troubling that, despite those requirements to improve DVS's compliance, DVS appears to have recently imported yet another vehicle manufactured for the Mexican market that was ineligible for import, performed modifications on that vehicle, and then certified it as conforming to all applicable Federal Motor Vehicle Safety Standards (FMVSS). NHTSA notified DVS of this vehicle and inspected it with DVS in April 2023, at which concerns about the vehicle were identified. NHTSA is continuing to investigate this issue.

The Carleton, Michigan Facility (Manheim Detroit Auto Auction)

In 2023, NHTSA staff visited the DVS facility at Manheim Detroit, located at 600 Will Carleton Road, Carleton, MI 48117. During those visits, NHTSA learned of a number of issues that require further investigation and evaluation. The below is not exhaustive, but broadly reflects the Agency's concerns with DVS's activities at this facility.

First, in May, NHTSA performed inspections on vehicles stored at this facility, and found four unmodified DVS vehicles to which certification stickers had been prematurely applied. Second, it appears that there is no DVS modification facility at the location, and NHTSA learned that certain instrument-cluster modifications for vehicles stored here are performed at a separate location. Further information is needed to determine whether the off-site modifications are consistent with your regulatory obligations. And third, it is NHTSA's understanding that the lot areas at the Manheim location delineating the storage area(s) for DVS's vehicles may change at any time. There are no markings where DVS is storing its vehicles that expressly indicate that the area is designated for DVS vehicles, and fences that had previously demarcated DVS's areas have since been removed. NHTSA staff further observed DVS vehicles parked in lot locations that were not, at the time, designated for DVS vehicles. These issues raise concerns about whether DVS is complying with the requirements for properly storing, modifying, and certifying vehicles, and the mandatory waiting period.

As the above require further investigation and evaluation, the Consent Order is now extended until November 16, 2024. NHTSA's Import and Certification Division will address with you in further detail the Agency's expectations for the remainder of the Consent Order term.

Given the nature of the issues identified by the Agency that warrant this extension, DVS is reminded that the Consent Order includes a revocation of DVS's Registered Importer

registration that is currently held in abeyance “pending DVS’s satisfactory completion, as reasonably determined by NHTSA, of the requirements of [the] Consent Order and compliance with the Safety Act and regulations thereunder.” *Id.* ¶ 26(a). The Consent Order similarly includes a civil penalty that is currently held in abeyance. *Id.* ¶ 28(b). Should the Agency’s ongoing investigation and evaluation substantiate that DVS materially violated the Safety Act, the regulations thereunder, or the terms of the Consent Order, NHTSA intends to begin the formal process of invoking abeyance revocation and/or penalties, as described in Paragraph 31 of the Consent Order.

If there are any questions concerning this matter, please feel free to contact Stephen Hench, Office of the Chief Counsel, via email at stephen.hench@dot.gov.

Sincerely,

Ann Carlson
Acting Administrator

cc: Michael Moon, Counsel for Diversified Vehicle Services
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