

JAN 10 1997

**CERTIFIED MAIL -- RETURN RECEIPT REQUESTED**

Yoshihide Ito, Esq.  
Marks & Murase, L.L.P.  
Suite 750  
2001 L Street, N.W.  
Washington, D.C. 20036

Re: EA94-036; Civil Penalty Settlement Letter

Dear Mr. Ito:

The Office of Defects Investigation (ODI) of the National Highway Traffic Safety Administration (NHTSA) opened Engineering Analysis (EA) 94-036 in October 1994 to investigate whether certain seat belt buckles manufactured by Takata Corporation (Takata) with release buttons made of ABS plastic (subject buckles) contained a defect related to motor vehicle safety associated with the failure of the buckles to properly latch and unlatch. ODI also opened a related series of investigations into whether several manufacturers' vehicles equipped with the subject buckles contained safety-related defects.

In May 1995, 11 U.S. and foreign automobile manufacturers advised ODI that they would conduct safety recalls of model year 1986-1991 vehicles equipped with the subject buckles (subject vehicles) to repair or replace all broken buckles and to modify undamaged buckles to prevent future button breakage. Since these recalls resolved NHTSA's concerns related to prospective problems with the subject buckles, ODI closed its investigations of the subject vehicles in 1995. However, the agency continued to investigate whether Takata, as a supplier to the automobile manufacturers, had fulfilled its obligation to provide notification under 49 U.S.C. Chapter 301. The file

has now been forwarded to the Office of Chief Counsel for appropriate civil penalty action.

Based upon a review of the entire investigative file, the Office of Chief Counsel believes that prior to May 1995, Takata should have decided, on the basis of information available to it, that the subject buckles had to be recalled to remedy a safety problem and should have notified NHTSA and the manufacturers of the subject vehicles of that decision. Accordingly, we believe that Takata is liable for civil penalties pursuant to 49 U.S.C. § 30165(a).

Section 30165(b) of Title 49 authorizes the Secretary of Transportation to resolve civil penalty matters under 49 U.S.C. Chapter 301. This authority has been delegated to the NHTSA Administrator. Based upon available information, the Administrator views a payment of \$50,000 as appropriate under the circumstances.

Takata has indicated that it is willing to resolve this matter on this basis and will submit a separate letter explaining its different views on some of the issues. Takata will make payment by electronic deposit in accordance with the enclosed information sheet by January 16, 1997, and will provide this office with a photocopy of the document of transfer by regular mail.

If you have any questions concerning this matter, please call me at (202) 366-5263.

Sincerely,

~~Original Signed By~~

Kenneth N. Weinstein  
Assistant Chief Counsel  
for Litigation