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To: Ms. Angel M. DeFilippo, Esq.

Grieco Oates & DeFilippo, LLC

414 Eagle Rock Avenue West Orange, NJ 07052

973-243-2099

7 June 2012 VIA FEDEX GROUND (1283181-00003629) AND EMAIL Date:

From: Mr. Paul V. Sheridan

> **DDM Consultants** 22357 Columbia Street Dearborn, MI 48124-3431

313-277-5095 pvs6@Cornell.edu

**Subject:** Defense / Discovery Counsel Challenges to Document Origin and Availability

**Reference 1:** David Dillon Deposition of 7 June 2012: Kline v Lomans Auto Group, et al.

Reference 2: The "tell NHTSA to pound sand" memo authored/endorsed by Chrysler Executives

#### **Courtesy Copy List**

The Honorable David L. Strickland

Administrator

NHTSA Headquarters/West Building

1200 New Jersey Avenue, SE

Washington, DC 20590

888-327-4236

Mr. Clarence Ditlow, Director

Center for Auto Safety

Suite 330

1825 Connecticut Ave, NW

Washington, DC 20009-5708

(202) 328-7700

Mr. Russell J. Sacco, Jr.

Suite E

6 Claremont Road

Bernardsville, NJ 07924

908-953-0300

Mr. Sergio Marchionne

Chairman

Chrysler Group LLC 1000 Chrysler Drive

Auburn Hills MI 48321-8004

248-576-5741

Mr. Lawrence Hershman

**NHTSA** Headquarters

West Building

1200 New Jersey Avenue, SE

Washington, DC 20590

888-327-4236

Mr. Courtney E. Morgan, Jr.

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3200 Greenfield Road Dearborn, MI 48120

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22357 Columbia Street Dearborn, MI 48124 313-277-5095 pvsheridan@wowway.com

7 June 2012

By FedEx Ground (1283181-00003629) and Email

Ms. Angel M. DeFilippo, Esq. Grieco Oates & DeFilippo, LLC 414 Eagle Rock Avenue West Orange, NJ 07052 973-243-2099

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#### Dear Ms. DeFilippo:

You have indicated that defense and discovery counsel, who were present at Reference 1, challenged the origins and availability of an exhibit entered into the Kline case record during plaintiff's examination of Mr. David Dillon. Their challenge relates to the "NHTSA pound sand" letter written by Chrysler Vice Chairman Thomas Denomme to Chairman Robert Eaton and President Robert Lutz.

I am confused by this challenge since it is well-known to Chrysler counsel that this Dillon deposition exhibit was part of a series of documents (of similar content and tone) that were presented to the jury in the death case litigation of *Jimenez v. Chrysler Corporation*. It is well-known to Chrysler counsel that I testified over a period of three days in October 1997 as plaintiff's expert in Jimenez, and contributed to a record jury verdict of \$262,500,000.00. This verdict was featured in a <u>front-page article</u> of the Wall Street Journal on November 30 1997.

In other words, the subject documents, which depict what many consider criminal activity on the part of Chrysler executive management and their defense counsel, have been notoriously public for over 14 years.

By way of background, and exemplifying the true status of the exhibit, NHTSA had reported to Chrysler executives the following on November 17, 1994:

#### "The latch failure is a safety defect that involves children."

It is well-known that the exhibit that Chrysler counsel is now feigning as "confidential" was featured on a prime-time *CBS Evening News* program. I am enclosing a DVD copy of that broadcast of January 7, 1998. In that nationally televised program, *CBS News* anchor Anthony Mason quoted paragraph 9 of that exhibit; documenting the secret Chrysler plan regarding the NHTSA "safety defect" report quoted above:

### "If we (Chrysler) want to use political pressure to try to squash a (NHTSA) recall letter, we need to go now."

A superficial and/or trivial analysis of this historical information might render it off-point. But, as the real world has once-again demonstrated, this managerial historical behavior with-respect-to safety is directly relevant to the Kline litigation, the defective fuel system of the 1993 through 2004 Jeep Grand Cherokees, and the current NHTSA PE-100-31 investigation into the latter (Please see 'Conclusion' below).

You have indicated that defense and discovery counsel, who were present at Reference 1, also challenged the "sharing" of this Dillon deposition exhibit. That is absurd.

Attachment F - Tab 16 is attached. This is unchanged from my original expert report of 6 December 2009. Due to case record changes, case rulings, defense expert report inclusions, mid-stream replacement of defense counsel by defendant Loman, etc., I have reacted in-kind and on-point with updates to my report. However, at no time has Attachment F - Tab 16 been deleted or revised in any way.

During plaintiff's examination of Mr. Clarence Ditlow on 31 May 2012, defense counsel openly boasted that he had Attachment F - Tab 16. Touting his iPad, Mr. Chris Fusco declared, "I have the entire case right here!" In other words, the very same defense counsel, that is challenging the origins and availability of an exhibit, had, one week earlier, openly confirmed his knowledge of the origins and availability of that exhibit . . . as well as its "sharing."

#### Conclusion: Relevance of Dillon Deposition Exhibit to Kline and NHTSA Investigation PE-100-31



Given prior criminal behavior during NHTSA safety defect investigations, it is predictable that Chrysler would object to inclusion of the "NHTSA pound sand" exhibit into the Kline record. Again, this historical behavior is also relevant to the Kline litigation, as well as to the NHTSA fuel system defect investigation of the Jeep Grand Cherokee.

Pictured at right is 4-year-old Remington Cole Walden. The details of his fire-death in a Jeep Grand Cherokee on 6 March 2012 are too horrific to document here. But Remington's death can be directly connected to the historical behavior documented in the "NHTSA pound sand" exhibit.

Specifically, paraphrasing the 1994 NHTSA quote above, the Jeep Grand Cherokee fuel system failure is a safety defect that involves children . . .

It should be noted that the executive vice president that has been deposed in Kline, and was responsible for the design and production of the Jeep Grand Cherokee, was also central to the internal Chrysler meetings and discussions as documented in the "NHTSA pound sand" exhibit.

Respectfully,

Paul V. Sheridan

Enclosures: DVD copy of CBS Evening News program of January 7, 1998.

Attachment F - Tab 16 from Paul V. Sheridan expert report of 6 December 2009

#### **Attachment 1**

Ms. Angel M. DeFilippo, Esq. 7 June 2012

Subject: Defense / Discovery Counsel Challenges to Document Origin and Availability Reference 1: David Dillon Deposition of 7 June 2012: Kline v Lomans Auto Group, et al.

Reference 2: The "tell NHTSA to pound sand" memo authored/endorsed by Chrysler Executives

DVD copy of CBS News Program "Eye on America" of November 7, 1998 (included with hard copy)

Video link here: <a href="http://www.youtube.com/watch?v=Fp19qR\_juOg">http://www.youtube.com/watch?v=Fp19qR\_juOg</a>

#### **Attachment 2**

Ms. Angel M. DeFilippo, Esq. 7 June 2012

Subject: Defense / Discovery Counsel Challenges to Document Origin and Availability Reference 1: David Dillon Deposition of 7 June 2012: Kline v Lomans Auto Group, et al.

Reference 2: The "tell NHTSA to pound sand" memo authored/endorsed by Chrysler Executives

Attachment F - Tab 16 unchanged from Paul V. Sheridan original expert report of 6 December 2009, includes the "*tell NHTSA to pound sand*" memo authored/endorsed by Chrysler Executives.

#### **ATTACHMENT F**

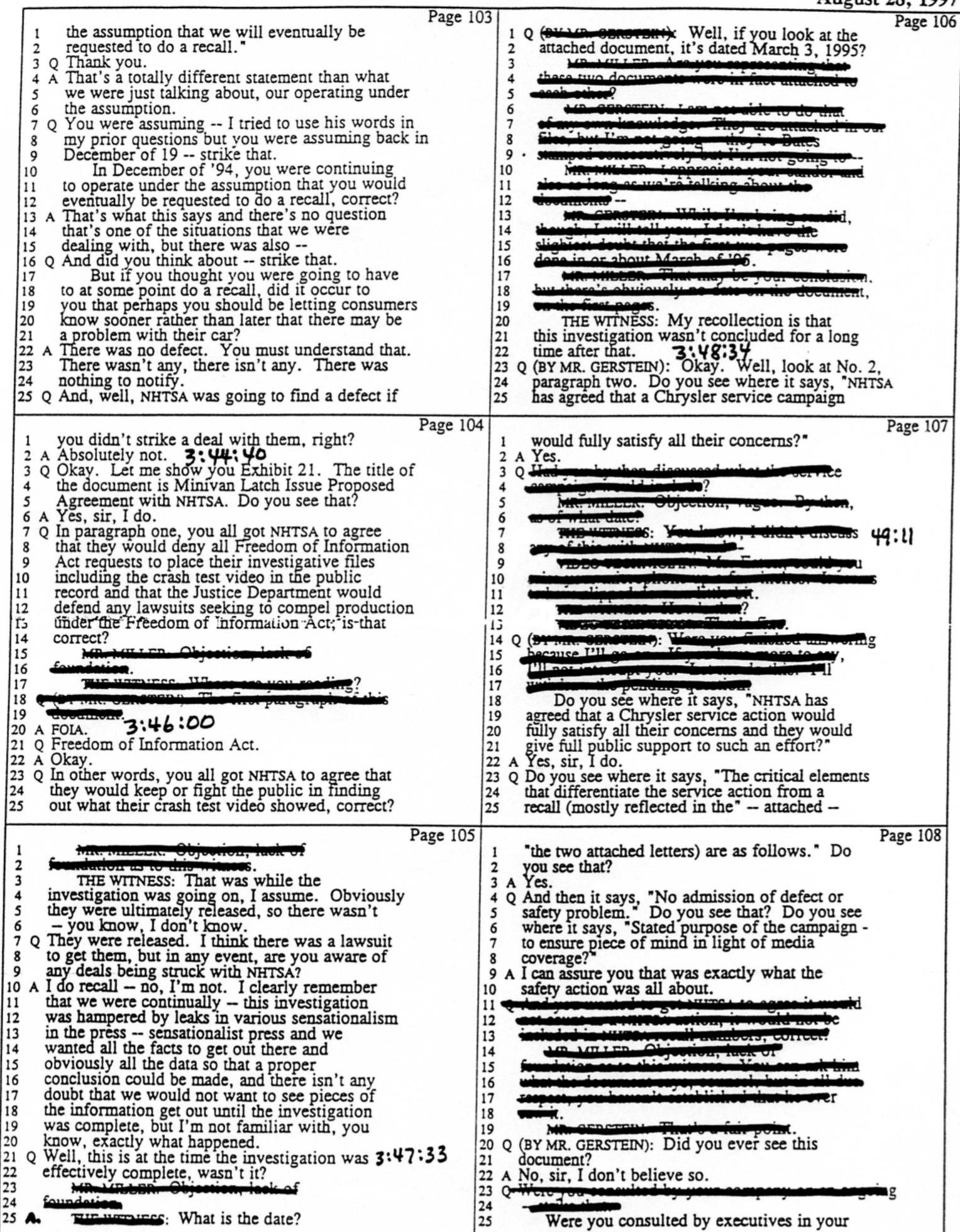
#### **EXPERT WITNESS REPORT**

Kline v. Loman Auto Group, Victoria Morgan-Alcala, et al.

T A B

16

Jimenez, et al. vs. Chrysler Robert J. Eaton August 28, 1997 Freelance Court Reporters (810) 779-1800





Robert J Eaton

The Honorable John D. Dingell
House Commerce Committee
2125 Rayburn House Office Building
U. S. House of Representatives
Washington, DC 20515

Dear Congressman Dingell:



I want to thank you for your personal involvement on behalf of Chrysler and other auto manufacturers regarding the NHTSA defect investigation process. I believe your oversight of NHTSA has played a significant role in causing NHTSA to alter its mindset as well as its processes in its handling of complex safety investigations. We at Chrysler intend to continue to speak out on this issue and hope you will continue your probing for an improved investigatory process.

I also want to provide you some insight on our recent decision on the miniman latch issue. As you are no doubt aware, with great reluctance we decided on March 27 to initiate a service campaign for our miniman owners, offering them a replacement rear door latch for model years 1984 through 1994. This decision was based splely on our determination that Chrysler miniman owners had become so misled by outrageous media sensationalism of this issue that further delay in adjudicating this investigation with NHTSA would be harmful to the company. It became necessary to put customer concerns first over our absolute insistence that no safety issue actually exists.

I have neve: doubted that NHTSA's evaluation of the facts in this matter would eventually conclude in their closing the case without an adverse finding. But to reach that conclusion would take many more months during which our exposure to continuing media barrages would not be abated.

It is regrettable that the NHTSA investigative process is wholly deficient in protecting the rights and reputations of manufacturers where there are: (1) large numbers of vehicles involved; (2) complicated technical issues; and (3) post facto and subjective determinations by NHTSA of on-road crashworthiness safety performance. I want to assure you that Chrysler will work diligently for changes to bring fairness to this system. I hope you will continue your invaluable oversight efforts to that end.

Thank you again for your support.

Extign EXHIBIT NO. 25 8-28-97 M. MOORE Sincerely,

TD000090



Robert J Eaton
Charman of the Board
Chief Executive Citizen

March 30, 1995

The Honorable Michael G. Oxley
Chairman-Subcommittee on Commerce,
Trade and Hazardous Materials
House Commerce Committee
2125 Rayburn House Office Building
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

I want to thank you for your personal involvement on behalf of Chrysler and other auto manufacturers regarding the NHTSA defect investigation process. I believe your oversight of NHTSA has played a significant role in causing NHTSA to alter its mindset as well as its processes in its handling of complex safety investigations. We at Chrysler intend to continue to speak out on this issue and hope you will continue your probing for an improved investigatory process.

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I have never doubted that NHTSA's evaluation of the facts in this matter would eventually conclude in their closing the case without an adverse finding. But to reach that conclusion would take many more months during which our exposure to continuing media barrages would not be abated.

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Thank you again for your support.

EXHIBIT NO.36
EXHIBIT NO.36

Singerely,

Chrysler Corporation

TD000089

G. DENOMME December 13, 1994 R. J. Eaton R. Boltz **Castaing** R. Cunningham D. E. Dawkins H. Goldfarb S. J. Harris T. J. Kowaleski A. C. Liebler C. P. Theodore
G. C. Valade Attached is the agenda for the Minivan Latch meeting . scheduled for 3 p.m. today in the Keller Building Conference Room A. /bw Eaton Post-It brand fax transmittal memo 7671 | s of peges > 8 Dept Phone f Fax ! 8-776-1947

REDACTED DOCUMENT

MINIVAN LATCH ISSUES AGENDA

DECEMBER 13, 1994

Topic	Discussion Leader	Time
Opening Comments	Denomme	5 minutes
Update Since Last Meeting	Dawkins/Goldfarb	10 minutes
Report on Latch Status for Field Campaign	Theodore	10 minutes
		,0
Review of Communications Plans for a NHTSA Confrontation	Liebler	30 minutes
Review of Focus Group Research	Liebler .	) \ 10 minutes
Discussion of Combined Offer to Replace/ Confrontation Strategy	Denomme	10 minutes
Political Strategy	Liberatore	10 minutes
Business Decision	Group	20 minutes
	1 hour	, 50 minutes
12/13/94		

TH002785

T. G. DENOMME December 9, 1994 R. J. Eaton R. A. Lutz Re Point #1 ... we've been talking to The Detroit News today re holding their latch story. Bud has worked out an arrangement whereby they will not run the story this weekend and we will agree to give them a one-day lead if we decide to do a customer-friendly action only (a voluntary recall). If we decide to take on NHTSA, they understand that we will need to involve all media in that decision. It should be noted, however, that if there are more leaks, or someone else breaks this story, then the News will go with theirs. TGD:bw

Confidential and Privileged

T. G. DENOMME

DOCUMENT.

December 9, 1994

R. J. Eaton

R. A. Lutz

MINIVAN LATCH MEETING

A preview of next Tuesday's meeting:

- 1. Bad News ... Yesterday we received a call from Bryan Gruley (Detroit News Washington Bureau) who told us he and Bill Vlasic are working on a story for this weekend on the "raging debate within Chrysler on whether to recall the vans or take on NHTSA". This story, which may go on the Gannett wire (USA Today) will generate customer and dealer concerns, and could force NHTSA to dig in. Don't know the source, but the fact that their Washington Bureau got on it suggests either a NHTSA or a Consumer Advocacy source.
- 2. NHTSA Situation ... There was little discussion on our technical presentation last Monday. The consensus is that the new data we presented has bought us a little time ... there will probably be another technical session to discuss NHTSA's reaction to our data ... but it's unlikely we have changed their minds. Accordingly, we will continue to operate under the assumption that we will eventually be requested to do a recall.
- 3. Latch Fix ... Chris Theodore will update us. Because we have chosen not to contact external suppliers, our cost/timing estimates are very rough. But Chris will likely report that we could have some quantity of latches available for '91 to '94 models by early spring, and the new latch for the pre-'91 models in about nine months. I do not know where we stand on costs.
- 4. Take On NHTSA Strategy ... Tom Kowaleski will take us through a "script" for a media conference laying out our case. Bud Liebler will review the ads developed in conjunction with a decision to fight a recall. We will also review dealer/customer communication materials.
- 5. Research ... We are doing some focus group testing of the take-on-NHTSA approach. No one has seen the results yet, but early indicators are that customers "tune out" statistical arguments about accidents, fatalities, latch pull tests, etc., and focus on "what's Chrysler going to do to address customer concerns". There is no doubt that Chrysler has a special image and relationship with minivan customers when it comes to safety.
- 6. A Third Approach ... In addition to the voluntary recall path and the take-on-NHTSA path, a third path melding elements of a voluntary recall and a take-on-NHTSA approach will be discussed. Essentially, we would seize the high ground by going out with an offer to replace the latch for any of our owners who request a replacement (note this wording ... it is much softer and less urgent than the language NHTSA insists on under their recall procedure) and, at the same time, tell NHTSA to "pound-sand". The obvious benefit of this approach is that we address our customer concerns without admitting to a defect (because there is no defect) and simultaneously engage NHTSA in the fight over principle.



cases under investigation by NHTSA, including minivan brakes, that we need to keep in mind before we engage them in a fight.

7.

- 8. Recommendations ... There continues to be a divided house on what we should do once we know that NHTSA will send us a letter.
  - Sales/Marketing ... Wants us to address customer/dealer concerns and prefers a voluntary field campaign to a public fight on principle.
  - e Public Relations ... Agrees with Sales.
  - Engineering ... Prefers we take on NHTSA.
  - Regulatory Affairs ... Prefers we take on NHTSA (but is supportive of the third alternative described in point \$5)
  - Washington Office ... but also sees some advantages to the third alternative.
- 9. Final Point ... Rob Liberatore makes the point that, regardless of what course of action we take, we should mount an aggressive effort in Washington to prevent the adverse use of bureaucratic power within NHTSA, specifically their funding from Congress, the process which allows NHTSA to design tests for the public record that play to the media and trial lawyers before ruling on a defect, the lack of objective criteria in determining whether a recall request is to be made, and the very fact that they can request a recall before establishing that a defect exists. I could not agree more.

If we want to use political pressure to try to squash a recall letter, we need to go now. We cannot expect to be successful if we don't activate until we are officially notified that a letter is coming. Of course, the risk of early action is that it may preclude NHTSA from exercising a close-the-case option.

T. G. Denomme

TGD:bw

#### FREE AT NEWSSTANDS

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# Oakland Tech News

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VOL. 13, NO. 9

OAKLAND COUNTY'S AUTO INDUSTRY AND BUSINESS NEWSPAPER

MARCH 6, 1995

## **CUSTOM FIT**

The Detroit Transportation Club hosted a U.S. Customs Service Special Agent at their February luncheon — he spoke on customs fraud, its application to shippers and the responsibilities of all parties involved.

See CUSTOMS, page 2 ➤

### DEALERSHIP LOYALTY

Along with improved customer satisfaction, that's what Chevrolet is trying to promote with its new Career Builders program that honors salespeople who stay at dealerships for more than three years.

See CHEVROLET, page 6 ➤

## MOTOWN HOEDOWN

The Motown Museum hosted its annual fund-raising dinner and dance last week to help with renovation of the old Hitsville USA studio on West Grand Boulevard in Detroit's New Center Area.

See PARTY, page 6 ➤

## **CLEAN AND CLEAR**

Orbital Engine Co. has long said it would provide automakers with an alternative to the four-stroke engine with its two-stroke, however, U.S. emissions standards have stood in the way of the in-

## EATON ATTACKS FEDERAL REGULATIONS

By Scott Roush Staff Writer

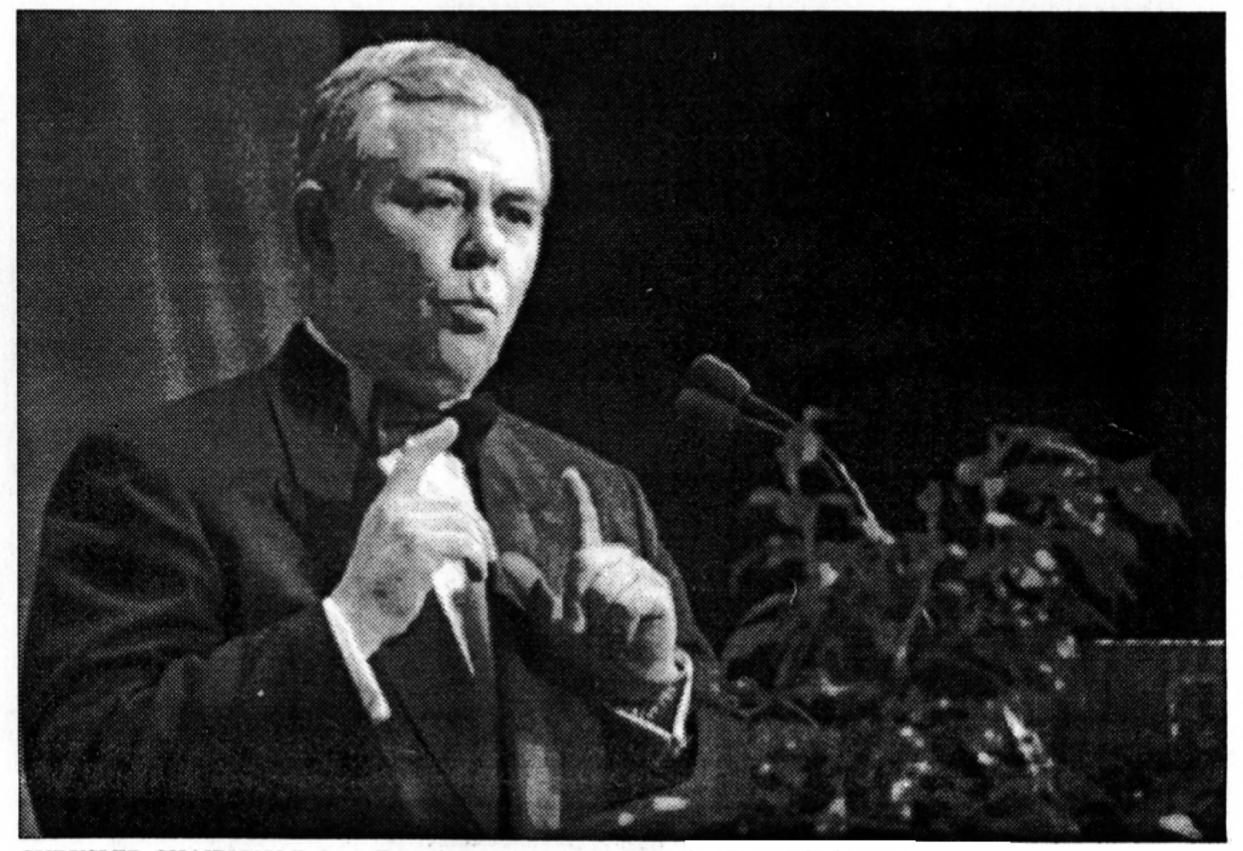
Chrysler Corp.'s Chairman Robert Eaton wrapped up the 1995 SAE International Congress and Expo with a speech that criticized the federal government for regulations stifling the growth of the auto industry.

From voluntary recalls and workplace streamlining to the average cost of today's vehicle, Eaton questioned the government's role in regulating business during his "Engineering for Value" presentation.

But Eaton did approve of what some of the government is doing. The Chrysler boss praised House Speaker Newt Gingrich and other Republicans' attempts to reduce some of the bureaucracy in Washington through the "Contract with America."

Eaton discussed how the automotive industry has reduced its workforce since 1950 and how the federal government has failed to reduced its workforce over the same time period. This, according

See EATON, page 4 ➤



CHRYSLER CHAIRMAN Robert Eaton's speech at the SAE Congress and Expo banquet at Cobo Center was critical of the number of industry regulations coming from Washington.

noon -1 p.m. Call (810) 370-3574.

QUALITY WORKSHOPS A nine-week workshop, Improving Productivity Through Statistical Quality Control, starts March 20, from 6 -9 p.m. at Oakland University. Another workshop at OU, Improving Customer Satisfaction Through Process Control and Quality Planning, starts March 21 from 6 -9 p.m. Call (810) 370-3120.

"LOVE LETTERS" St. Dunstan's Guild of Cranbrook presents "Love Letters" by A. R. Gurney March 10, 11, 17 and 18. This performance piece delivers letters exchanged over a lifetime between two people who grew up together, went their separate ways but continued to share confidences. The show starts at 8 p.m. in St. Dunstan's Playhouse in Bloomfield Hills. Call (810) 644-0527.

VOLUNTEERS NEEDED The Oakland County Retired and Senior Volunteer Program (RSVP) seeks volunteers 55 years and older to become involved with community agencies who need assistance. Varied opportunities are available at schools, hospitals, libraries, human service agencies, and cultural institutions throughout Oakland County. Contact Linda Kaniewski at (810) 333-3716 ext. 115.

CHILD SAFETY "Northwest Troy Partnership Talks Safety" will be presented March 8, 7 -9 p.m. at Hamilton Elementary School on Northfield Parkway in Troy. Presentations by members of the Troy Police Department will include: home security, bike safety, how to use your police department, K-9 officers, child safety and personal safety. Admission is free. Call (810) 740-0431.

MUSICAL CELEBRATION Inspired by stories from and about the AIDS Memorial Quilt, "Quilt, A Musical Celebration" fills the theater with images of laughing, living, leave-taking and love. The show takes the stage March 10 and runs for three consecutive weekends. Cal (810) 370-3013.

CANCER PROGRAM Crittenton Hospital in Rochester and the American Cancer Society are sponsoring a fourweek "I Can Cope" program that began Feb. 22 and continues for four consecutive weeks. "I Can Cope" will be

clude Peter Bewrchy, Richard Falck and Davis Senatore, financial consultants. The seminars will take place at the Columbia Center in Troy across from the Troy Marriott. Call (810) 227-1931.

"ROYAL TOMBS OF SIPAN" This heralded exhibit will be on display at the Detroit Institute of Arts from now through April 30. Tomb robbers unearthed treasures from a pyramid near Sipan, Peru, and flooded the international art market with gold and silver artifacts. The exhibit features exquisite gold and silver jewelry, semi-precious stones and other artifacts excavated from the richest tombs ever explored in the Americas. Call (313) 833-2323.

BIRDS OF PREY Join an expert ornithologist for a talk featuring live Michigan wildlife March 14, 7 -8 p.m., at Edsel and Eleanor Ford House. Special guests could include a Barn Owl, Red-tailed Hawk and American Eagle, among others. Suitable for adults and children 6 and older. Admission is \$3. Call (313) 884-4222.

AUTOMOTIVE MAGNESIUM The International Magnesium Association is sponsoring an educational seminar on magnesium in automotive applications, Apr. 4, 8 a.m. -4 p.m., at Laurel Manor, 39000 Schoolcraft in Livonia. There is no charge for attending the seminar. Form reservations call (703) 442-8888.

RAPID PROTOTYPING Register now for the Rapid Prototyping & Manufacturing '95 Conference and Exhibition, May 2 -4, at the Hyatt Regency in Dearborn. The event, sponsored by the Society of Manufacturing Engineers, will feature 60 exhibitors and 40 conference presentations. Keynote speaker is Mary L. Good, undersecretary of technology at the U.S. Department of Commerce. For more information call 1-800-733-4763.

of Michigan-Dearborn's Center for Corporate and Professional Development helps you update your managing skills. The CCPD will be offering a course on "Diversity: Awareness & Understanding" March 20 and 21, 8 a.m. -5 p.m. The cost for this interesting program is \$536 per person. Call

## Eaton Says Governmental Regulations Negatively Impact Industry's Progress

From page 1

to Eaton, just one way the auto industry has streamlined and the government hasn't.

In 1978, the auto industry was at its peak employment at 1 million workers. That same year the federal government employed 2.8 million civilians. "Today the automotive industry has reduced its workforce to 575,000," he said. "What happened to those 2.8 million federal employees in the meantime? They grew by 100,000 (almost the size of Chrysler Corp.)."

Eaton also talked about process.

"We figured out a few years ago that managing the process makes a lot more sense than just trying to manage the outcome," he said. "That's how we cut our workforce so much and got so productive."

Eaton continued by saying that no industry is more heavily regulated than the auto industry. He added that because the industry is so visible, there is no better target when the government pursues a crusade like voluntary recall.

Voluntary recall is negative for the industry, Eaton said, because of the bad public relations that go with a product recall.

"If you do what the government asks you to do, in the eyes of the public you must have a faulty product," he said. He referred to the dispute General Motors had concerning its pickup trucks as a prime example of where the au-

tomaker faces a no-win situation in public opinion.

Chrysler might be in a similar situation with one of its vehicles. Reports have criticized the car company for flawed rear door latches on its best-selling minivans from 1985 -94.

"The cost and the risk of delying them are too great for many
companies to even contemplate,"
Eaton said of the agencies who
regulate the industry.

Regardless, today's auto workers are more productive than in the past because of better management according to Eaton. In 1978, the industry produced 13 vehicles per employee. This year that figure is 21 vehicles per employee.

"We can continue this process," Eaton said of the improved production.

The federal government announced that the average price of a 1995 vehicle rose to approximately \$20,000. Eaton said the government failed to include incentives when it calculated those figures, but that number could soon be reached due to government regulations.

"The public mood is decidedly anti-Washington, and that means the appetite for more rules and regulations is just about gone," Eaton said.

The auto industry itself needs to improve the affordability of cars, but with governmental interference it will be difficult to promote "Engineering for Value" according to Eaton.

"The future profits have to come from the product instead of the customer," he said. "Costs have to be engineered out, and they have to come out without compromising product integrity."



#### **END OF DOCUMENT**

Ms. Angel M. DeFilippo, Esq. 7 June 2012

Subject: Defense / Discovery Counsel Challenges to Document Origin and Availability Reference 1: David Dillon Deposition of 7 June 2012: Kline v Lomans Auto Group, et al.

Reference 2: The "tell NHTSA to pound sand" memo authored/endorsed by Chrysler Executives