



U.S. Department
of Transportation

National Highway
Traffic Safety
Administration

400 Seventh Street, S.W.
Washington, D.C. 20590

OCT 4 1996

CERTIFIED MAIL -- RETURN RECEIPT REQUESTED

William R. Willen, Esq.
Managing Counsel
American Honda Motor Co., Inc.
1919 Torrance Boulevard
Torrance, CA 90501-2746

Re: EA-94-035: Civil Penalty Settlement Letter

Dear Mr. Willen:

The Office of Defects Investigation (ODI) of the National Highway Traffic Safety Administration (NHTSA) opened Engineering Analysis (EA) 94-035 on October 31, 1994 to investigate whether certain vehicles imported by American Honda Motor Co., Inc. (Honda), and sold in the United States contained a defect related to motor vehicle safety associated with the failure of the seat belt buckles in those vehicles to properly latch and unlatch. The buckles in question were manufactured by Takata Corporation (Takata) and had release buttons made of ABS plastic.

On May 16, 1995, Honda commenced a safety recall of approximately 3.7 million model year 1986-1991 vehicles equipped with Takata seat belt buckles containing ABS plastic (the subject vehicles) to repair or replace all broken buckles and to modify undamaged buckles to prevent future button breakage. Since this action resolved NHTSA's concerns related to prospective problems with these buckles, ODI closed EA94-035 on July 31, 1995. However, the agency continued to investigate whether Honda had properly fulfilled its obligations to provide timely notification and remedy 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, including information received from Honda after ODI closed EA94-035, the Office of Chief Counsel believes that prior to May 16, 1995, Honda in good faith should have decided, on the basis of information available to it, that the subject vehicles had to be recalled to remedy a safety problem.



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AUTO SAFETY HOTLINE
(800) 424-9393
Washington, D.C. Area (202) 366-0111

Thus, this Office believes that Honda violated 49 U.S.C. §§ 30118(c)(1) and 30120 by failing to conduct a timely notification and remedy campaign. Accordingly, we believe that Honda is liable for civil penalties as provided by law pursuant to 49 U.S.C. § 30165.

Section 30165(a) provides:

A person that violates any of sections . . . 30117-30122 . . . of this title or a regulation prescribed under any of those sections is liable to the United States Government for a civil penalty of not more than \$1,000 for each violation. A separate violation occurs for each motor vehicle . . . and for each failure . . . to perform an act required by those sections. The maximum penalty under this subsection for a related series of violations is \$800,000.

Section 30165(b) authorizes the Secretary to compromise any civil penalty. This authority has been delegated to the NHTSA Administrator.

Based upon available information, and in lieu of possible litigation, the Administrator views a compromise of \$50,000 as appropriate under the circumstances. Honda has indicated that it is willing to resolve this matter for this amount and will submit a separate letter explaining its position on the issues.

Honda will make payment by electronic deposit in accordance with the enclosed information sheet by October 16, 1996 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,



Kenneth N. Weinstein
Assistant Chief Counsel
for Litigation

Enclosure

cc: Budget and Finance Division

HONDA

AMERICAN HONDA MOTOR CO., INC.
1919 Torrance Boulevard • Torrance, CA 90501-2746
(310) 783-2000

October 4, 1996

Mr. Kenneth Weinstein
Assistant Chief Counsel
for Litigation
National Highway Traffic Safety
Administration
400 Seventh Street, SW
Washington, DC 20590

Re: EA-94-035; Civil Penalty Settlement

Dear Mr. Weinstein:

I have received and reviewed your letter of October 4, 1996, by facsimile, with regard to the above captioned matter. It is our position, after a thorough review of the information provided to NHTSA, that Honda has in no way avoided or delayed meeting its obligations to its customers, dealers or NHTSA either under 49 U.S.C. Section 30118(c)(1), or 49 U.S.C. Section 30120, and that therefore it is not liable for any civil penalties. Specifically, Honda denies that there was, or is a defect related to motor vehicle safety necessitating notice to NHTSA, with regard to NHTSA's investigation under EA-94-035. Honda believes it acted in a timely and appropriate manner.


However, Honda recognizes that adjudication of these issues would involve litigation. Therefore, Honda, without agreement with NHTSA's legal or factual positions, without any admission of fault or liability, and before any litigation ensues, agrees to conclude this matter through compromise, and agrees to remit the amount of \$50,000 to NHTSA. The funds will be transmitted by electronic deposit no later than October 16, 1996.

It is Honda's understanding that NHTSA will promptly close its continuing investigation of Honda with no formal finding against Honda. NHTSA also will release Honda from any further civil penalty liability arising out of EA94-035.

If you have any questions or comments, please contact the undersigned at your earliest convenience.

Very truly yours,

AMERICAN HONDA MOTOR CO., INC.


William R. Willen
Managing Counsel
Product Legal Group

WRW:rpb