

program in accordance with 23 CFR 172.5(c)(10), then develop written risk-based oversight procedures designed to provide reasonable assurance of consultant compliance with the Federal cost principles in accordance with 23 CFR 172.11(c)(2). The use of the Safe Harbor indirect cost rate is voluntary for both the contracting agency and for eligible firms. In reviewing the eligibility of a consulting firm opting to use the Safe Harbor indirect cost rate, it may be necessary to contact the State DOT in the home State of the consulting firm to verify the audit history of the firm and ensure the firm does not have an audited or otherwise accepted indirect cost rate developed in accordance with the Federal cost principles. Some evaluation of the accounting system of the consulting firms choosing to use the Safe Harbor indirect cost rate may be necessary to verify the capability of accumulating and tracking direct labor for applying the Safe Harbor indirect cost rate, as well as for billing other direct costs by contract, segregating indirect costs, etc. The Internal Control Questionnaire provided in Appendix B of the *AASHTO Uniform Audit and Accounting Guide (2016 Edition)* may be used by contracting agencies as a tool for assessing the accounting system capabilities of firms opting to use the Safe Harbor indirect cost rate. A contracting agency may wish to conduct post contract audits or other evaluations to verify accurate accumulation and billing of direct contract costs. However, an audit of indirect costs is not necessary for Safe Harbor indirect cost rate contracts, as the rate should be applied for the duration of the contract, and retroactive adjustments to indirect costs incurred on these contracts is not necessary.

The FHWA Division Office will serve as the primary point of contact and liaison for the contracting agency. The FHWA Division Offices also will monitor the respective contracting agency's use of the Safe Harbor indirect cost rate in accordance with the approved, written risk-based oversight procedures.

Contracting agencies using FAHP funds must comply with all Federal, State, and local laws and regulations to remain eligible for reimbursement.

This guidance is not legally binding in its own right and will not be relied upon by the Department as a separate basis for affirmative enforcement action or other administrative penalty. Conformity with this guidance document is voluntary only, and nonconformity will not affect rights and

obligations under existing statutes and regulations.

Issued on: June 13, 2019.

Nicole R. Nason,

Administrator, Federal Highway Administration.

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DEPARTMENT OF TRANSPORTATION

National Highway Traffic Safety Administration

[Docket No. NHTSA-2018-0082; Notice 1]

Yokohama Tire Corporation, Receipt of Petition for Decision of Inconsequential Noncompliance

AGENCY: National Highway Traffic Safety Administration (NHTSA), Department of Transportation (DOT).

ACTION: Receipt of petition.

SUMMARY: Yokohama Tire Corporation (YTC) has determined that certain Yokohama RY023 brand replacement commercial tires do not fully comply with Federal Motor Vehicle Safety Standard (FMVSS) No. 119, *New Pneumatic Tires for Motor Vehicles with a GVWR of more than 4,536 kilograms (10,000 lbs) and Motorcycles*. YTC filed a noncompliance report dated July 12, 2018. YTC subsequently petitioned NHTSA on July 31, 2018, and submitted a supplemental petition on February 6, 2019, for a decision that the subject noncompliance is inconsequential as it relates to motor vehicle safety. This document announces receipt of YTC's petition.

DATES: The closing date for comments on the petition is July 22, 2019.

ADDRESSES: Interested persons are invited to submit written data, views, and arguments on this petition. Comments must refer to the docket and notice number cited in the title of this notice and submitted by any of the following methods:

- **Mail:** Send comments by mail addressed to the U.S. Department of Transportation, Docket Operations, M-30, West Building Ground Floor, Room W12-140, 1200 New Jersey Avenue SE, Washington, DC 20590.

- **Hand Delivery:** Deliver comments by hand to the U.S. Department of Transportation, Docket Operations, M-30, West Building Ground Floor, Room W12-140, 1200 New Jersey Avenue SE, Washington, DC 20590. The Docket Section is open on weekdays from 10 a.m. to 5 p.m. except for Federal Holidays.

- **Electronically:** Submit comments electronically by logging onto the Federal Docket Management System (FDMS) website at <https://www.regulations.gov/>. Follow the online instructions for submitting comments.
- Comments may also be faxed to (202) 493-2251.

Comments must be written in the English language, and be no greater than 15 pages in length, although there is no limit to the length of necessary attachments to the comments. If comments are submitted in hard copy form, please ensure that two copies are provided. If you wish to receive confirmation that comments you have submitted by mail were received, please enclose a stamped, self-addressed postcard with the comments. Note that all comments received will be posted without change to https://www.regulations.gov, including any personal information provided.

All comments and supporting materials received before the close of business on the closing date indicated above will be filed in the docket and will be considered. All comments and supporting materials received after the closing date will also be filed and will be considered to the fullest extent possible.

When the petition is granted or denied, notice of the decision will also be published in the **Federal Register** pursuant to the authority indicated at the end of this notice.

All comments, background documentation, and supporting materials submitted to the docket may be viewed by anyone at the address and times given above. The documents may also be viewed on the internet at https://www.regulations.gov by following the online instructions for accessing the dockets. The docket ID number for this petition is shown in the heading of this notice.

DOT's complete Privacy Act Statement is available for review in a **Federal Register** notice published on April 11, 2000, (65 FR 19477-78).

SUPPLEMENTARY INFORMATION:

I. Overview

YTC has determined that certain Yokohama brand RY023 replacement commercial tires do not fully comply with paragraph S6.5(d) and (j) of Federal Motor Vehicle Safety Standard (FMVSS) No. 119, *New Pneumatic Tires for Motor Vehicles with a GVWR of more than 4,536 kilograms (10,000 lbs) and Motorcycles* (49 CFR 571.119). YTC filed a noncompliance report dated July 12, 2018, pursuant to 49 CFR part 573, *Defects and Noncompliance Responsibility and Reports*. YTC

subsequently petitioned NHTSA on July 31, 2018, and submitted a supplemental petition on February 6, 2019, for an exemption from the notification and remedy requirements of 49 U.S.C. Chapter 301 on the basis that this noncompliance is inconsequential as it relates to motor vehicle safety, pursuant to 49 U.S.C. 30118(d) and 30120(h) and 49 CFR part 556, *Exemption for Inconsequential Defect or Noncompliance*.

II. Tires Involved

Approximately 4,704 Yokohama RY023 size 11R22.5 16(LR H) 146/143L commercial tires manufactured between February 2, 2018, and May 17, 2018, are potentially involved.

III. Noncompliance

YTC explains that the noncompliance was due to a mold error in which one sidewall, the serial sidewall, of subject tires incorrectly state the ply rating, load range and load capacity as required by paragraph S6.5(d) and (j) of FMVSS No. 119.

Specifically, the tires were marked:

14 PR LOAD RANGE G
MAX. LOAD SINGLE 2800 kg (6175 lbs)
at 720 kPa (105 psi) COLD
MAX. LOAD DUAL 2650 kg (5840 lbs)
at 720 kPa (105 psi) COLD

When they should have been marked:

16 PR LOAD RANGE H
MAX. LOAD SINGLE 3000 kg (6610 lbs)
at 830 kPa (120 psi) COLD
MAX. LOAD DUAL 2725 kg (6005 lbs)
at 830 kPa (120 psi) COLD

IV. Rule Requirements

Paragraph S6.5(d) and (j) of FMVSS No. 119, includes the requirements relevant to this petition:

- Except as specified in paragraph S6.5, each tire shall be marked on each sidewall with the information specified in paragraphs (a) through (j) of paragraph S6.5.
- The maximum load rating and corresponding inflation pressure of the tire, shown as follows:

(Mark on tires rated for single and dual load): Max load single ____ kg (____ lb) at ____ kPa (____ psi) cold. Max load dual ____ kg (____ lb) at ____ kPa (____ psi) cold.

(Mark on tires rated for only for single load): Max load single ____ kg (____ lb) at ____ kPa (____ psi) cold.

- Markings must contain the letter designating the tire load range.

V. Summary of Petition

YTC described the subject noncompliance and stated its belief that the noncompliance is inconsequential as it relates to motor vehicle safety.

In support of its petition, YTC submitted the following arguments:

1. This Petition concerns Yokohama 11R22.5 16PR RY023 commercial truck and bus replacement tires whose branding information incorrectly states the ply rating, load range and load capacity on one side (serial side) only, while the branding information on the other side (opposite serial side) is correct for the subject tires. Because of this mold branding error, these tires are not in compliance with the tire labeling requirement found in 49 CFR 571.119 S6.5(d) and (j), even though all of these tires were manufactured with the correct ply rating and load range.

2. YTC implemented verification countermeasures to prevent any recurrence of any incorrect tire markings. Further investigation determined that the suspect period ended when the incorrect mold had been removed from production on May 17, 2018, in the 19th production week of 2018. The 764 tires in containment will be repaired before they are sold.

3. Significantly, these tires were manufactured as designed and meet or exceed all applicable Federal motor vehicle safety performance standards. While the sidewall markings are correct on the opposite serial side, the sidewall markings on the serial side understate the construction and capacity of the subject tires. The misbranding of these tires is not a safety concern and also has no impact on the retreading, repairing and recycling industries. The affected tire mold has already been corrected and all future production will have the correct material shown on the sidewall.

4. NHTSA has studied the impact of tire labeling information on safety in the context of its rulemaking efforts under the Transportation Recall Enhancement, Accountability and Documentation (TREAD) Act. YTC stated that NHTSA's analysis concluded that tire construction information on a tire's sidewall is not relied upon by dealers and consumers in the selling or purchasing of tires and has an inconsequential impact on motor vehicle safety. In addition, YTC cited the following petitions that the agency has previously granted for similar noncompliances: *See* Sumitomo Rubber Industries, Grant of Petition for Decision of Inconsequential Noncompliance, 83 FR 13002 (March 26, 2018) and Goodyear Tire & Rubber Co., Grant of Petition for Decision for Inconsequential Noncompliance, 82 FR 18210 (April 17, 2017).

YTC concluded by expressing the belief that the subject noncompliance is inconsequential as it relates to motor vehicle safety, and that its petition to be

exempted from providing notification of the noncompliance, as required by 49 U.S.C. 30118, and a remedy for the noncompliance, as required by 49 U.S.C. 30120, should be granted.

YTC's complete petition and all supporting documents are available by logging onto the Federal Docket Management System (FDMS) website at: <https://www.regulations.gov> and by following the online search instructions to locate the docket number as listed in the title of this notice.

NHTSA notes that the statutory provisions (49 U.S.C. 30118(d) and 30120(h)) that permit manufacturers to file petitions for a determination of inconsequentiality allow NHTSA to exempt manufacturers only from the duties found in sections 30118 and 30120, respectively, to notify owners, purchasers, and dealers of a defect or noncompliance and to remedy the defect or noncompliance. Therefore, any decision on this petition only applies to the subject tires that YTC no longer controlled at the time it determined that the noncompliance existed. However, any decision on this petition does not relieve tire distributors and dealers of the prohibitions on the sale, offer for sale, or introduction or delivery for introduction into interstate commerce of the noncompliant tires under their control after YTC notified them that the subject noncompliance existed.

Authority: 49 U.S.C. 30118, 30120; delegations of authority at 49 CFR 1.95 and 501.8.

Otto G. Matheke III,
Director, Office of Vehicle Safety Compliance.
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DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

Notice of OFAC Sanctions Actions

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Notice.

SUMMARY: The Department of the Treasury's Office of Foreign Assets Control (OFAC) is publishing the names of one or more persons that have been placed on OFAC's Specially Designated Nationals and Blocked Persons List based on OFAC's determination that one or more applicable legal criteria were satisfied. All property and interests in property subject to U.S. jurisdiction of these persons are blocked, and U.S. persons are generally prohibited from engaging in transactions with them.