

Jimenez, et al. vs. Chrysler

Robert J. Eaton

August 28, 1997

Freelance Court Reporters (810) 779-1800

1 the assumption that we will eventually be
2 requested to do a recall."
3 Q Thank you.
4 A That's a totally different statement than what
5 we were just talking about, our operating under
6 the assumption.
7 Q You were assuming -- I tried to use his words in
8 my prior questions but you were assuming back in
9 December of '94 -- strike that.
10 In December of '94, you were continuing
11 to operate under the assumption that you would
12 eventually be requested to do a recall, correct?
13 A That's what this says and there's no question
14 that's one of the situations that we were
15 dealing with, but there was also --
16 Q And did you think about -- strike that.
17 But if you thought you were going to have
18 to at some point do a recall, did it occur to
19 you that perhaps you should be letting consumers
20 know sooner rather than later that there may be
21 a problem with their car?
22 A There was no defect. You must understand that.
23 There wasn't any, there isn't any. There was
24 nothing to notify.
25 Q And, well, NHTSA was going to find a defect if

1 Q (BY MR. GERSTEIN): Well, if you look at the
2 attached document, it's dated March 3, 1995?
3 ~~MR. MILLER: Are you representing that~~
4 ~~these two documents were in fact attached to~~
5 ~~each other?~~
6 ~~MR. GERSTEIN: I am not able to do that~~
7 ~~of my own knowledge. They are attached in our~~
8 ~~files, but I'm not going to say they're dated~~
9 ~~stamped consecutively, but I'm not going to~~
10 ~~MR. MILLER: I appreciate your candor and~~
11 ~~as long as we're talking about the~~
12 ~~documents --~~
13 ~~MR. GERSTEIN: While I'm being candid,~~
14 ~~though, I will tell you, I don't have the~~
15 ~~slightest doubt that the first two pages were~~
16 ~~done in or about March of '95.~~
17 ~~MR. MILLER: That may be your conclusion,~~
18 ~~but there's obviously no date on the document,~~
19 ~~on the first page.~~
20 THE WITNESS: My recollection is that
21 this investigation wasn't concluded for a long
22 time after that. 3:48:34
23 Q (BY MR. GERSTEIN): Okay. Well, look at No. 2,
24 paragraph two. Do you see where it says, "NHTSA
25 has agreed that a Chrysler service campaign

1 you didn't strike a deal with them, right?
2 A Absolutely not. 3:44:40
3 Q Okay. Let me show you Exhibit 21. The title of
4 the document is Minivan Latch Issue Proposed
5 Agreement with NHTSA. Do you see that?
6 A Yes, sir, I do.
7 Q In paragraph one, you all got NHTSA to agree
8 that they would deny all Freedom of Information
9 Act requests to place their investigative files
10 including the crash test video in the public
11 record and that the Justice Department would
12 defend any lawsuits seeking to compel production
13 under the Freedom of Information Act; is that
14 correct?
15 ~~MR. MILLER: Objection, lack of~~
16 ~~foundation.~~
17 ~~THE WITNESS: If you are now reading?~~
18 ~~(BY MR. GERSTEIN): The first paragraph of this~~
19 ~~document.~~ 3:46:00
20 A FOIA.
21 Q Freedom of Information Act.
22 A Okay.
23 Q In other words, you all got NHTSA to agree that
24 they would keep or fight the public in finding
25 out what their crash test video showed, correct?

1 would fully satisfy all their concerns?"
2 A Yes.
3 Q ~~Had you then discussed what the service~~
4 ~~campaign would include?~~
5 ~~MR. MILLER: Objection, vague. Dyston,~~
6 ~~as of what date.~~
7 ~~THE WITNESS: You know, I didn't discuss~~ 49:11
8 ~~any of this with anyone.~~
9 ~~VIDEO COMMENTER: Mr. Miller, could you~~
10 ~~microphone up your witness?~~
11 ~~microphone up your witness?~~
12 ~~microphone up your witness?~~
13 ~~microphone up your witness?~~
14 Q (BY MR. GERSTEIN): Were you finished answering
15 because I'll go on. If you have more to say,
16 I'll not interrupt you. I believe that I'll
17 continue the pending question.
18 Do you see where it says, "NHTSA has
19 agreed that a Chrysler service action would
20 fully satisfy all their concerns and they would
21 give full public support to such an effort?"
22 A Yes, sir, I do.
23 Q Do you see where it says, "The critical elements
24 that differentiate the service action from a
25 recall (mostly reflected in the" -- attached --

1 ~~MR. MILLER: Objection, lack of~~
2 ~~foundation as to this witness.~~
3 THE WITNESS: That was while the
4 investigation was going on, I assume. Obviously
5 they were ultimately released, so there wasn't
6 -- you know, I don't know.
7 Q They were released. I think there was a lawsuit
8 to get them, but in any event, are you aware of
9 any deals being struck with NHTSA?
10 A I do recall -- no, I'm not. I clearly remember
11 that we were continually -- this investigation
12 was hampered by leaks in various sensationalism
13 in the press -- sensationalist press and we
14 wanted all the facts to get out there and
15 obviously all the data so that a proper
16 conclusion could be made, and there isn't any
17 doubt that we would not want to see pieces of
18 the information get out until the investigation
19 was complete, but I'm not familiar with, you
20 know, exactly what happened.
21 Q Well, this is at the time the investigation was 3:47:33
22 effectively complete, wasn't it?
23 ~~MR. MILLER: Objection, lack of~~
24 ~~foundation.~~
25 A. THE WITNESS: What is the date?

1 "the two attached letters) are as follows." Do
2 you see that?
3 A Yes.
4 Q And then it says, "No admission of defect or
5 safety problem." Do you see that? Do you see
6 where it says, "Stated purpose of the campaign -
7 to ensure piece of mind in light of media
8 coverage?"
9 A I can assure you that was exactly what the
10 safety action was all about.
11 ~~And you wanted to get NHTSA to agree it would~~
12 ~~not conduct a NHTSA action, it would not be~~
13 ~~included in NHTSA recall numbers, correct?~~
14 ~~MR. MILLER: Objection, lack of~~
15 ~~foundation as to this witness. You can ask him~~
16 ~~what the document says, correct, but in all due~~
17 ~~respect, you haven't established that he ever~~
18 ~~saw it.~~
19 ~~MR. GERSTEIN: That's a fair point.~~
20 Q (BY MR. GERSTEIN): Did you ever see this
21 document?
22 A No, sir, I don't believe so.
23 Q ~~Were you consulted by your company concerning~~
24 ~~the document?~~
25 Were you consulted by executives in your

Robert J. Eaton
Chairman of the Board
and Executive Officer

March 30, 1995

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 minivan latch issue. As you are no doubt aware, with great reluctance we decided on March 27 to initiate a service campaign for our minivan owners, offering them a replacement rear door latch for model years 1984 through 1994. This decision was based solely on our determination that Chrysler minivan 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 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.

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.

Sincerely,



Robert J. Eaton
Chairman of the Board
Chief Executive Officer

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

SEB/GO

Dear Mr. Chairman:

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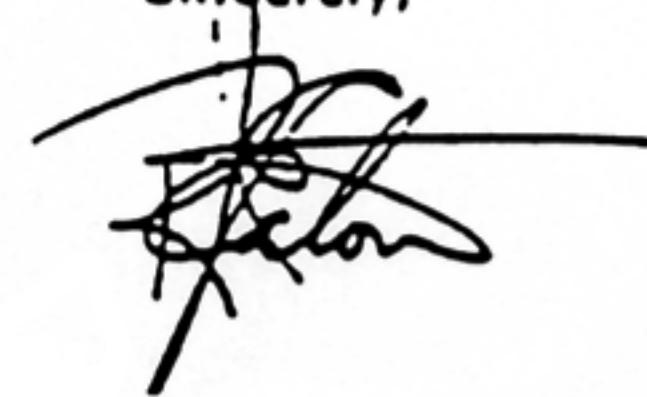
I also want to provide you some insight on our recent decision on the minivan latch issue. As you are no doubt aware, with great reluctance we decided on March 27 to initiate a service campaign for our minivan owners, offering them a replacement rear door latch for model years 1984 through 1994. This decision was based solely on our determination that Chrysler minivan 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.

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Thank you again for your support.

Sincerely,



Eaton
EXHIBIT NO. 26
8-28-97
MOORE

T. G. DENOMME

December 13, 1994

- R. J. Eaton
- R. A. Lutz
- R. R. Boltz
- F. J. Castaing
- T. R. Cunningham
- D. E. Dawkins
- L. 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
 EXHIBIT NO. 15
 8-28-97
 M. MOORE

Post-It™ brand fax transmittal memo 7671		# of pages ▶ 2
To <i>KOWALESKI</i>	From <i>DENOMME</i>	
Co.	Co.	
Dept.	Phone #	
Fax # <i>8-776-7947</i>	Fax #	

REDACTED DOCUMENT

MINIVAN LATCH ISSUES
AGENDA

DECEMBER 13, 1994

<u>Topic</u>	<u>Discussion Leader</u>	<u>Time</u>
• Opening Comments	Denomme	5 minutes
• Update Since Last Meeting	Dawkins/Goldfarb	10 minutes
• Report on Latch Status for Field Campaign	Theodore	10 minutes
[REDACTED]	[REDACTED]	[REDACTED]
• 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

DOCUMENT PURSUANT TO A PROTECTIVE ORDER IN SERGIO V. CHRISSLER v. JIMENEZ,

Vice C

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

[Handwritten signature]

Eaton
EXHIBIT NO. 14
8-28-97
M. MOORE

TD000099

DOCUMENT PRODUCED
PROFITABLE TO A
CHRYSLER

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T. G. DENOMME

REDACTED
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.

TD000100

REDACTED DOCUMENT

[REDACTED]

I should also point out that we have several other important cases under investigation by NHTSA, including minivan brakes, that we need to keep in mind before we engage them in a fight.

7. [REDACTED]

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.
- 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).
- [REDACTED]
- Washington Office ... [REDACTED] 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.

IN JUNE 1981

T. G. Denomme

TGD:bw

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Oakland Tech News

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NEWS & ADVERTISING

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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

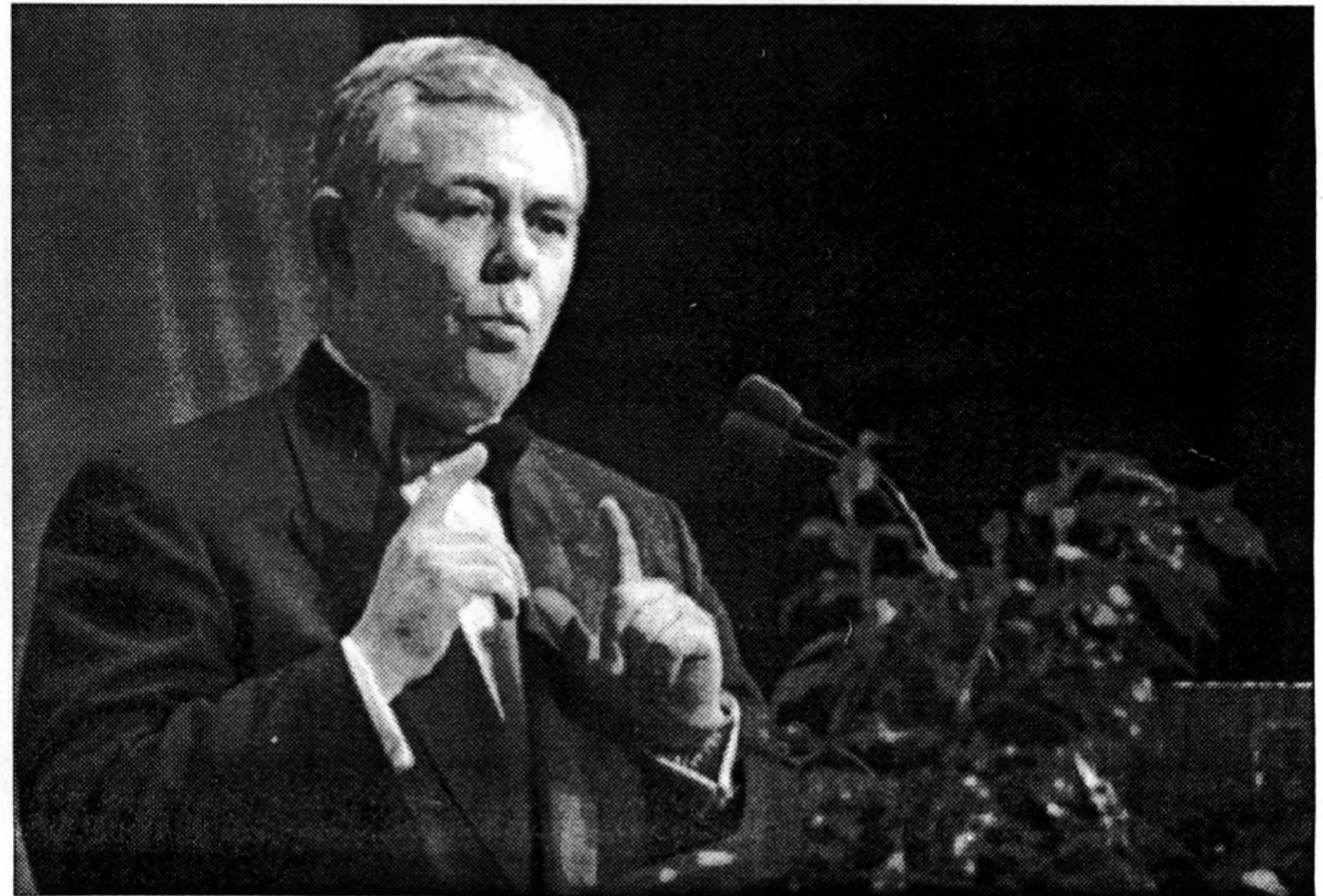
Chrysler Corp.'s Chairman Robert Eaton wrapped up the 1995 SAE International Congress and Expo with a speech that criticized the federal government for regulations stifling the growth of the auto industry.

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 reduce 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.

science and technology on March 6 from 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. Call (810) 370-3013.

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

tax strategies. Featured speakers include 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.

MANAGING DIVERSITY The University 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 delaying 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."

