

Attachment A

Santa Cruz Sentinel

Enterprise Rent-A-Car admits negligence in crash that killed Santa Cruz sisters

By JONDI GUMZ

Posted: 06/22/2010 01:30:17 AM PDT

SANTA CRUZ — A jury has awarded \$15 million to the parents who filed a wrongful death lawsuit against Enterprise Rent-A-Car of San Francisco after their daughters, Raechel and Jacqueline Houck of Santa Cruz, died in a fiery crash in 2004.

Enterprise, the nation's largest rental car company, and its corporate parent contested the lawsuit for five years, then admitted in May they were negligent and that "their negligence was the sole proximate cause of the fatal injuries," according to a document signed by their attorneys.

The jury awarded damages June 9; the defendants have 30 days to decide whether to appeal.

Company attorneys at Yukevich Calfo & Cavanaugh in Los Angeles were unavailable to comment. Enterprise spokeswoman Laura Bryant, in St. Louis, said the company would have a statement today.

"This is a consumer issue of vital importance," said Carol "Cally" Houck, mother of the two young women, citing a deposition from a company official indicating Enterprise had no plans to change policies regarding recalled cars in their fleets.

Raechel Houck, 24, who worked at The Catalyst, had rented a 2004 Chrysler PT Cruiser on Oct. 7, 2004, at Enterprise's Capitola location for herself and her sister, 20, who worked at Little Tampico in Soquel.

The previous month, Daimler Chrysler sent out safety recall notices for 435,000 PT Cruisers from 2002 through 2005. The notice said the power steering hose could leak, resulting in a fire.

Enterprise records showed the PT Cruiser in which the Houck sisters died had not been repaired, that it had been rented four times since the recall, and that the Houcks were the fourth.

In a sworn declaration, Mark Matias, manager of Enterprise's Northern California area including Capitola from 1994 to 2004, said that before the accident, he was unaware the PT Cruiser was a recalled vehicle.

Furthermore, he said the Enterprise corporate philosophy was "you've got to keep booking, because you don't know when you are going to get a car back. But then of course, you run short on vehicles, and if all you have are recalled

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vehicles on the lot, you rent them out. It was a given. The whole company did it."

His statement explained his understanding of the policy: If a priority recall appears on the computer screen in the rental office, the employee is required to write the word "recall" on a Post-it note and place it on the key in an area designated for non-rentals, but nothing prevents an employee from renting that vehicle.

The Houck sisters were on Highway 101 near Bradley, returning from their mother's home in Ventura, when the PT Cruiser, headed northbound, crossed the grass median and hit a southbound big rig, bursting into flames.

"Within a month following the crash, we learned that the vehicle rented to my daughters from Capitola Enterprise was recalled," their mother said. "After digging further, their dad Chuck discovered that the recall had not been resolved and the repairs were never made."

They filed the case in Alameda County because Enterprise Rent-A-Car of San Francisco has its corporate headquarters there.

Experts hired by the parents' law firm concluded Raechel Houck lost steering ability because of a power-steering fluid leak.

Enterprise argued the crash was due to Raechel's driving.

The parents' attorney, Lawrence Grassini of

Grassini and Wrinkle in Woodland Hills, said Enterprise offered the parents \$3 million if they would keep the matter confidential.

They refused.

"We didn't want Enterprise to silence us," Cally Houck said. "When you cause harm, you have to suffer the consequences of your actions."

She noted a 2009 Kansas City Star investigation found Enterprise arranged with General Motors to exclude air bags from thousands of Chevrolet Impalas purchased for its fleet, then sold hundreds of them while advertising the cars online as having side air bags when they did not.

She also cited a lawsuit filed in Tulare County by Teng Chu, 16, left paralyzed after a Ford Expedition rented at Enterprise crashed, killing three passengers. The lawsuit, which alleged the vehicle lacked Ford's factory-installed anti-rollover system, concluded in a confidential settlement, according to a court staffer.

Although the Houck jury did not hear testimony about the company's policies on renting recalled vehicles, "all that material is part of the public record," Grassini said.

When any funds are divided up, Houck said the RageJax Foundation, which she started to further her daughters' dreams of helping others, would receive a part of the proceeds.

"Any recall is a safety-related recall," said Sean

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Kane of Safety Research & Strategies in Rehoboth, Mass., which examines vehicle safety issues. "It needs to be handled before the customer gets a car. It shouldn't be the consumer's responsibility. It should be the company's responsibility. That's what missing in this equation."

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CLOSURE: Couple wins lawsuit over rental car company blamed for daughters' 2004 deaths

By Tony Castro, Staff Writer

Posted: 06/27/2010 08:22:37 PM PDT

Updated: 06/27/2010 08:25:47 PM PDT

Callie and Chuck Houck always thought their two daughters would become their legacy.

Now, it's up to the Houcks to maintain their daughters' legacy.

In 2004, Raechel, 24, and Jacqueline, 20 - both world travelers and artists raised in Ventura County - were killed in a fiery head-on collision on Highway 101 in Monterey County as they were returning to their home in Santa Cruz.

It was a tragedy that would bring on almost six more years of heartbreak and distress as the Houcks, who are divorced and live in Ojai and Agoura Hills, waged a long legal battle against an American corporate giant to seek justice in their daughters' untimely deaths and redeem their profound loss.

"This was a David and Goliath story," says Carol "Callie" Houck, 56, a lawyer. "It was us against the largest car rental agency in the world, whose annual revenue in 2008 was \$8.1 billion, a company with unlimited resources and which employs a full-time lobbyist in Washington."

But last week, David triumphed.

An Alameda County Superior Court jury awarded the Houcks a \$15 million judgment against Enterprise Rent-A-Car of San Francisco and its parent company after they admitted that "their negligence was the sole proximate cause of the fatal injuries" to the two sisters, according to a document signed by Enterprise attorneys.

Enterprise and its parent company admitted that the 2004 PT Cruiser that the company rented to the Houck sisters had been

recalled by Daimler Chrysler a month before their deaths because of potentially dangerous and unsafe power steering hoses, which could leak and cause a fire.

Enterprise admitted it had not repaired the vehicle and had even rented it to three other customers before renting it to the Houck sisters.

"It would have spoke volumes for a guy just to come to my door and knock on it and say, 'Oh, my God, we're so sorry. This was our mistake.' That would have been all I needed," said Chuck Houck, 56, the service manager for a BMW dealership in Thousand Oaks.

But instead, according to Larry Grassini, the Houcks' Woodland Hills-based attorney, Enterprise put the parents through an emotional roller-coaster. Grassini said Enterprise's legal strategy was to wear them down and disparage their daughters' reputation.

"For five and a half years," said Callie Houck, "Enterprise hammered us with a team of experts who kept saying that our oldest daughter was responsible for killing herself and her baby sister, and then (they) admitted it was Enterprise who was responsible just before the trial started."

"Their arrogance and their meanness throughout all of this was overpowering," said Chuck Houck. "Enterprise kept saying it was Raechel's fault. That she committed suicide or whatever."

"At one point, their lawyers mentioned - it was an off-the-record conversation but they said it in a way that you could overhear it, that it could have been 'one of those Thelma and Louise stories.'"

The Houcks filed the lawsuit in Alameda County because Enterprise Rent-A-Car of San Francisco has its corporate headquarters there. The faulty PT Cruiser had been rented to the Houck sisters in Capitola at a location owned by Enterprise Rent-A-Car of San Francisco.

The sisters had driven the car to their mother's home for a family visit and for Raechel to be fitted for a bridesmaid dress for a friend's upcoming wedding.

They were heading to Santa Cruz, driving northbound on the 101 Freeway outside of King City on Oct. 7, 2004, when the PT Cruiser apparently caught fire. Smoke could be seen under the hood as the car swerved over the grass median and into oncoming traffic, smashing head-on into an 18-wheel truck, the driver of the big rig later testified.

The sisters died at the scene.

When Enterprise later decided to admit wrongdoing as part of its trial strategy, the company offered a \$3 million settlement to the Houcks contingent on keeping the company's liability statements confidential, according to Grassini.

But the Houcks chose to have their day in court.

"I wasn't about to let my daughters become a statistic," said Callie Houck. "That was not going to happen. I taught my girls that there are consequences when you hurt somebody. And I also taught them that there are social responsibilities that you have as well.

"This was not about the money. This was about the consequences."

Enterprise has 30 days to decide whether to appeal.

In a statement, Greg Stubblefield, executive vice president and chief strategy officer for Enterprise, said that "given all we have learned, today we would ground the recalled PT Cruiser until repaired."

"This was a long, complicated and difficult case for all involved, one that had to work its way through the court system to reach resolution," Stubblefield said. "But, more significantly, this is a terrible tragedy for the Houck family.

"Our hearts go out to them, and we are very sorry for their loss."

During the trial, testimony revealed that it was Enterprise's policy to routinely rent recalled vehicles to the public without repairing them.

"(A)t the corporate level, their philosophy was that, 'If all you have are recalled vehicles on the lot, you rent them out,'" Mark Matias, a former area manager for Enterprise of San Francisco, said in court documents. "It was a given. The whole company did it."

Testimony also showed that the PT Cruiser that was rented to Raechel Houck was the last car on the company's lot that day and it had been represented to her as a "free upgrade."

Both Houcks said their legal battle to redeem the loss of their daughters was a duty they each had.

"Especially when people make accusations like that (the suicide allegation)," said Chuck Houck. "They don't get to get away with it."

The Houcks, who also have a 21-year-old son, say they will use the award to further fund the RageJax Foundation, a nonprofit agency dedicated to helping kids in impoverished countries that they established to honor their daughters, who had lived abroad and wanted to help needy children.

"My daughters appreciated diversity," said Callie Houck. "They were travelers, not tourists. They wanted to immerse themselves in the country in which they were."

Rage and Jax were Raechel and Jacqueline's nicknames, and the foundation has already been involved in helping children in Central America and has also bought a stretch of land in Colon, Nicaragua.

"I have a duty and a desire to keep the things that were important to them - their goals and their dreams and their visions - I have a duty to continue that in their name," said Callie Houck.

"And maybe there's a child out there who will be given an opportunity to create, and if we can do that, then I'll feel that we've accomplished a lot. And that they have lived on."

Learn more about the Ragejax Foundation at ragejax.org

Ojai Valley News Blog

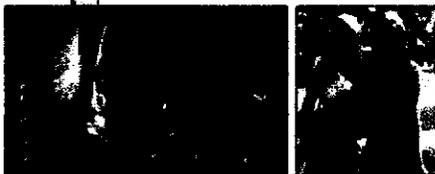
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Enterprise Admits Guilt In Houck Deaths

with 31 comments



Rental company agrees to pay \$15M to Ojai girls' parents

By Misty Volaski

**Enterprise
Statement
6/23/2010**

After more than five years of "delays and futile mediations," experts and depositions, lawyers and paperwork, it's finally over — Cally and Chuck Houck have won retribution for the deaths of their two daughters, Nordhoff grads Jackie and Raechel Houck.

Last week, an Alameda County, Calif. jury awarded the Houcks \$15 million for the wrongful and unreasonable deaths of their two girls, who died in a fiery head-on traffic collision with an 18-wheeler on the 101-north near King City on Oct. 7, 2004.

The defendant, Enterprise Rent-a-Car, claimed the deaths were a result of Raechel's bad or negligent driving, but mom Cally knew her daughter better than that. "I knew in my heart, always, that Raechel was a very good driver," Houck said. "Having lived in Europe for two years, she spent a lot of time driving the roads of rural Italy. She was very cautious and would never have taken any chances."

Turns out, Cally's gut feeling was spot-on. The Capitola, Calif. Enterprise branch which rented the girls a 2004 Chrysler PT Cruiser had been informed a month before that the vehicle had a safety recall, but did nothing about it. The repair that would have saved the lives of the Houck girls — the replacement of a power steering hose that could leak and ignite on the catalytic converter, causing a fire under the hood — was never made.

Houck lawyer Larry Grassini, of Grassini and Wrinkle law firm, said that the branch had actually rented that same vehicle out four times before they gave the keys to Raechel. According to a Grassini and Wrinkle press release, "Both of the managers-in-training who rented the PT Cruiser to the Houck sisters provided statements to the parents' lawyers saying that Enterprise intentionally overbooked vehicles 'to get customers in the front door' and knowingly rented out vehicles in need of service and maintenance. The recalled PT Cruiser rented to Raechel Houck was the last car on the lot and was represented to her as a 'free upgrade.'"

A few hours later, the girls were dead.

"Our experts and our attorneys," Cally Houck said, "remained steadfast and showed the conclusive proof that the car's defect — power steering fluid leaking onto the catalytic converter which caused an under-hood fire — started the fire, and impaired the steering, causing the car carrying my girls to crash head-on into an 18-wheeler and explode into a ball of flames."

Enterprise fought the allegations for five and one-half years with several major law firms, only admitting liability May 25. They had previously offered a settlement of \$3 million in exchange for the family keeping the matter confidential, but the family refused.

"This case should be about consequences," said Cally. "When a billion dollar corporation puts profit before life, then engages in a war of attrition to wear the family down, hoping we die, or our attorneys run out of money, then those tactics become something that should be shown to the world. We allow corporations to take these risks, with little or no accountability. Why should they be able to make billions of dollars a year without taking steps to protect their customers from defective or dangerous cars?"

"The Houcks weren't going to be muzzled," said Grassini. "We felt we had put together a strong case. I'd hired a lot of experts to testify to the validity of our claims. Enterprise thought they could wear us down. We spent \$800,000 in experts to get the proof. But just for tactical reasons, (Enterprise) decided it didn't want the jury to hear all the facts" about the company's corporate policy of renting recalled vehicles if they were requested by the customer or the only cars on the lot. So it admitted 100 percent liability for the Houck sisters' deaths.

But even without that knowledge of Enterprise's practices, the jury still awarded the Houcks \$15 million.

"Under their standard system, after a recall, the car went out at least once before it was taken off the line," said Grassini. Then, a little note would pop up on the computer screen, telling the branch that that vehicle had been recalled."

This case, added Grassini, "shows just how effective that system was."

What's worse, Enterprise told the Houck lawyers in a deposition that they had no plans to change their policy. "This is something that has to be stopped," said Grassini. "It's a terrible practice, a prime example of corporate irresponsibility at the highest level."

For the Houcks, their long fight may be over, but in some ways it will never end.

"I honestly don't know what will be left after everyone is paid, but it doesn't really matter because there can never be enough money to compensate us for the loss of our daughters," Cally said. "What we want now is accountability and some assurance that this won't continue to happen to innocent consumers. Then, Rachel and Jackie just become mere statistics, and I won't allow that to happen."

What's left over will go toward the RageJax Foundation, which helps provide art and music lessons for disadvantaged children. "Rachel and Jackie live on through the educational opportunities we can provide all children, particularly those at risk or in displacement," said Cally. "As Rachel said, 'Tell me something is impossible, then look at the hope in my eyes.' But, our fight for justice and accountability continues. Enterprise faced a jury in a court of law, now it's time for it to face the court of public opinion. I will continue to advocate and campaign for corporate responsibility, calling attention to all business practices and policies that put the public at risk in the insatiable quest for profit. I didn't lose my investment, my job, my car, or my pension. I lost my daughters."

Written by Admin

June 15th, 2010 at 8:01 pm

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31 Responses to 'Enterprise Admits Guilt In Houck Deaths'

PRESS RELEASE

ENTERPRISE RENT-A-CAR ADMITS TO RENTING TWO YOUNG SISTERS A CAR WHICH HAD BEEN RECALLED A MONTH EARLIER FOR UNDERHOOD FIRES AND CAUSING THEIR WRONGFUL AND UNREASONABLE DEATHS.

In a civil lawsuit for wrongful death recently concluded in Alameda County Superior Court, Enterprise Rent-A-Car Company and Enterprise Rent-A-Car Company of San Francisco each admitted they caused the wrongful and unreasonable deaths of Raechel Houck, age 24, and her younger sister Jacqueline Houck, age 20, on October 7, 2004, by renting them a 2004 PT Cruiser which was the subject of a recall by Chrysler because of potentially dangerous and unsafe power steering hoses which, if they fail, "can result in an underhood fire." After receiving the recall notice a month earlier on September 9, 2004, Enterprise went ahead and rented the unfixed vehicle to three customers prior to renting it to Raechel Houck. The young women died in a fiery crash while traveling northbound on Highway 101 in Monterey County outside of King City. The girls' parents, Carol Houck and Charles Houck, filed a wrongful death lawsuit in Alameda County Superior Court. Enterprise fought the case for five years after hiring a team of lawyers and expert witnesses, claiming that the accident was caused by the bad driving of Raechel Houck.

On the eve of the trial, which started June 1st, the two Enterprise entities finally admitted that "they were negligent and that their negligence was the sole proximate cause of the fatal injuries of Raechel V. Houck and Jacqueline M. Houck."

Enterprise Rent-A-Car purchases seven percent of all new automobiles sold in the United States, making it, and its 840,000 fleet of cars and \$6.4 billion in revenues, the largest rental car company in North America. Enterprise also owns Alamo and National car rental companies.

During the lawsuit, a former Area Manager for Enterprise Rent-A-Car Company of San Francisco, Mark Matias, who was in charge of the Capitola Enterprise branch which rented the fatal vehicle, testified: "At the branch level, managers and employees intentionally rented recalled vehicles to the public." According to Mr. Matias, managers "authorized the rental of recalled vehicles, even with safety recalls." "If the only vehicle left on the lot was a recalled vehicle, the branch would rent that vehicle to a customer." Mr. Matias further testified that, "I can guarantee that if any of those vehicles on the lot [at the Capitola branch] are recalled, at least one is going to be rented out" and that "[a]t the corporate level, their philosophy was that, 'If all you have are recalled vehicles on the lot, you rent them out.' It was a given. The whole company did it."

Both of the managers-in-training who rented the PT Cruiser to the Houck sisters provided statements to the parents' lawyers saying that Enterprise intentionally overbooked vehicles "to get customers in the front door" and knowingly rented out vehicles in need of service and maintenance. The recalled PT Cruiser rented to Raechel Houck was the last car on the lot and was represented to her as a "free upgrade."

Thomas Moulton, who is the Group Vehicle Repair Manager for Enterprise of San Francisco and is in charge of handling recalls, testified in a deposition that he never "considered the possibility that Enterprise should not rent cars to the public after they have received recall notices from the manufacturer." According to Moulton's testimony, he has "no idea" whether "it's a good idea . . . to rent cars that can catch fire to the public." He also had no idea if anybody at Enterprise did anything about the notice of recall received on the PT Cruiser which was rented to the Houck sisters.

Enterprise's Vice President of Service Operations, Thomas Giesecking, testified in a deposition that he was unaware of any changes Enterprise plans for the way it handles recalled vehicles.

By admitting that they unreasonably caused the wrongful death of the Houck girls, Enterprise was able to keep this evidence of its business practices from the jury. Nevertheless, the jury awarded damages of \$15,000,000.00.

Enterprise claimed the defect in the recalled vehicle did not cause the fiery crash, but argued that the Houcks' daughters were killed because Raechel was a bad driver. Raechel's mother, Carol Houck, said, "For five and a half years, Enterprise hammered us with a team of 'experts' who kept saying our oldest daughter was responsible for killing herself and her baby sister, and then admitted that it was Enterprise who was responsible just before the trial started."

The sisters' father found it very difficult to keep fighting Enterprise for the five years but did so because "No amount of money will bring our two angels back to us, but I wanted the world to know what Enterprise did to my family."

Enterprise offered the parents \$3 million if they would agree to keep the matter "confidential." They refused. "All the money in the world could not make up for the risk that this could happen again to somebody else's kids," said the girls' mother.

Larry Grassini of the Woodland Hills, California law firm of Grassini & Wrinkle remarked, "I was so inspired by the bravery of Chuck and Carol, who refused to take any amount of money in exchange for muzzling them from exposing Enterprise's business practice of renting recalled cars."

We have included copies of the following important documents which were uncovered during the course of our investigation of Enterprise's business practice and in discovery during the lawsuit:

1. Photographs of the accident scene and the PT Cruiser.
2. Internal Enterprise documents showing when and how Enterprise learned of Safety Recall D18 and that the issue was still unresolved as of May 5, 2007 (2½ years later).
3. The Safety Recall D18 itself.
4. The three rental contracts where the subject PT Cruiser was rented out after getting notice of the recall.

5. The Houck rental contract (i.e., the fourth after getting notice).
6. The declaration of Mark Matias signed under the penalty of perjury.
7. A survey of complaints relating to the D18 recall.
8. A photograph of Raechel, Jacquie and little brother Greg.
9. A photograph of Raechel.
10. A photograph of Jacquie.
11. A photograph of Raechel and Jacquie.
12. A photograph of the Houck family.

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