



Consumers for Auto Reliability and Safety

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Consumer groups, victims seek warnings on used Chrysler vehicles, push for protections for victims of Chrysler / GM defects, insolvent dealers

Consumer groups petitioned the Federal Trade Commission today, seeking warnings on approximately 30 million¹ Chrysler vehicles produced prior to May 30, when the "New Chrysler" emerged from bankruptcy court. Under the court-approved Sale Order for Chrysler, the auto manufacturer shed its obligations to injured victims of its defective vehicles, even those that are subject to recall due to safety defects. Those left with no relief include past victims whose cases have not yet been heard in court, and future victims of Chrysler vehicles produced before May 30.

The groups are also calling for passage of legislation now pending in Congress, authored by U.S. Rep. André Carson (D-IN), to require any manufacturer that the federal government has an ownership interest in, or that has an outstanding loan from the federal government, to purchase liability insurance sufficient to cover claims filed by people injured by its defective products.

"Auto manufacturers and dealers are getting billions in taxpayer funds, while car buyers are losing basic protections," said Rosemary Shahan, President of Consumers for Auto Reliability and Safety (CARS). "This is bound to further erode consumer confidence, when that is what the industry needs the most."

Kimberly Young of Oakland, whose case against Chrysler for injuries she suffered when the roof of her mother's 2004 Jeep Grand Cherokee caved in during a rollover collision, has been wiped out by the Chrysler bankruptcy process, spoke up on behalf of injured Chrysler victims. Her neck was broken when the Jeep's roof caved in, rendering her quadriplegic. Her daughter, who was riding with her, was practically unscathed. Chrysler has long resisted improving the roof strength of its vehicles.

Cautioned Young, "What happened to me can happen to you, and Congress must take a stand to protect consumers who trust a Chrysler vehicle. Without protection, a person's quality of life can be

¹ Figure from the Center for Auto Safety. While approximately 10 million Chrysler vehicles are still under warranty, another 20 million that are no longer under warranty are currently registered in the U.S.

immediately reduced to poverty level."

"Car buyers should be warned that if they purchase a pre-bankruptcy Chrysler, and they are injured, they are not going to get any relief -- even if Chrysler was totally at fault," said Joe Ridout, Consumer Services Manager for Consumer Action, one of the consumer organizations petitioning the FTC.

The groups and consumer victims also are working to raise awareness in Congress and at the auto task force at the U.S. Treasury Department about the urgent need to develop and implement a plan to protect car buyers whose credit is being ruined by dealers who go out of business without paying off liens on traded-in vehicles. Increasingly, car buyers who had excellent or very good credit find they have repossessions on their credit records, through no fault of their own, when dealers close their doors without paying liens on trade-ins. With dealers of nearly all makes going under in record numbers, this is a problem that is rapidly worsening. In California, the New Car Dealers Association has predicted that at least 500 new car dealerships will close this year. Hundreds more independent used car dealers will also go belly up.

While many states are attempting to assist car buyers suddenly stuck with two car payments (one for the vehicle they traded in), or who purchase vehicles and are unable to obtain title to them due to outstanding liens, they lack the resources to cover all the losses and are unable to ensure that car buyers' credit is restored.

"I ended up with two repossessions on my credit, and no car to get to work or to take my daughter to school -- even though I had made every payment in full and on time, because the dealer failed to pay off the liens," said Stephanie Feliciano of Sacramento. Recently Feliciano testified for passage of SB 95, authored by Sen. Ellen Corbett (D-San Leandro) and sponsored by CARS, to require car buyers to tender payment on liens for traded-in vehicles, as promised, before they can sell them again. On Tuesday, SB 95 passed 10-0 in the Assembly Judiciary Committee, where the trade association for auto lenders also testified in support.

"Car buyers should be able to trade in vehicles, or purchase used cars from a dealer, and not have to worry about whether their credit will be trashed because the dealer failed to pay off the lien," said Feliciano's attorney, Mark Anderson of the San Francisco law firm Kemnitzer, Anderson, Barron, Ogilvie & Brewer.

Keana Holland of Oakland described her ordeal, after Superior Toyota in Oakland closed its doors almost immediately after she purchased a new Corolla. The dealership took her Dodge vehicle in trade, promising to pay off the amount she owed, which was rolled into her new loan, then failed to pay it off. The dealership closed so abruptly, Holland did not even get notice where to send the payments for her new Toyota. She had great difficulty finding out how to pay for her new purchase, while the payments were still due for her trade-in.

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For further information about Congressional legislation to protect Chrysler and GM victims: Justin Ohlemiller, Director of Intergovernmental Relations and Communications for U.S. Rep. André Carson, cell phone: 317-468-5167.

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