

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION
U.S. DEPARTMENT OF TRANSPORTATION
1200 New Jersey Avenue, S.E.
Washington, D.C. 20590

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In re Volvo Cars North America, LLC

(TQ 10-007 and other recalls)

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This Agreement is made among the National Highway Traffic Safety Administration (“NHTSA”), an operating component of the U.S. Department of Transportation, Volvo Car Corporation (“VCC”), and Volvo Cars North America LLC (“VCNA” or “the Company”), collectively “Volvo,” wherein they hereby administratively resolve claims for civil penalties for possible violations of various provisions of Federal law commonly known as the National Traffic and Motor Vehicle Safety Act as amended, 49 U.S.C. Chapter 301 (“Safety Act”).

WHEREAS, on January 10, 2011, NHTSA issued an Information Request to Volvo informing the Company that NHTSA had opened a Timeliness Query (TQ10-007) to investigate whether Volvo conducted a recall for an intermittent fault in a clock spring wiring connector (recall 10V-489) in 2010 in accordance with the Safety Act;

WHEREAS, on February 24, 2011, Volvo submitted its response to the January 10, 2011 Information Request to NHTSA;

WHEREAS, on February 27, 2012, Volvo reported a recall related to the wiring harness under the front seats (recall 12V-075) to NHTSA which appeared to be untimely;

WHEREAS, NHTSA identified five other recalls in 2010 by Volvo which appeared to be untimely (recalls 10V-190, 10V-255, 10V-335, 10V-566, and 10V-579), in violation of the Safety Act;

WHEREAS, NHTSA has a potential claim that Volvo violated the Safety Act, including regulations thereunder, by not timely notifying NHTSA and the owners, purchasers and dealers of recalls in 2010 and 2012;

WHEREAS, Volvo denies that it has violated the Safety Act or its implementing regulations;

WHEREAS, it is the mutual desire of NHTSA and Volvo to resolve, through a binding agreement, civil penalties related to possible violations of the Safety Act and its implementing regulations related to the timeliness of Volvo's actions in recalling vehicles in 2010 and 2012, including, but not limited to, the issues investigated by NHTSA in TQ10-007, in order to avoid a protracted dispute and possible litigation;

NOW, THEREFORE, the parties agree as follows:

1. The Secretary of Transportation has the authority to compromise the amount of civil penalties under the Safety Act, 49 U.S.C. § 30165(b). The Secretary's authority has been delegated to the Administrator of NHTSA, 49 C.F.R § 1.50.
2. Volvo is, and at all times relevant to this action has been, the importer of record of the motor vehicles at issue and a manufacturer of motor vehicles within the meaning of the Safety Act, as defined in 49 U.S.C. § 30102(a)(5).

3. Without NHTSA making any formal findings with respect to Volvo's possible violations of the Safety Act in connection with the timeliness of its actions in certain recalls in 2010 and 2012, including, but not limited to, the issues explored by NHTSA in TQ10-007, and Volvo's responses thereto, Volvo shall, in order to resolve the dispute, pay the United States a civil penalty in the sum of \$1.5 MILLION (\$1,500,000.00 (US)) (pursuant to the Safety Act, 49 U.S.C. § 30165). Volvo shall make this payment in one lump sum payment by electronic funds transfer to the U.S. Treasury, no later than thirty (30) days following the execution of this Agreement.
4. Upon receipt of the payment set forth in Paragraph 3 above, the Secretary of Transportation, by and through the Administrator of NHTSA, releases Volvo, including its current and former directors, officers, employees, agents, parents, subsidiaries, affiliates, successors, and assigns from liability for civil penalties pursuant to 49 U.S.C. § 30165 in connection with the possible violations of the Safety Act and its implementing regulations relating to timeliness of Volvo's actions in recalls in 2010 and 2012, including, but not limited to, the issues investigated by NHTSA in TQ10-007 and Volvo's responses thereto. Upon this release, Volvo shall be relieved from any further obligations to produce documents in TQ10-007. TQ10-007 shall be promptly closed following receipt of the payment set forth in paragraph 3 above, and a copy of the closing report shall be furnished to Volvo.
5. Volvo agrees to change its recall decision making process so that NHTSA and the owners, purchasers and dealers of Volvo motor vehicles are more timely informed of safety-related defects and non-compliances. Specifically, Volvo has described to

NHTSA a revised recall process that has streamlined the internal investigation and recall decision-making process to improve the timeliness of necessary notifications to NHTSA. Volvo stipulates that the revised recall process as described to NHTSA is intended to implement its commitment to change its recall decision-making process in this paragraph of the Agreement.

6. This Agreement does not release Volvo from civil or criminal liabilities, if any, that may be asserted by NHTSA or any other governmental entity, other than its civil penalty liability under 49 U.S.C. § 30165 as described in paragraph 4 above.
7. The parties shall each bear their own respective attorneys' fees, costs, and expenses.
8. This Agreement shall be effective following the execution of this Agreement by the parties.
9. This Agreement constitutes the entire agreement between the parties regarding the resolution of the subject matter herein, and supersedes any and all prior or contemporaneous written or oral agreements or representations of the parties, all of which have become merged and finally integrated into this Agreement.
10. This Agreement may not be modified or waived, in whole or in part, unless such modification or waiver is in writing and executed by the parties.
11. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
12. The parties to this Agreement have the legal authority to enter into this Agreement and each party has authorized the undersigned to execute the Agreement on its own behalf.

Date: 6/29/12

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Date: July 3, 2012

NATIONAL HIGHWAY TRAFFIC SAFETY
ADMINISTRATION
US DEPARTMENT OF TRANSPORTATION

By:



O. Kevin Vincent
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Date: 7/3/12

NATIONAL HIGHWAY TRAFFIC SAFETY
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