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313-277-5095
pvs6@Cornell.edu

3 October 2016 VIA FEDEX GROUND 1283181 00004886

Ms. Sally Q. Yates
Deputy Attorney General
US Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530-0001
202-514-2000

Subject: **The Criminality of the United States Department of Justice (DOJ)**
Reference: **Today's Automotive News Report: *"Watch Out Corporate Executives"***

Dear Ms. Yates:

Before we review the subject, please take a look at nine-year-old Brandon Auer . . . take a good *long* look:

On a dark 1995 day in Illinois, when this angel was being lowered into an early grave, people previously in your position were nowhere in sight. Indeed, the subject matter is derived directly from the fact that events leading up to Brandon's murder are dominated by out-of-sight, closed door criminal activity of the DOJ.

Now you are cajoling us into believing that the DOJ is going to protect consumers from the criminal activity of its corporate suitors; the cabal that caused Brandon's death? For perspective, and as a measure of DOJ's sense of priorities, Brandon's death was not related to provisions of the Clean Air Act.

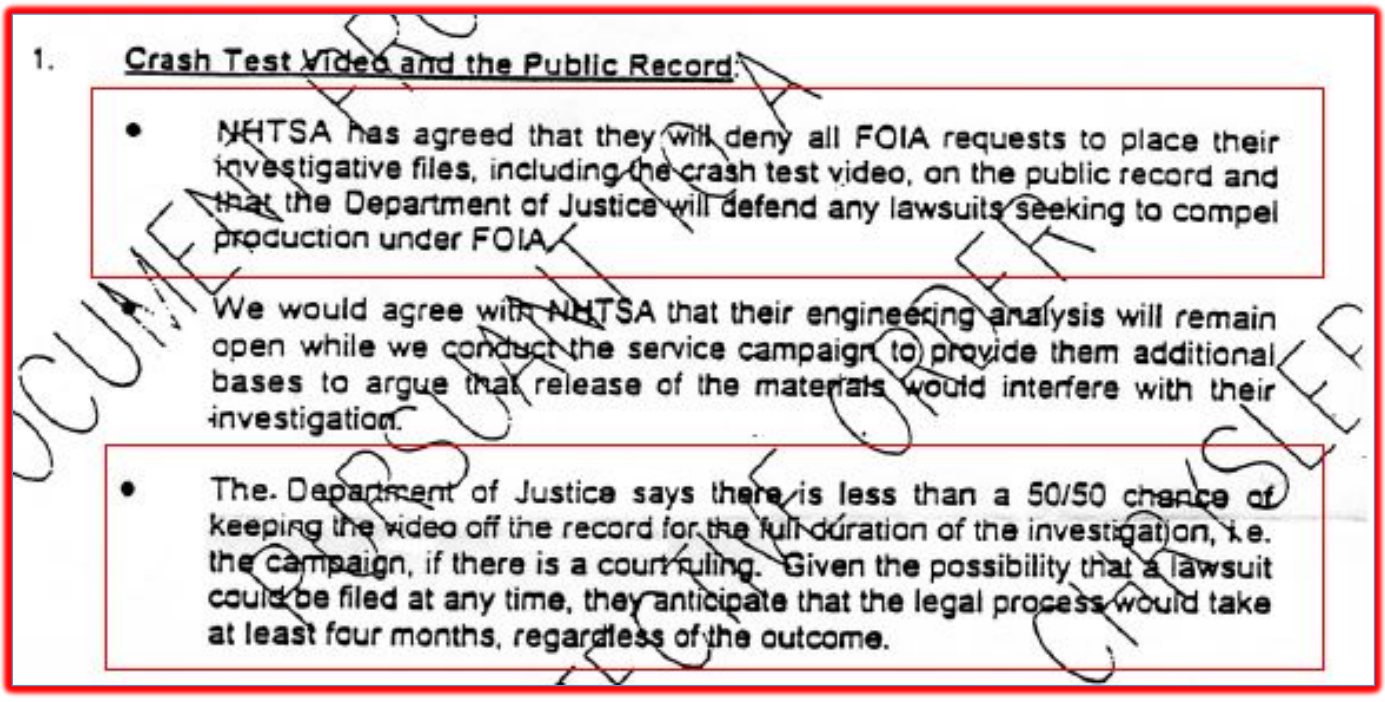
Brandon died as a direct result of a conspiracy orchestrated by the United States Department of Justice, against the provisions of the Transportation Safety Act.

It was a **criminal conspiracy** that was focused upon concealing what the safety agency NHTSA had previously declared in a secret meeting of November 17, 1994:

- **THE LATCH FAILURE IS A SAFETY DEFECT THAT INVOLVES CHILDREN.**

That conclusion, of that closed-door meeting, was not unknown to the DOJ; the Department had later been ***fully*** briefed on the results of investigation EA94-005, specifically very dramatic crash test videos.

This NHTSA conclusion was the result of taxpayer-funded crash testing which confirmed that the rear latch on (Chrysler) minivans was defective. The DOJ contribution to protecting US taxpayers is summarized by a secret internal (Chrysler/FCA) document, which begins:



1. Crash Test Video and the Public Record:

- NHTSA has agreed that they will deny all FOIA requests to place their investigative files, including the crash test video, on the public record and that the Department of Justice will defend any lawsuits seeking to compel production under FOIA.

- We would agree with NHTSA that their engineering analysis will remain open while we conduct the service campaign to provide them additional bases to argue that release of the materials would interfere with their investigation.

- The Department of Justice says there is less than a 50/50 chance of keeping the video off the record for the full duration of the investigation, i.e. the campaign, if there is a court ruling. Given the possibility that a lawsuit could be filed at any time, they anticipate that the legal process would take at least four months, regardless of the outcome.

Without direct inspiration from the DOJ (and the emboldening of its corporate co-conspirators that resulted), the ***"denial of FOIA requests"*** would not have been considered possible.

It was during the ten-month time period, the time during which this criminal conspiracy was being enforced by the DOJ, that Brandon was murdered . . . at the time of his murder, his parents had no idea that closed-door DOJ criminal activity was its cause.

Had the crash test videos been released immediately after the defect status was confirmed, there is **no doubt** that parents nation-wide, especially the Auers, would have responded to that information with alacrity. Instead, this crucial information was concealed from them by the US Department of Justice.

Brandon was murdered as a direct result of a corrupt and corruptible United States Department of Justice. ***But Brandon was merely one of many DOJ conspiracy victims, many of whom live, but are enduring horrible injuries***.

This criminal activity occurred during the Clinton Administration. I wrote to its Attorney General Janet Reno about the DOJ activities summarized on Attachment 1. Instead of an official response, with a focus on the crux of my concern, (safety), the thugs at DOJ commenced a multi-faceted background check that even included harassing staff at my alma mater: Cornell University. A friend on campus, a high ranking official who was justifiably concerned about my physical well-being, asked:

"Paul . . . what the heck is going on?!"

At the conclusion of this charade, a conclusion forced upon the conspirators after a major strategic legal loss (in a Los Angeles court), the DOJ profiled me as *"disgruntled" (*Attachment 4).

Conclusion

At a September 2016 presentation to NYU Law School, as mentioned by the Reference, you declared:

> ***"All the rules have just changed. Effective today, if a company wants any consideration for any of its cooperation it must give out the individuals no matter where they sit within the company. And we're not going to let companies plead ignorance either. If they don't know who is responsible, they'll need to find out."***

At a June 2016 press conference, you declared:

> ***"The settlements do not resolve the government's pending claims for civil penalties under the Clean Air Act . . . the settlements do not address any potential criminal liability, although I can assure you that our criminal investigation remains active and ongoing. We will follow the facts wherever they go and we will determine whether to bring criminal charges against any companies or individual wrongdoers . . . This resolution illustrates the Justice Department's commitment to protecting American consumers . . . and aggressively pursuing companies that make misrepresentations and violate the law."***

All of that is very trendy. But none of your Clean Air Act rhetoric will bring back Brandon Auer. More importantly, none of your voluminous rhetoric indicates an intent to pursue, despite repeated notifications to DOJ of such, similar issues involving the Transportation Safety Act. Given Attachment 1, the Department's putrid response to it, and recent trendiness, only a fool would think otherwise (Attachment 2).

Please do not hesitate to contact me at any time.

Cordially,

Paul V. Sheridan

Attachments

E N D N O T E S

Attachment 1	Complete two-page internal Chrysler/FCA document, previously attested to by their prior Chairman and CEO (Robert J. Eaton) and prior President and COO (Robert A. Lutz). There are many others of similar connection.
Attachment 2	DOJ response to Sheridan letter of 27 October 1999 (see Reno link below).
Attachment 3	Law.com article was reports on the effect of Paul V. Sheridan testimony in the child death case of Flax v Chrysler, regarding the DOJ conspiracy (Please see yellow highlights on last page).
Attachment 4	Letters from Law School and Graduate Business school deans at Cornell University, lauding the safety work and award of Paul V. Sheridan.
Attachment 5	Detroit News report on largest amount lawsuit in history, of corporate versus individual, Chrysler/FCA versus Paul V. Sheridan; $82,000,000.00. **Damages claim complaint filed during DOJ conspiracy.** Filed immediately before the death trial described in Attachment 6. (Subsequently withdrawn post-verdict by Chrysler).
Attachment 6	Wall Street Journal report on the death case of Jimenez v Chrysler; jury verdict $262,000,000.00:

Links to relevant YouTube / historical news reports / Letter to Reno:

Link to Referenced report: http://www.autonews.com/article/20161003/VIDEO/310039945/first-shift-tesla-q3-sales-double?cciid=email-autonews-firstshift

Paul V. Sheridan trial testimony sample in Flax (Attachment 3 above, time scrolled);
jury verdict $105,000,000.00: https://youtu.be/u7OAKEaTuPM?t=4m43s

CBS News report on effects of Attachment 1 on Jimenez v Chrysler;
jury verdict $262,000,000.00: https://www.youtube.com/watch?v=Fp19qR_juOg

ABC News 20/20 report that presents the murder of Brandon Auer (See ending of part 1);
and was later alleged to the basis of Attachment 4:

https://www.youtube.com/watch?v=bdsaqo1Le2Q (part 1)

https://www.youtube.com/watch?v=n9PS2g_ZDhY (part 2)

Link to Original Paul V. Sheridan letter to then Attorney General Janet Reno:

http://pvsheridan.com/DOJ-NHTSA-ChryslerConspiracy-1.pdf

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Memo: This instant letter with active internet hyperlinks is available here:

http://pvsheridan.com/Sheridan2Yates-1-3October2016.pdf

Attachment 1

MINIVAN LATCH ISSUE

Proposed Agreement with NHTSA

1. **Crash Test Video and the Public Record:**

   - NHTSA has agreed that they will deny all FOIA requests to place their investigative files, including the crash test video, on the public record and that the Department of Justice will defend any lawsuits seeking to compel production under FOIA.

   - We would agree with NHTSA that their engineering analysis will remain open while we conduct the service campaign to provide them additional bases to argue that release of the materials would interfere with their investigation.

   - The Department of Justice says there is less than a 50/50 chance of keeping the video off the record for the full duration of the investigation, i.e. the campaign, if there is a court ruling. Given the possibility that a lawsuit could be filed at any time, they anticipate that the legal process would take at least four months, regardless of the outcome.

2. **Service Action Only - No Recall:** NHTSA has agreed that a Chrysler service campaign would fully satisfy all of their concerns and they would give full public support to such an effort. The critical elements that differentiate the service campaign from a recall (mostly reflected in the two attached letters) are as follows:

   - no admission of defect or safety problem;

   - stated purpose of the campaign - to ensure peace of mind in light of media coverage;

   - campaign does not count as a NHTSA action - not included in NHTSA recall numbers, no Part 573 or Part 577 letters;

   - statements to owners, the public and NHTSA assert that no defect has been found; and

   - NHTSA acknowledges that replacement latch is not a 100% solution.

3. Chrysler Announcement: Chrysler controls publication of its action with the following provisions:

- Chrysler goes first with its own statement and reads approved NHTSA statement supporting Chrysler's action;

- Chrysler characterizes campaign as done solely to ensure the peace of mind of its owners, i.e. "your concern is our concern";

- Letter from Martinez to Chrysler and NHTSA press statement praise Chrysler action as fully satisfying all of NHTSA's concerns and state that Chrysler is a safety leader;

- NHTSA officials acknowledge publicly that there has been no finding of defect and that there will be none; and

- NHTSA officials acknowledge that owners should not be concerned over the delayed implementation of the action and that they can best protect themselves by keeping seat belts buckled at all times.

4. Additional Provisions: The following points have been requested by NHTSA and appear to be reasonable:

- The letter to owners makes reference to the NHTSA hot line phone number;

- Latch replacement will be offered as part of any routine minivan servicing (once replacement latches are available);

- Chrysler will submit six quarterly reports on the progress of the campaign (helps to support defense of FOIA requests); and

- NHTSA can make reference to the service campaign in response to owner inquiries.

Attachment 2

U. S. Department of Justice

Civil Division

Office of the Assistant Attorney General *Washington, D.C. 20530*

November 22, 2000

Mr. Paul V. Sheridan
22357 Columbia Street
Dearborn, Michigan 48124-3431

Dear Mr. Sheridan:

Thank you for your letter to the Attorney General, in which you request information about the role of the Department of Justice in an action brought under the Freedom of Information Act (FOIA), and pose a series of questions seeking the Attorney General's opinion on various far-ranging legal and political issues. Your letter was forwarded to me for response. I apologize for the delay in responding to your letter.

Based on the information provided in your letter, it appears that you are a defendant in a pending lawsuit and, we presume, represented by counsel. As a consequence, we are concerned that the canons of ethics prohibit us from communicating directly with you on the matters raised in your letter, all of which may relate to the subject matter in which you are represented by counsel.

Additionally, I can advise you that except in unusual circumstances, none of which appears to be present in your lawsuit, the Attorney General cannot provide legal opinions on matters in private litigation. Consequently, it would not be appropriate for the Attorney General to respond to the questions you have asked.

Thank you for your inquiry.

Sincerely,

David W. Ogden
Assistant Attorney General

cc: Hon. Bob Barr
Hon. James A. Traficant, Jr.

Attachment 3

LAW.COM

Tenn. Jury Returns $105M Verdict Against DaimlerChrysler Over Minivan Seats

R. Robin McDonald
12-01-2004

A Tennessee jury has socked DaimlerChrysler Corp. for $105.5 million after finding that a baby's 2001 death was caused by a faulty minivan seat.

The Nov. 23 verdict in the Tennessee case, *Flax v. DaimlerChrysler*, No. 02C1288, (Tenn. 1st Cir., Nov. 23, 2004), is one of four product liability cases that Columbus, Ga., attorney James E. Butler Jr. has brought against DaimlerChrysler targeting minivan seat backs that collapsed during collisions, injuring or killing passengers.

Butler said DaimlerChrysler previously settled two of those cases confidentially with his clients. Another one is awaiting trial in Orlando, Fla.

The three-week trial in Nashville, Tenn., featured the testimony of a former DaimlerChrysler manager, who testified that the automaker knew the seats in its minivans were unsafe and colluded with a federal regulatory agency to cover up the information, according to Butler and co-counsel George W. Fryhofer III, both partners at Butler, Wooten, Fryhofer, Daughtery & Crawford in Columbus and Atlanta.

Last week's verdict is one of at least a half-dozen big jury verdicts that Butler and his firm have secured in the past decade, many of them in vehicle product-liability cases. In two actions against General Motors Corp., Butler's firm won $150 million in a 1996 SUV rollover case, and $105 million in a 1993 case where a pickup's side fuel tanks caused it to burst into flame after a collision.

In 1998, the firm won a $454 million verdict against Time Warner -- the largest civil verdict affirmed by the state appellate courts in Georgia's history -- on behalf of investors in Six Flags Over Georgia. In the suit, Six Flags investors accused Time Warner of skimping on capital investments, thereby lowering the park's market value and total worth.

DaimlerChrysler has vowed to appeal the Tennessee verdict, which includes $98 million in punitive damages, claiming that the crash that led to 8-month-old Joshua Flax's death was caused by a reckless driver, not a flaw in the design of the automaker's Dodge Grand Caravan. In a news release distributed in response to calls for comment about the case, DaimlerChrysler labeled the verdict "grossly excessive, unconstitutional, and a miscarriage of justice."

Cleveland, Ohio, attorney Lawrence A. Sutter of Sutter, O'Connell, Mannion & Farchione defended DaimlerChrysler. Sutter's office referred questions about the verdict to DaimlerChrysler's American headquarters in Auburn Hills, Mich.

CHRYSLER: DRIVER ALSO RESPONSIBLE

DaimlerChrysler spokesman Michael Aberlich said that during the compensatory damages portion of the trial, jurors found that the speeding driver of the car that rear-ended the minivan, Louis A. Stockell Jr., shared equal responsibility for the baby's death. "But when it came to punitives, the company bore the brunt of it," Aberlich said.

The Tennessee case went to trial because the baby's parents, Jeremy Flax and Rachel Sparkman, "were people of very strong convictions," explained Fryhofer.

"Even though they had an opportunity to settle the case, they wanted to get the word out about this defect and realized the only way to do that was through a jury verdict," Fryhofer said. "They wanted to be sure no more parents had to watch their own kids killed or brain-damaged by these defects." Fryhofer said he could not disclose the settlement offers Daimler-Chrysler made.

At the end of the trial's first phase, the jury awarded $5 million in compensatory damages for the baby's wrongful death and $2.5 million to the child's mother for negligent infliction of emotion distress caused by witnessing the infant's fatal injury and death.

During the punitive damages portion of the trial, the jury deliberated just two hours before awarding $98 million to the infant's parents. Butler said he had asked for $100 million in punitives.

CARMAKER ACCUSED OF COVER-UP

Throughout the trial, the plaintiffs' attorneys accused DaimlerChrysler of a cover-up of "hundreds of other similar incidents" of seat back collapses resulting in passenger injury or death while it continued to market its Chrysler Town and Country minivan, Plymouth Voyager, and Dodge Caravan as safe, family friendly vehicles. The automaker has sold more than seven million minivans.

The backward collapse of front seat backs in the minivans during rear-end collisions would propel the drivers and front-seat passengers backward in a rear-end collision, often causing their heads to collide with children riding in the middle seats, Butler said. That is what happened to 8-month-old Joshua Flax when a driver slammed into the back of the baby's grandparents' minivan at 70 mph in 2001 in Nashville, he said.

Five other passengers walked away from the accident with only minor injuries. But the front-seat passenger's seat back collapsed, throwing a family friend backward. He was not injured, but his head collided with the baby's skull, fracturing it, said Fryhofer. Joshua Flax died the following day. The baby was injured "only because the seat back collapsed on him," Fryhofer said. "This has been a defect that has been brain-damaging and killing children in the family minivans for years."

"The horrible thing about these cases," said Butler, "is that in almost every case, it's a parent whose head kills or maims his or her own child."

RECORDS SEALED

Testimony during the Tennessee trial revealed that the automaker has sealed court records of an undisclosed number of suits involving failed minivan seat backs. A former Chrysler employee who testified at trial said he is aware of eight other cases, in addition to Butler's, that DaimlerChrysler has settled confidentially.

Butler said the automaker was compelled in the *Flax* case to inform Tennessee Circuit Judge Hamilton Gaden of the total number of seat back failure cases the company has settled and the sums paid to plaintiffs in each case. But Fryhofer said, over his and Butler's objections, the judge allowed DaimlerChrysler to file that information under seal. The attorneys also said they were barred by the court from informing the jury or releasing that information to the public.

"I guess they don't want the public to know," Butler said.

But Chrysler spokesman Aberlich argued that the manner in which the Flax baby's skull was fractured was "a freak occurrence."

"This was a high-speed accident," he said. "Many things can happen in a high-speed accident. My understanding is that five people walked away. The irony, the real sad irony, is that one did not."

Butler argued during the trial that DaimlerChrysler "has known for over 20 years" that its minivan seats were "deadly dangerous" because of their tendency to collapse backward during a collision.

Testimony from experts at the trial, among them former Chrysler manager Paul V. Sheridan, showed that minivan seats collapsed in every rear impact test the automaker conducted.

"Notwithstanding the knowledge that the seat was collapsing in all of its internal rear crash tests, Chrysler was encouraging parents to put children behind the seats they knew would collapse," Fryhofer said.

In 1992, Sheridan was appointed to chair Chrysler's "Minivan Safety Leadership Team" to investigate minivan safety concerns. The leadership team concluded that the collapsing seatbacks needed to be redesigned, but Chrysler disbanded the team and destroyed the minutes of its meetings, according to Sheridan's testimony.

MANAGER LATER FIRED

Sheridan said he was fired a month later. By then, he said, he had informed his superiors that he intended to go to federal regulators with his safety concerns. Sheridan said Chrysler then sued him to prevent him from speaking about the company. Chrysler later withdrew the suit.

Sheridan said the committee also reviewed other safety complaints against minivans, which prompted an agreement involving Chrysler, the National Highway Traffic Safety Administration and the Justice Department. As part of that deal, Sheridan testified, NHTSA agreed that it would reject requests for information about minivan safety defects made under the federal Freedom of Information Act and Justice Department attorneys would defend NHTSA's refusal to release the requested material.

NHTSA's current general counsel, Jacqueline Glassman, formerly worked in the general counsel's office at Chrysler, Sheridan testifed. According to Butler, NHTSA's former rulemaking chief, Barry Felrice, is now working at DaimlerChrysler.

Company spokesman Aberlich said he could not verify information about the employment of Glassman or Felrice.

But the Chrysler spokesman argued that the company's minivan seat standards "far exceed" NHTSA standards. The seats, he said, are designed to absorb the impact of a crash. In minivan seats, the impact of a crash is reduced by the seat back collapse, he argued. While the plaintiffs' lawyers argued that a stronger seat was safer, Aberlich continued, "There is not a universal agreement as to which is better" among auto industry engineers."

Attachment 4

Cornell Law School

Stewart J. Schwab
The Allan R. Tessler Dean
and Professor of Law

June 22, 2005

Dear Paul,

I was delighted to see that you are to be honored as a Community Champion by the Civil Justice Foundation in Toronto next month. Congratulations!

We are always pleased when an alumnus of Cornell University gets the recognition they richly deserve.

I hope you enjoy the occasion, & I wish you success in your future endeavors.

Sincerely,

Stew Schwab

263 Myron Taylor Hall, Ithaca, NY 14853-4901•tel:(607)255-3527•fax:(607)255-7193
e-mail:sjs15@cornell.edu

Office of the Dean
Samuel Curtis Johnson Graduate School of Management
Cornell University
207 Sage Hall
Ithaca, New York 14853-6201

Dear Paul,

Thanks for stopping by during your recent visit to Ithaca and Cornell. Congratulations on being honored as a 2005 Community Champion by the Civil Justice Foundation. This is a wonderful personal and professional achievement.

Bob Swiggs

Summary of Performance Appraisal Comments
Filed by Chrysler Executives
Covering a Two Year Evaluation Period

Subject: Paul V. Sheridan
Reference: Minivan Safety Leadership Team

"Paul (Sheridan) does a thorough, detailed, organized, and tireless job. He became an active promoter of advancing safety in the (minivan) program only slowing when the reality of the interest from management became apparent to him..."

Ronald S. Zarowitz
Manager, Safety Office, (810) 576 - 7305
October 10, 1994

"(Paul Sheridan) has directed various team efforts well, with a strong goal orientation, especially the (minivan) Safety Leadership Team..."

Mark W. Clemons
Manager, Chrysler-Plymouth Marketing, (313) 956 - 3763
October 14, 1994

"Overall I think Paul (Sheridan) has done an excellent job...He has been eager to get involved...Always very open and candid...good planning skills...Good team leader..."

Bernard E. Swanson
Executive Engineer-Minivan Platform
October 16, 1994, (810) 576 - 2908

"Paul (Sheridan) did a good job as Chairman of the Minivan Safety Leadership Team...He brings a valuable engineering perspective to his product planning role...He is willing to speak up when he disagrees, which is good..."

Scott A. Sullivan
Manager, Market Research
October 12, 1994

"I find (Paul Sheridan) to be very innovative and certainly not afraid to push the envelope. His professional yet open demeanor easily wins the respect of his colleagues. He is extremely knowledgeable, and may well be one of the best all around technical persons on staff...Paul is a valuable asset to the (minivan) platform and I rely on him to accomplish our mutual goals"

Paul T. Doolan
Engineering Programs Manager-Minivan
October 10, 1994, (810) 576 - 4837


Sheraton Centre


Sheraton Centre
Toronto


5

Attachment 5

Advertising
Classifieds
Personals
Job listings
Model Homes
Place an ad

Essentials
Editorials
Horoscope
Lottery
Weather
Death Notices
CyberSurvey
Search Engine
Back Issues
Site highlights

News Sections
Accent
Autos
Business
Casino Guide
Comics
Comic Books
Cyberia
Food
Homestyle
Letters
Metro
Money
Movie Finder
Nation/World
Next!
Obituaries
Outlook
On Detroit
Pets
Rearview Mirror
Screens
Showtime
TV Listings
Voices

Sports Sections
Sports
Lions
Pistons
Tigers
Wings
College
U-M
MSU
State Colleges
High Schools
Motor Sports
Golf Guide

Chrysler sues former employee for $82 million in minivan affair

By Kenneth Cole / Detroit News Washington Bureau

Sheridan

WASHINGTON -- Chrysler Corp. is seeking $82 million from a former safety staffer-turned-whistleblower who's testifying in high-stakes lawsuits involving latch designs on the automaker's older minivans.

The demand, long kept secret, was disclosed in a just-settled rear liftgate latch lawsuit in Los Angeles.

The $82-million figure represents Chrysler's estimate of its losses following an October 1995 interview of Dearborn resident and former Chrysler employee Paul Sheridan on ABC-TV's 20/20 news program.

Legal experts say it may be the largest sum ever sought from a whistleblower by a corporation.

It is only one highlight of Ornelas vs. Chrysler, which was settled for an undisclosed amount this week in Los Angeles Superior Court. The case involved four passengers allegedly ejected from a Chrysler minivan in a low-speed crash in 1995.

"I don't track it, but I'd be surprised if an individual has ever been sued for more by a corporation," said Clarence Ditlow, executive director of the Center for Auto Safety in Washington, D.C. "It is reflective of how much a whistleblower can cost a company -- especially when it's tried to cover up a defect."

Tom Kienbaum, the Birmingham attorney representing Chrysler in its lawsuit against Sheridan, was not available for comment.

David Tyrrell, the company's lead counsel in the minivan-latch lawsuits, described Sheridan as "a disgruntled former employee."

Chrysler fired Sheridan in December 1994 for allegedly disseminating secret crash-test data on the 1996 minivan. It sued him in Oakland County Circuit Court later that month for "in excess of $10,000."

The company amended the lawsuit in the fall of '95 after Sheridan appeared on 20/20 and said the company knew its minivan latches weren't strong enough to secure the rear liftgate in even low-speed

Scoreboards
Sports Talk
Wing Nuts

Contacts
By e-mail
Post letters to The News
Person-to-person
Staff addresses
By phone
Departments and editors
Circulation
Home delivery

accidents.

According to federal regulators, malfunctions with Chrysler minivan latches have resulted in at least 37 deaths and 100 serious injuries.

Sheridan, 45, declined to comment. His attorney, Courtney Morgan of Detroit, said Chrysler contends in the lawsuit that Sheridan's interview hurt sales of its 1996-model minivans. They had just gone on the market when the TV show aired.

"Never mind the fact that Paul never said a word about the 1996 minivans on the show," Morgan said.

The $82 million Chrysler is seeking from Sheridan is based on lost sales and how much it figures it would have had to spend on television ads rebutting Sheridan's interview.

"But even if that logic holds, how the hell can you get the money if you never spent it?" argued Morgan, who is representing Sheridan in a countersuit against the automaker.

Elletta Callahan, a professor of law and public policy in Syracuse University's School of Management, concurred Chrysler will have a difficult time collecting, saying: "It's always difficult to prove lost profits."

Chrysler attorneys apparently believe it will be equally difficult to convince juries that there never was a problem with its pre-1995-model minivan latches. The Ornelas case is the third the company has settled this year since a South Carolina jury rendered a record $262.5-million verdict in a similar case.

"They recognize that if a juror sees all the evidence they'll lose over and over again, so they're paying very large and very secret amounts of money to keep that from happening," said Mikal Watts, a Corpus Christi, Texas, attorney representing many plaintiffs in latch lawsuits against the company.

Ken Gluckman, assistant general counsel for product liability litigation at Chrysler, said the settlements simply reflect a flawed judicial system.

"The sad truth is that in today's judicial system, jurors can do anything," he said. "They're guided by emotion and aren't controlled by factual circumstances."

Four passengers -- including 1-year-old Lorena Casteneda and 4-year-old Diana Perez -- were allegedly ejected from the back of a Chrysler minivan in a low-speed crash in Los Angeles on Jan. 21, 1995, in the Ornelas case.

Gluckman noted 13 people were riding in the minivan designed for seven. Many were unbelted, he said, and there's evidence the minivan driver may have run a light.

"The plaintiffs in this case broke three laws," Gluckman said. "Yet we're supposed to be the evil ones."

Larry Grassini, the plaintiff's attorney in Ornelas, said his client "made a mistake by allowing so many people to ride" in the minivan.

"But that was a short-term mistake," he said. "Chrysler knew about their's for a long time."

Grassini said six of the 12 Ornelas jurors and one of the four alternates accepted questions from attorneys after the case was settled. He said they told a Chrysler jury consultant they would have wanted to hear from Sheridan, had the case gone trial.

"The jurors saw him as a key witness in what many of them said seemed to be some sort of corporate cover-up involving these latches," Grassini said.

Chrysler's Tyrrell said there was no cover-up and if the case had been tried, jurors would have learned Sheridan was not an engineer.

"Rather, he held a marketing position," Tyrrell said. "He never designed a liftgate latch and he never tested a latch."

Chrysler demoted Sheridan for poor job performance before firing him, Tyrrell said, and that further impugns his testimony.

That, however, contradicts Chrysler's performance evaluations of Sheridan obtained by The Detroit News. As recently as October 1994 -- two months before the automaker canned him -- various company brass wrote:

* "Paul does a thorough, detailed, organized and tireless job. He became an active promoter of advancing safety in the minivan program, only slowing when the reality of the interest from management became apparent to him."
* "Paul (Sheridan) did a good job as Chairman of the Minivan Safety Leadership team."
* "He is extremely knowledgeable and may very well be one of the best all around technical persons on staff."
* "Overall, I think Paul has done an excellent job."

What Sheridan said

Former Chrysler employee Paul Sheridan was fired in December 1994 for allegedly disseminating secret crash-test data on the 1996 minivan. He later appeared on 20/20 and said the automaker knew its minivan latches weren't strong enough to secure the rear liftgate in even low-speed accidents.

The law

Three years ago tomorrow, Sheridan sued Chrysler and three of its employees alleging they violated his rights under whistleblowers' protection laws. Those laws offer protection from companies that lash out against staffers who uncover wrongdoings. Chrysler, however, has argued Sheridan was fired for defensible reasons.

Who is Paul V. Sheridan?

The former employee at the center of high-stakes litigation involving Chrysler's minivan rear liftgate latches worked for two of the Big Three automakers since the early '80s.

Employment: Worked from 1981-84 for Ford Motor Co., including product and powertrain planning. From 1984-94, his duties at Chrysler Corp included engineering planning, helping arrange a

deal to equip Chrysler trucks with Cummins diesel engines and working on the minivan platform team.

Status: Seeking full-time employment. Chrysler fired him after finding phone records traced to a reporter for the trade weekly Automotive News. The automaker later sued him for disclosing company secrets involving minivan crash tests and comments about minivan latches on TV.

What's next

This week Chrysler settled a minivan latch case in Los Angeles before Sheridan was set to testify. It faces at least six more latch cases in next four months. Lawsuits between Sheridan and Chrysler are scheduled to go to trial in June.

Comments?

Attachment 6

THE WALL STREET JOURNAL INTERACTIVE EDITION

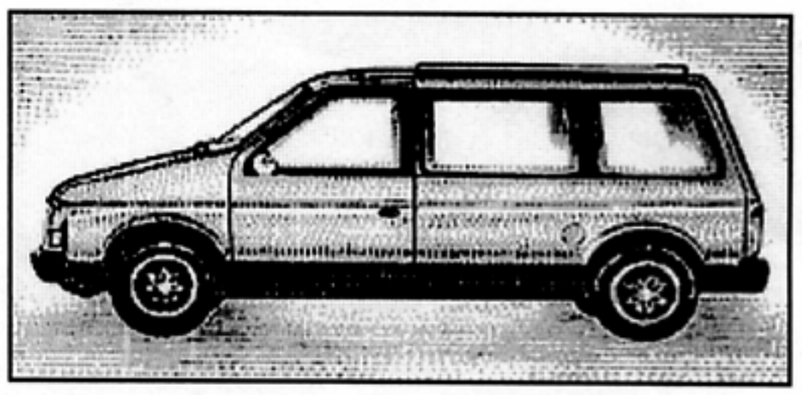
FROM THE ARCHIVES

The Wall Street Journal Interactive Edition -- November 19, 1997

Why One Jury Delivered a Big Blow To Chrysler in Minivan-Latch Case

By MILO GEYELIN
Staff Reporter of THE WALL STREET JOURNAL

Two months before Sergio Jimenez II was thrown from the back seat of his parents' 1985 Dodge Caravan and killed three years ago, a group of production experts at Chrysler met to review recommendations that might make future minivan models more competitive.



At the top of the list was safety. Chrysler's rear-door latches appeared to be failing sometimes, even in low-speed accidents, allowing the lift-up doors, or liftgates, to pop open and passengers to be hurled out. Why not make the latches stronger, like those on a later minivan model, the Ford Windstar, suggested Paul Sheridan, then head of Chrysler's Minivan Safety Team.

"That ship has sailed," the minivan's top production engineer replied, according to Mr. Sheridan. "We told you that last time. Next subject." The engineer says he was misunderstood.

Link

How a Tiny Law Firm Won a Mammoth Case

Last month, a federal jury in Charleston, S.C., awarded Sergio's parents and sister $262.5 million in damages, including $250 million intended to punish Chrysler Corp. After deliberating 2 1/2 hours, the jury found that Chrysler's negligent design and testing of the latch had caused six-year-old Sergio's death.

Narrow Focus

The award, which Chrysler intends to appeal if the judge doesn't set it aside, set a record in the auto industry and shocked Chrysler. The company strongly denies any defect involving the latch and maintains that crash statistics prove its minivans are among the safest on the road. At the month-long trial, it argued that Sergio was thrown out a side window, not the rear door. It also contends the judge erred in narrowing the trial's scope so that jurors couldn't hear certain testimony, such as that Sergio's mother may have caused the accident

by running a red light and that Sergio wasn't wearing a seatbelt.

"The magnitude of the verdict suggests that something really went wrong with the process of the trial," says Kenneth Gluckman, Chrysler's top in-house lawyer for product-liability lawsuits.

Two years ago, the National Highway Traffic Safety Administration calculated that Chrysler liftgates pop open in collisions more frequently than its competitors'. It said the rate of passenger ejections was nearly double that of the rest of the minivan industry. Facing a possible recall, Chrysler agreed to replace the latches on 4.3 million minivans it had built since 1984. So far, Chrysler has spent $115 million notifying minivan owners and installing new latches on about 61% of its minivans on the road that had the old-style latches.

More Coming

The threat of high-profile safety litigation is one the auto industry has lived with for decades, from Pinto gas tanks to sudden-acceleration claims to allegedly unstable sport-utility vehicles to GM pickups with side-mounted fuel tanks. Thirty-seven people have been ejected from Chrysler minivans and killed, according to the NHTSA. That is more than the 26 who died from burns in Ford Motor Co.'s Pinto but fewer than the 168 fatalities in General Motors Corp.'s C/K pickup trucks with side fuel tanks.

The Chrysler litigation is potentially more volatile because many of the suits involve children. "Basically you're gambling when you take one of these to trial," says Clarence Ditlow, a consumer advocate in Washington. "If your judgment is wrong, you come up with verdicts like in South Carolina. The potential amount of the award is so large that even if only 25% of the cases come up winners, you're still talking big money."

Arrayed against Chrysler is an alliance of plaintiffs' lawyers who have been jousting with the company for two years to gain access to internal documents and depose witnesses. Leading the Jimenez case was the Washington firm of Ross, Dixon & Masback, notable because the firm normally specializes in defense work. Chrysler currently faces about 40 injury or wrongful-death suits involving the latch, and more are expected. In the only other one to go to trial, Chrysler won when the jury found that the latch was defective but the victims fell out a side window.

While the damage award in the Jimenez case is likely ultimately to be reduced, the case raises concerns that seem sure to haunt the nation's No. 3 auto maker in future trials.

Among them:

- Chrysler marketed the minivan since the early 1980s as a family vehicle, but used a latch variation in early models that the rest of the industry had abandoned for passenger doors in the 1960s. The company altered the latches for new vehicles in 1988 but didn't inform owners of models already on the road, including the Jimenez family. And the modified latches still didn't meet the federal safety standard for passenger doors, a

standard that Chrysler's competitors either met or came closer to.

- Chrysler destroyed early films of minivan-crash tests, design documents and computer records, actions the company says are routine.
- Engineers considered an additional method of strengthening the latches on new models for as little as 25 cents apiece in 1990 but didn't do so because the move would have undercut Chrysler's position with safety regulators that there was no problem with the latches.
- Chrysler tried political persuasion to resist a recall after being warned by NHTSA in November 1994 that "the latch failure is a safety defect that involves children."

Cumulatively, says one of the jurors, the evidence painted a devastating picture of corporate indifference. "We want people to understand why we made the decision we did," says Linda Jordan, a 42-year-old business consultant. "We knew what we were doing. When you speak to a company as big as Chrysler, you've got to speak to them on terms they'll understand."

Chrysler conceived of the minivan, with its huge rear door, or liftgate, in the early 1980s and marketed it primarily to mothers with young children. The doors are latched secure at the bottom of the door frame and swing up and out of the way for ease in loading and unloading. The vans, the Dodge Caravan, the Plymouth Voyager and the Chrysler Town and Country, caught on immediately and helped bring about the company's resurgence. They were widely imitated, but Chrysler continues to dominate the U.S. market.

In the early 1980s, however, the concept was so new that there were no federal safety standards in place for liftgates. Chrysler was left to create its own.

What it came up with was weaker than the standard for passenger doors. Most of the pending lawsuits contend the latches are substandard because they bend or tear loose in an accident, freeing the hatch to pop open. But lawyers in the Jimenez case pointed to another alleged flaw: the design of the latch in early minivans. The company used a claw-shaped fork that latched around a thumb-sized metal post at the base of the door.

The posts, known as strikers, had been manufactured for decades with mushroom-shaped heads at the top. The reason: The impact of a collision could force latches to ride over "headless strikers," popping open the door. And since ejections from vehicles had long been recognized as a leading cause of death in car accidents, headless strikers hadn't been used in passenger doors since the 1960s.

But Chrysler chose to mill off the heads. Engineers believed the head, or flange, might snag cargo, such as grocery bags. Federal regulators required no crash tests on the new latches, and Chrysler performed none.

That was the first of many decisions that would trouble the jury. "I think we all felt that any time you're designing something new to put on a vehicle that you're marketing to a family, you should be

checking out every aspect of what you're doing," Ms. Jordan says.

Missing Reason

Then came Chrysler's decision in mid-1988 to replace the headless striker in new models with a flanged striker. The witness Chrysler used to explain why, a retired body designer, wasn't involved in the decision. "We can't explain the reason for making that change," said Jerome E. Mitchell Jr., who, like most Chrysler witnesses, testified in a videotaped deposition. In a postverdict interview, Chrysler officials still couldn't explain the change.

A midyear design alteration would normally involve stacks of paperwork, proposals and meeting minutes. "It was a number of years ago and those documents simply don't exist any more," Mr. Mitchell said. He testified that he asked the people who were involved in the decision, but no one could recall.

That hurt Chrysler's credibility. "They never could say why they did it," says juror Linda Ward, a 48-year-old secretary who bought her third Chrysler minivan in June to haul around her two grandchildren. "You know they did it for a reason. You know they did it because they felt it was unsafe."

Another problem for Chrysler was that two films of tests involving left-side crashes at Chrysler's proving grounds in Michigan in 1983 were missing. The executive in charge of impact testing at the time, William Shollenberger, testified that Chrysler always filmed its tests and always kept a record of any anomalies in a computer log. But he couldn't explain why films of the two tests had been pulled from the archives, shredded and burned in 1988. Films of tests done at about the same time, involving front-end collisions, were still available. Two lines of data from the log had also been deleted.

Films Destroyed

Mr. Shollenberger said the company routinely destroys test films after five years, unless the vehicle is the subject of a lawsuit. He had no explanation for why films of left-side collisions were destroyed, but not some films of tests performed before and after involving front-end collisions. And two lawsuits involving the latch were pending when the films were destroyed. Chrysler said the tests were irrelevant because they had been done to see how the minivan's fuel tank held up, not its rear-door latch. Moreover, while no one could recall whether latches broke, Chrysler re-enacted the tests for the trial and found nothing wrong.

"That seemed very deceitful to me," Ms. Ward says. "I mean, why would you just lose that certain test in that certain year? I work in a real-estate office, and I know how important it is to save every note and every piece of paper."

By May 1990, regulators at NHTSA were becoming concerned about the crashworthiness of rear-door latches, noting in a letter to all manufacturers that liftgates and hatchbacks tended to fly open in accidents far more frequently than passenger doors. The safety agency asked each company to look at its own crash-test standards

for liftgates to determine whether they should be toughened.

Although some competitors' liftgates also didn't meet the federal standard for passenger doors, all came closer than Chrysler's. Still, the company maintained that an upgrade wasn't needed. Seat belts were the best protection against being ejected from a minivan, it wrote to the agency.

But when Chrysler tested its latch, the results were mixed. In one test, it pulled apart at 1,300 pounds of force, far below the federal passenger-door standard of 2,000 pounds, according to internal records presented by the plaintiffs at the trial. The company assigned senior engineer Henry G. Cook to calculate the cost of meeting the federal standard. His estimate: 25 to 50 cents per latch, plus a one-time cost of $125,000 to retool machinery to make thicker and stronger parts, he wrote in a July 1990 memo. The latches could be modified in 32 weeks, he estimated.

But Mr. Cook recommended against it. "As stated in our response to NHTSA that we do not believe there is a significant problem with liftgate retention," Mr. Cook wrote in July 1990, "I recommend that we continue with the current latch system at least through 1993 unless mandated to change by NHTSA."

The jurors saw that as shortsighted. "I was surprised they didn't go ahead and correct the problem," juror Bennie Rhett says. "I felt like they should have done it," Ms. Jordan says. "I have no idea why they didn't, and they couldn't tell you why."

Slipping Sales

For Chrysler, the latch problem -- and how it ultimately would come to be perceived by jurors -- would only get worse in the early 1990s. While the company was marketing safety as its first priority in national ad campaigns, it was concerned about minivan accidents in which children had been killed. In the Detroit suburb of Mount Pleasant in late 1992, a Chrysler-minivan liftgate had popped open in an accident in which two infants in the rear seat had been ejected and killed.

Mr. Sheridan testified that at the time, when he was a Chrysler planning analyst, the company had another concern: Sales appeared to be slipping because of safety concerns. To attack the problem, he said, Chrysler appointed him as chairman of a 13-member Minivan Safety Team. The group, Chrysler maintained at trial, was assembled to look at marketing concerns about safety that could be addressed in a revamped design for the 1996 minivan.

When it met for the first time in February 1993, Mr. Sheridan said, the Mount Pleasant accident was fresh in the minds of all. An in-house lawyer cautioned the group that no notes should be taken, Mr. Sheridan said, adding that meeting minutes he drafted later and circulated were ordered rounded up and destroyed. And in April 1993, when he recommended to the development team that latches be replaced in existing vehicles, Mr. Sheridan testified, he was turned down.

Any drastic changes in the existing latch, he said he was told by Chrysler's top production engineer for minivans, Chris Theodore, "would indict everything we have done in the field." It was a year later, Mr. Sheridan testified, when he raised the issue again, that Mr. Theodore told him, "That ship has sailed."

Credibility Strategy

Mr. Theodore says he doesn't recall the earlier meeting. As for the remark about the ship having sailed, Mr. Theodore says he wasn't addressing the issue of whether to replace existing latches but rather a question about latches for a coming minivan model.

However, at the trial, Chrysler presented no witnesses to dispute Mr. Sheridan. This is a move, the spokesman says, that the company isn't likely to repeat in any future trial. The defense team, which was led by David Tyrrell of Tampa, Fla., confined itself to attacking Mr. Sheridan's credibility.

Defense lawyers cast him as a disgruntled and dishonest former employee who had no engineering experience. Mr. Sheridan had been demoted on grounds of poor performance and later fired for allegedly leaking crash-test results unrelated to the minivan to a trade magazine, the defense said. Mr. Sheridan says he didn't leak any results.

The jury found him credible. An accomplished race-car builder, Mr. Sheridan had at times received glowing performance reviews at Chrysler. In 1985, he had won the coveted Lee Iacocca Chairman's Award for excellence. And unlike many of Chrysler's witnesses, jurors noted later, Mr. Sheridan wasn't paid to testify.

"I believed every word he said," Ms. Jordan says. "I really did, because I felt like he really didn't have anything to lose."

Jurors also didn't believe Chrysler expert witnesses who said the child must have been ejected through a side window, not the back. Plaintiff lawyers unearthed six crash witnesses, who testified that Sergio was thrown out the back door.

By the time Mr. Sheridan was fired in December 1994, federal regulators were taking a hard look at the minivan latch. A preliminary inquiry had been launched a year earlier after two children had been ejected from a 1992 Chrysler minivan outside Washington, D.C., and one was killed. The police officer who investigated had complained to NHTSA that the impact of the collision wasn't severe enough to justify a liftgate's popping open.

In February 1994, the inquiry had broadened into a full-blown investigation of all Chrysler minivan latches. But by then, Chrysler had already decided to make the latches 50% stronger for models beginning in 1995. The question was whether it should replace latches in vans already on the road as part of a voluntary recall. NHTSA had the authority to request such a recall by issuing a public letter even before it pinpointed the precise defect.

And indeed, asking for a voluntary recall appeared to be the direction

the agency was taking when, in November 1994, it invited a team of Chrysler executives to review data and crash-test films in Washington. Using an overhead projector, NHTSA investigators flashed bar graphs of data comparing Chrysler minivan accident statistics with its competitors'.

Chrysler minivan liftgates, they said, popped open twice as frequently. In two crash-test videos played in slow motion, Chrysler minivans were rammed on the left rear side at speeds of 31 to 37 miles per hour. Each time, the liftgates buckled and tore off at the latch as the vehicles spun violently, hurling unbelted test dummies out the back door. In similar tests of its competitors' vehicles, the doors held. And, in fact, the door also held in a test of a 1991 Chrysler minivan fitted with the strengthened latch.

Political Moves

But Chrysler wasn't persuaded. It countered with a blizzard of its own data challenging the government's. And then, in a move that jurors said disturbed them, the company mounted a campaign in Washington to pressure NHTSA into dropping its voluntary-recall policy.

"If we want to use political pressure to try to squash a recall letter we need to go now," Vice Chairman Tom Denomme told Chairman Robert Eaton and President Robert Lutz in December 1994, according to a memo shown to jurors.

Chrysler's Washington office mobilized, contacting the House Commerce Committee, which oversees NHTSA and where auto makers have an ally in Michigan's Rep. John Dingell, the committee's ranking Democrat, according to correspondence used as evidence at the trial. Chrysler helped committee staffers draft a letter criticizing the recall policy. It was signed by Mr. Dingell and Committee Chairman Michael G. Oxley and sent in January to Richard Martinez, NHTSA's administrator at the time.

Publicly asking auto makers to recall cars because of a suspected defect before an investigation is complete could hurt a company's safety record, the congressmen complained. Instead, why couldn't NHTSA and auto makers agree to a "confidential settlement"?

The letter didn't specifically address Chrysler, and NHTSA says no pressure was exerted. However, in March 1995 Chrysler agreed to replace the latches on existing minivans without acknowledging they were defective or that passengers could be killed or injured in ejections.

Under terms described in one Chrysler document shown to the jury, which the company called a proposed settlement, there would be "no acknowledgment of [a] defect to NHTSA or to owners' and "no acknowledgment of [a] safety problem." In Chrysler's proposal, NHTSA would agree to deny requests by the public for copies of the crash tests. NHTSA denies knowing of any proposed settlement and says its policy is always to block the release of findings, including crash-test films, until its investigations are formally closed and the agency issues a report.

Chrysler maintained throughout the trial that its lobbying effort wasn't aimed specifically at the minivan. "No sir. That absolutely did not happen," said Chrysler's chairman, Mr. Eaton. But the jury wasn't persuaded. "All of that just incriminated them so badly it wasn't funny," Ms. Jordan says. "I just think it was one more piece of the same puzzle. It was very damaging to them. On a scale of one to 10, it was about an eight."

And Mr. Eaton, she and two other jurors who were interviewed agreed, was a terrible witness. Appearing to some jurors as indifferent in his videotaped deposition, Mr. Eaton staunchly defended the old latches and the minivan's safety record. But Mr. Eaton testified that he didn't know why passenger-door safety standards were promulgated, had never reviewed NHTSA's materials regarding the Chrysler latch, didn't know about the Minivan Safety Team, was unaware of whether Chrysler had ever conducted minivan crash tests and had never looked at a latch.

"Every question he was asked, he answered, "I don't know. I don't remember. I can't recall," " Ms. Jordan says. "If you're going to be chairman of the board of a company you've got to know what's going on. None of us believed he didn't know what was going on."

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