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## Did 5 carmakers knowingly use unsafe Takata air bags?

**DETROIT** - Japanese auto parts maker Takata pleaded guilty on Monday to a criminal charge and agreed to pay \$1 billion for a scheme to conceal a deadly defect in millions of its air bag inflators. In addition, plaintiffs in dozens of lawsuits against the air bag maker and five automakers allege the car companies knew that Takata's products were dangerous yet continued to use them for years in order to save money.

Takata admits to hiding problems that can cause inflators to explode with too much force, hurling shrapnel into drivers and passengers. U.S. prosecutors still are seeking extradition of three former Takata executives from Japan to face criminal charges.

Detroit federal Judge George Caram Steeh accepted a guilty plea to a fraud charge Monday. It was entered by the company's chief financial officer, Yoichiro Nomura, on Takata's behalf. Nomura also agreed that Takata will be sold or merge with another company.

Takata has agreed to pay \$850 million in restitution to automakers, \$125 million for victims and families and a \$25 million criminal fine. Separately, the company faces dozens of consumer and state lawsuits that could run into millions of dollars.

The allegations against Honda ([HMC](#)), Toyota ([TM](#)), Ford ([F](#)), Nissan ([NSANY](#)) and BMW were made in a filing Monday with a federal court in Miami, which is handling pretrial evidence-gathering in lawsuits against Takata and the automakers. The filing says documents produced in the case show the auto companies had independent knowledge that Takata's air bag inflators were unsafe before putting them in millions of vehicles.

The allegations came just hours before Takata entered a guilty plea to one criminal charge and agreed to pay a \$1 billion penalty at the hearing in Detroit.

The inflators are blamed for at least 16 deaths worldwide and more than 180 injuries. The problem touched off the largest automotive recall in U.S. history involving 42 million vehicles and up to 69 million inflators.

Unlike most other air bag makers, Takata uses the explosive chemical ammonium nitrate to inflate air bags instantly in a crash. But the chemical can deteriorate when exposed to prolonged airborne moisture.

Monday's filing says that after an inflator ruptured in 2009, one of the auto companies described the problem as "one in which a passenger protection device was transformed into a killing weapon." The company was not identified in the document.

The court filing marks the broadest allegation so far that automakers knew about Takata's problems yet continued to use the inflators and put their customers in danger. The lawyers are trying to counter the auto companies' assertion that they shouldn't be liable because they, too, were deceived by Takata.

“The automotive defendants were aware that rupture after rupture, both during testing and in the field, confirmed how dangerous and defective Takata’s air bags were,” the attorneys allege in the court filing, called a “status report.”

But the automakers have pointed to Takata’s plea agreement, in which the Justice Department says Takata got the car companies to keep buying its inflators “through submission of false and fraudulent reports and other information that concealed the true and accurate test results.”

In addition to the deaths and injuries caused by Takata air bags, lawyers allege that vehicles sold by the automakers declined in value because they kept using the Takata equipment.

The filing Monday includes specific allegations that each of the automakers knew about Takata’s problems:

- Honda, Takata’s largest customer, was intimately involved in designing Takata inflators, and two Takata inflators exploded and ruptured at Honda facilities in 1999 and 2000. “Before Honda initiated its first narrow recall in 2008, at least eight ruptures had occurred in Honda vehicles,” the lawyers allege.
- Toyota had quality concerns about Takata in 2003, the same year that an inflator ruptured at a Toyota testing facility, the document says. At least 15 inflators in Toyotas blew apart by 2014, when the company issued a nationwide recall.
- Ford picked Takata inflators over the objections of its own inflator expert because Takata was apparently the only company that could provide the number of inflators Ford needed, the lawyers wrote. One document obtained through the pretrial process said that Ford had a “gun to its head, so it had to accept ammonium nitrate.”
- Nissan, the document said, switched to Takata inflators “primarily, if not solely” to save about \$4 per inflator. Another automaker told Nissan about the risky inflators in 2006, eight years before Nissan began a national recall, the document said.
- At BMW, documents show the company went to Takata seeking cost savings. As early as 2003, a Takata inflator ruptured in a BMW in Switzerland.

BMW and Nissan said they couldn’t comment on pending litigation. Toyota declined to comment. Honda was preparing a statement. A message was left Monday with Ford.

Takata, which also makes seatbelts, has racked up two straight years of losses over the recalls but said it hopes to start turning a profit again this fiscal year.

Takata’s penalty is small compared with the one imposed on Volkswagen, which must buy back cars and pay up to \$21 billion in penalties and compensation to owners over its emissions-cheating scandal.

Karl Brauer, executive publisher of Kelley Blue Book, said authorities may have kept the penalty manageable so Takata could stay in business and continue to carry out the giant recall.



“My sense is there has been more kid-gloves treatment of Tataka simply because destroying them makes the problem much worse,” Brauer said.