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LEADER (U.S.)

# Lobbying Campaign Could Seal Fate of Kamen's Hyped Scooter

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Updated March 1, 2002 12:01 a.m. ET

MANCHESTER, N.H. -- Last May, Ron Medford, a senior federal engineer, visited here to inspect the Segway Human Transporter, the much-ballyhooed new motorized scooter with gyroscopic steering. He liked it a lot.

In August, Mr. Medford's bosses at the Consumer Product Safety Commission, relying in part on his analysis, handed the Segway a critical regulatory win. The CPSC defined the big-wheeled device as a "consumer product," a big step in its ambitious quest to overturn local laws banning motorized scooters from sidewalks. And there was more good news for the Segway team: Mr. Medford was so impressed by their handiwork he took a taxpayer-funded sabbatical to assist with a massive lobbying effort aimed at persuading states to pass special laws favoring the Segway.

After one of the most hyped launches of any recent product, the Segway is now locked in a lobbying battle that will help determine the fanciful contraption's fate. "The bad news is if you read any [local] regulation to the letter of the law, it says we don't belong on the sidewalk," says its inventor, Dean Kamen. Existing municipal ordinances that ban motorized conventional scooters from sidewalks also would apply to his invention.

That's why Segway LLC, the company Mr. Kamen set up to market his device, has delayed sales to the general public until the fall, while an army of lobbyists blanket the country, pushing for the new state laws permitting Segways on sidewalks. Company officials concede it is unlikely the transporter will appeal to consumers if it is limited to roads, where people would fear accidents with cars and trucks.

There are other potential roadblocks, as well. Mr. Kamen plans to sell the consumer version of his device for \$3,000 -- a steep premium over the \$200-to-\$600 prices of less-fancy motorized scooters already on the market. The size of that market is also in question. Data on motorized-scooter sales are sparse, but industry leader Zap says it sold only 25,000 last year. An \$8,000 commercial version of the Segway is available, but manufacturers so far haven't bought a single one. Last year, Mr. Kamen's business partner, Robert Tuttle, forecast that 50,000 to 100,000 Segways would sell in 2002.

And while Segway's lobbying campaign is making discernible headway at the federal and state levels, local officials' skepticism in some places remains strong. The device moves at up to 12.5 miles an hour and weighs 65 pounds -- a combination of speed and mass similar to that of conventional motorized scooters.

For the protection of pedestrians, both modes of transport are now banned from sidewalks of cities ranging from tiny Sebastapol, Calif., to New York.

If a Segway "hits a pedestrian, there will be serious damage," says Charles Trainor, chief traffic engineer in Philadelphia, where the Segway also wouldn't be allowed on sidewalks. "I would not be in favor of changing the law," he adds.

The Segway's December introduction couldn't have been splashier. With Mr. Kamen aboard, it rolled across the stage of ABC's "Good Morning America." On NBC's "Tonight Show," host Jay Leno, rock star Sting and actor Russell Crowe took test drives. Mr. Kamen's lofty promise: the Segway would revolutionize transportation by curbing car use and relieving urban congestion.

Known before its launch by the code name "Ginger," the transporter has won enthusiastic endorsements from high-tech superstars Steven Jobs of Apple Computer Inc. and Jeff Bezos of Amazon.com Inc. Investors include Xerox Corp. Chairman Paul Allaire and Vernon R. Loucks Jr., the former chairman of medical-products maker Baxter International Inc. Some of the excitement over the Segway reflects Mr. Kamen's roster of commercially successful inventions. These include the cardiac stent, a device that reduces artery blockages in heart patients, the portable insulin pump for diabetes sufferers and the iBot wheelchair that climbs stairs.

Mr. Kamen is a 50-year-old college dropout who combines a boyish enthusiasm for science with the confidence -- and lifestyle -- of a successful entrepreneur. The Segway is vastly different and safer than electric scooters, he asserts. In fact, he and his team refuse to call their device a scooter. "It's more like a set of magic sneakers," Mr. Kamen says.

The inventor and his 100-employee company are based in Manchester, where his office in a former brick mill is filled with pictures of Albert Einstein. In the boardroom hangs a life-size portrait of Mr. Kamen. He sometimes pilots his helicopter to work and flies his personal jet around the country. He has a 17,867-square-foot home in New Hampshire and vacations on a small island he owns off of Connecticut.

The Segway, for which he has raised at least \$92 million in seed money from the likes of venture capitalists Kleiner Perkins Caufield & Byers, uses a system of computer chip-driven gyroscopes and sensors to mimic the movements of its rider. Standing on a small platform gripping a handlebar, the rider leans forward or backward to move in the desired direction. The device, about four feet tall, has no brake or accelerator. It stops when the user stands straight.

Unlike scooters on the market today, the Segway stops gently when it runs into something and then rolls back slightly, Mr. Kamen says. The damage from a collision with a pedestrian would be no greater than if two people collided at a comparable speed, he says. But the company says it hasn't done any crash testing to support this claim and has only recently begun doing pilot tests under city conditions.

### *'Moral Authority'*

These pilot tests include the company's efforts to build what marketing director Gary Bridge calls "moral authority" for the device by getting police and postal officials in several cities to take highly advertised test drives. In Boston, for example, police officials tooled around downtown at press events staged in early December and on New Year's Eve.

Long before the December launch, Segway officials realized that safety restrictions could pose a problem. A major worry was having the federal government designate the device a "motor vehicle." That would

automatically bar using it on sidewalks nationwide. Instead, the company wanted the Segway defined as a "consumer product," which would help make sidewalk use permissible, depending on state and local law. To improve his chances with regulators, Mr. Kamen hired Eric Rubel, a former general counsel of the CPSC now with the major Washington law firm Arnold & Porter.

At Mr. Kamen's behest, Rep. Charles Bass, a Republican from Segway's headquarters state of New Hampshire, arranged separate meetings last summer in his Capitol Hill office between Segway representatives and officials from the commission and the National Highway Traffic Safety Administration. The meetings came after Rep. Bass had failed to make much progress on legislation he introduced that would mandate a consumer-product designation.

On Aug. 3, NHTSA announced that it had accepted Segway's argument that its device is similar to those of motorized wheelchairs. Since "this agency does not consider motorized wheelchairs to be 'motor vehicles,'" NHTSA said, the Segway wouldn't be subject to its vehicle regulations. NHTSA officials say they made this determination without seeing the machine in person or having access to its technical details.

The CPSC in May had sent its team, led by the engineer, Mr. Medford, to inspect the Segway in Manchester. "It's an extraordinary place," Mr. Medford says, referring in an interview to Mr. Kamen's company. On July 20, Mr. Medford sought his sabbatical to work with Segway. Thereafter, he says, he recused himself from all government work related to the company. On Aug. 14, the commission announced that because the Segway was designed for personal enjoyment, it fit the definition of a consumer product and would be regulated by the CPSC.

Mr. Medford says he hopes his 10-month leave, which began Oct. 25, will let him "learn a little bit about what companies do to bring products to market." He will continue to collect his federal salary under a little-used government-wide program allowing senior federal career employees to sample corporate life. Segway is paying housing costs in New Hampshire for Mr. Medford, who is 53 and has worked for the CPSC for 23 years.

The sabbatical -- the first ever awarded to a CPSC employee, according to the commission -- troubles some consumer advocates. They worry Mr. Medford will favor Segway when he returns to his job in Washington later this year. "It's unusual in that he's working for a company that's going to be regulated by his agency," says Mary Ellen Fise, general counsel of Consumer Federation of America, a Washington-based advocacy group. Mr. Medford says he will have nothing to do with the Segway when he returns to the government.

Generally, consumer advocates are taking a cautious stance on the Segway. Beyond studying where the device should be used, they say government officials should consider mandating lighting and reflectors, potential minimum and maximum age restrictions for riders and even licensing. "There are still some major safety considerations, but I don't think they outweigh the potential benefits of these machines," says Ann Brown, former CPSC chairwoman.

Segway officials are trying to make the most of their interaction with the CPSC. They say in interviews that the company has undergone a successful "safety review" by the commission and has adopted improvements recommended by the CPSC.

But that assertion draws a rebuke from the commission. "We made it clear to the company that neither the CPSC nor the staff was endorsing the product, and we cautioned them against suggesting otherwise," says commission spokeswoman Becky Bailey. The CPSC made only "informal" safety suggestions to the

company, she adds.

Mr. Medford is helping the company gather data for its campaign for special state laws permitting Segways on sidewalks, Mr. Kamen says. The company says it has so far hired lobbyists in all but five states. This legion operates under the direction of Segway employee Brian Toohey, a former U.S. Department of Commerce official and telecommunications lobbyist.

The lobbying drive comes at a time when dozens of states and municipalities have been stiffening restrictions of existing motorized scooters in reaction to an increase in injuries. Conventional scooters resemble a skateboard with a steering stick and began appearing in numbers about three years ago. Suburbs around Chicago have led the way in enacting ordinances that ban them from all public areas. California passed a law that went into effect in 2000 forbidding them from sidewalks.

The number of scooter-related injuries treated in emergency rooms more than tripled to 4,390 in 2000 -- the most recent full year for which results are available from the CPSC. In August, the commission issued a warning urging scooter riders to use caution and protective equipment.

Arguing that their device is more stable and safer, Segway's lobbyists have already persuaded the company's home state of New Hampshire and New Jersey, to enact laws approving of the transporter's use on sidewalks. These laws -- and versions proposed elsewhere -- are supposed to apply only to the Segway and refer to allowing "electric personal assistive mobility devices" that are "self-balancing."

### *Advancing Legislation*

Legislation favoring the company is advancing in a number of other states, including Alabama, Indiana, Virginia, Vermont, Nebraska and Washington. Some of these laws would prevent a city or county from passing its own ordinance banning Segways from sidewalks. Even in states such as New Hampshire and New Jersey, which allow for local restrictions, statewide enactments could give the company extra punch in opposing any hostile local action. "All we're trying to do in any of these legislative efforts is to ensure the day we sell these to consumers they're able to use them in the proper way," says Mr. Toohey,

In Alabama, state Sen. Gerald Dial says he sponsored pro-Segway legislation after his "good friend," Segway lobbyist Jimmy Samford asked him to. "I told him I would be glad to hot rod it," says Sen. Dial. Already approved by the Senate, his bill is before the House and is considered a good bet for enactment. The legislation wouldn't let municipalities supersede the permissive state rule. Sen. Dial says he isn't worried about the Segway's safety, but he does fret that some people who should be walking to exercise will ride a transporter instead.

In Virginia, House Transportation Committee Chairman Jack Rollison says he introduced his pro-Segway bill at the behest of Phil Abraham, a lobbyist and attorney who has served as an adviser to past Govs. Charles Robb and Gerald Baliles. Delegate Rollison says Mr. Abraham was "very helpful in drafting the legislation." The Virginia House and Senate have passed the bill, which is awaiting action by Gov. Mark Warner. The legislation would let localities add some restrictions but not ban the Segway.

The pressure to pass pro-Segway legislation alarms Fred Zwonechek, the administrator of the Nebraska Office of Highway Safety. There, a bill allowing the Segway on sidewalks and some roads has been approved by a committee of the one-house Nebraska legislature. The bill's sponsor, Speaker Doug Kristensen, says he expects it to receive final legislative approval in the next two months. The bill would allow localities to set their own rules.

Mr. Zwonechek says he wishes there would be more "testing and evaluation [to] see how these things work in the real world." Nebraska's city streets are already chaotic, he adds. "You think we have road rage now?" he warns. "I see all kinds of scenarios where" use of the Segway could lead to collisions and confrontations.

Speaker Kristensen, in contrast, says a company-provided videotaped demonstration of the Segway persuaded him that the device is safe. In particular, he praises its ability to pivot quickly, making it easier to navigate than bicycles or existing electric scooters.

Mr. Kristensen says he sponsored the bill after being approached by Segway lobbyist Bill Mueller, whom he has known for years. The lobbyist warned him that if Nebraska didn't pass pro-Segway legislation, residents could be "frozen out" when the device hit the consumer market because the company would be less likely to sell there, Mr. Kristensen recalls. Mr. Mueller declined to comment.

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