

**Center for Auto Safety  
Consumer Action  
Consumers for Auto Reliability and Safety  
National Association of Consumer Advocates  
Public Citizen**

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## **Consumer Groups Call for Reversal of Bankruptcy Court's Decision to Exempt Chrysler from Accountability**

### *Ruling that Undermines Lemon Laws in 25 States Should Be Overturned*

WASHINGTON, D.C. – Leading national consumer groups late Tuesday appealed the decision of the federal bankruptcy court overseeing the Chrysler bankruptcy proceeding, asking the court to preserve consumer protection laws and the rights of victims injured by vehicle design flaws and defects to seek compensation from Chrysler.

With the stroke of a pen, the bankruptcy court exempted the new Chrysler/Fiat company that will emerge from bankruptcy proceedings from accountability to consumers who have suffered or will suffer injury or loss caused by defects.

Today's appeal was filed on behalf of the Center for Auto Safety, Consumer Action, Consumers for Auto Reliability and Safety (CARS), National Association of Consumer Advocates (NACA) and Public Citizen.

"Even in the event of bankruptcy, consumers must be able to hold corporations like Chrysler accountable," said Adina H. Rosenbaum of Public Citizen, lead counsel for the consumer groups.

Added Clarence Ditlow, director of the Center for Auto Safety, "The bankruptcy court is eliminating key provisions in 25 state lemon laws that consumer groups have worked for 30 years to get on the books. These crucial protections went out the door with the stroke of a pen in the Chrysler bankruptcy order."

If the bankruptcy court decision for Chrysler is any indication of how General Motors' bankruptcy will play out, more than a third of all vehicles on the road covered by lemon laws will lose protection, said Ditlow.

If the ruling is allowed to stand, the new Chrysler will not be responsible for any of its vehicles on the road today after it emerges from bankruptcy. There will be zero liability for the new company for consumers who suffer injury or death due to egregious defects, nor will those with pending claims have any legal recourse against the new company.

The decision also will have long-lasting consequences for lemon laws throughout the country. Owners of Chrysler vehicles who seek refunds under state lemon laws will be left with severely limited

remedies; the Chrysler/Fiat sales order approved by the judge contains language that would exclude it from certain civil penalties and other liabilities for defective vehicles.

“Consumers must be confident enough in the Chrysler brand to purchase their vehicles if the company expects to survive,” said Rosemary Shahan, president of CARS, a nonprofit consumer group based in Sacramento, Calif. “If Chrysler gets away with this, there is no guarantee that the new Chrysler/Fiat won’t do the same thing to anyone buying their cars in the future.”

Linda Sherry, director of national priorities at Consumer Action, added, “Consumer Action is committed to fighting this lemon of a decision, which could result in real tragedy around the country.”

“Starting off by avoiding accountability is no way to begin rebuilding consumer confidence in the new Chrysler,” said Ira Rheingold, director of NACA.

The groups’ appeal was filed jointly with three individuals who have cases pending against Chrysler for injuries and deaths caused by Chrysler vehicles. The individual objectors are represented by the law firms Loeff Cabraser Heimann & Bernstein in San Francisco, and Stichter, Riedel, Blain & Prosser in Tampa, Fla.

Separately, families and victims of defective GM and Chrysler vehicles from six states, including men, women and children catastrophically injured due to defective cars, will hold a press conference at 11 a.m. today in 2226 Rayburn House Office Building. They will speak right before the U.S. Senate Committee on Commerce, Science, and Transportation’s hearing on GM restructuring and will ask Congress not to leave injury victims out in the cold.

To view today’s filing, go to <http://www.citizen.org/documents/ChryslerNoticeofAppeal.pdf>.

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