

CENTER FOR AUTO SAFETY

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October 12, 2004

Dieter Zetsche
President & Chief Executive Officer
DaimlerChrysler Corporation
1000 Chrysler Drive
Auburn Hills MI 48326-2766

Dear Mr. Zetsche:

On August 26, 2004, the Center for Auto Safety (CAS) wrote you about oil sludge and engine failure on 1998-2002 Dodge Stratus and Intrepids and Chrysler Concordes and Sebrings with 2.7-liter V6 engines. We provided you with information on 92 complaints that CAS had received and asked you to respond as positively as former Chrysler Chairman Lee Iacocca did when we provided him with information on the similar widespread failure of the A604 automatic transmission.

Although we have not heard from you, we have heard from consumers who have been victimized by 2.7L oil sludge and engine failure. Their response has been overwhelming and anguishing. Since August 26, CAS has received 191 more complaints of 2.7L engine failure tripling our total to 283.¹ Many of these owners are unable to repair their cars due to the expense. Some are single moms; some are youths with disabilities; still others are Americans serving their country in the military. All are being stonewalled by DaimlerChrysler.

Mercedes Owners Get 10 Year/150,000 Mile Oil Sludge Warranty, Chrysler Owners Get 0: When it comes to oil sludge, DaimlerChrysler treats Mercedes owners far better than Chrysler owners. It is not fair for DaimlerChrysler to treat its German half better than its American half. Under the pressure of a class action, owners of 667,000 1998-2001 Mercedes vehicles equipped with the Flexible Service System (FSS) received a 10 year, 150,000 mile warranty against engine damage. According to the Federal District Court for the Eastern District of Pennsylvania.:

The FSS monitors the car's driving conditions. It then determines when the vehicle requires an oil change. A dashboard panel indicator lights up to inform the driver that a service is needed. The alleged problem occurs when the driver uses conventional oil instead of synthetic oil with the FSS system. . . . In March 2001, MBUSA sent all vehicle owners a letter that strongly recommended switching over to pure synthetic oils for all FSS equipped vehicles to prevent excessive oil consumption and oil sludging.²

The complaint in the Mercedes class action alleged failures closely matching those of 2.7L vehicle owners including "premature and/or abnormal rod bearings wear, excessive oil consumption, sludge buildup, and other internal defects, if the FSS oil service intervals recommended by defendant

¹ Attachment A is a list of the 191 new complaints while Attachment B is a list of all 283 complaints received by CAS to date.

² *O'Keefe v. Mercedes Benz USA, LLC*, 214 F.R.D. 266 (2003)

utilizing Mercedes-Benz approved conventional motor oils were strictly followed by the owners and lessees of the vehicles." Although Mercedes owners were given a settlement worth \$32 million, DaimlerChrysler has not offered anything to Chrysler/Dodge owners who are less able to afford catastrophic engine failures than Mercedes owners. Steven Schiffhauer of Youngstown OH had the engine sludge up at 26,000 on his 2000 Chrysler Concorde but was told to "pound salt" because his warranty was up. If he had been a Mercedes owner, he would have gotten his engine fixed for free. Instead because he can't afford the \$6-9,000 repair cost, the Concorde sits in his driveway "collecting dust." According to Mr. Schiffhauer:

In August 2003, our engine light went on...so we took it to the dealership...the dealership said that [the engine computer] needed to be reprogrammed...After they did their reprogramming..the engine light went off....about a month later we heard a slight knocking from under the hood...so we took it to the dealership...and they said that our engine was going to blow....but they couldn't be sure until they took it apart...when they did they told us that there was sludge in the engine and that it was "owner neglect"...we told them we had the oil changed at least three times and they said if we could produce the receipts then they would see what they could do...but they said even with the receipts...the car was not under warranty...and it would cost us about 6,000- 9,000 to fix...so it has been sitting in our driveway collecting dust and costing us a monthly payment + insurance.... We contacted Chrysler and they basically told us the same thing the dealership told us...to pound salt!!!

2.7L Engine Failures Work Economic Hardship on Consumers: Because the cost of repair is so high, many consumers face severe economic hardships as a result. Often, the \$6-9,000 repair cost is more than the vehicle is worth. Some let the vehicle be repossessed. Some let it sit until they can save enough money to get it repaired, buying a "junker" to get around in the meantime. Still others take an immediate economic hit and trade it for a pittance. Here are some examples of what DaimlerChrysler is doing to consumers.

Kristy Baxter

Lansing IL

1999 Dodge Intrepid

I had my oil changed every 3000 miles because I drive often and distant at times. The day before my engine locked up I had gotten the oil changed. I was driving down the expressway when I heard a loud clanking noise. I turned the radio down trying to identify whose car was making so much noise. To my surprise it was my own vehicle. I was driving in the far left lane when the engine suddenly died, forcing me to make my way across four lanes of heavy traffic to the curb. I was absolutely terrified. It was in the early morning hours of rush hour traffic. Due to traffic conditions and bad weather, myself and my two toddler children were forced to wait two hours for a tow truck. I have had nothing but trouble from the Intrepid. I have even spoken with a company person through the Executive Referral Program with no amicable help. They say it is consumer faulty; however, I supplied them with oil change receipts for every 3K miles. I had to repair the car at my own expense, and then sell it in order to pay something on my loan to purchase a new car. I still owed 5K on the car. That money had to be added to the loan for my new car. I am a single mother of two. I am unemployed and attending school full-time. You can only begin to imagine the emotional and financial strain this car has put on me.

Bobbie LaBuda

Lansing IL

2001 Dodge Intrepid

I was told of an oil leakage problem from an oil change in my area and I then brought my car to Thomas Dodge in Highland to correct the problem at 26,056 miles. They dropped the oil pan, changed and gasket and changed the oil and never told me about an oil sludge problem (I have the receipt from Dodge). My engine then failed at 33,000 miles because of sludge build up. It was full of oil sludge. They acted so surprise about it and told me it was my fault for not having my oil

changed properly. I am a single mother diagnosed with MS and the stress from the whole situation made me sick. Chrysler should be ashamed of themselves! I have the letter I sent to the warranty company and also the receipts from Chrysler who looked at my engine at 26,000 miles and never said a word because at that time it was under full warranty! I had an extended warranty on this car and they would not honor it because I didn't keep every single receipt for oil changes. I had to pay \$900.00 out my pocket to get it in running condition and then I traded it in and lost over \$4,000 dollars. I called Chrysler and they were ignorant and rude and would not help me at all.

Dennis & Susan Kerr Waterloo IA 2002 Dodge Intrepid
Even though we changed the oil ourself as required the engine was full of sludge. As our 17 year old daughter was driving the car the engine blew without warning. We were told the only way to repair the car was to put in a new engine. We could not afford the \$6500 repair so the car was repossessed by the loan company. They will sell the car for junk and we will be stuck with the balance.

Michael Shad Jr. Cincinnati OH 2000 Dodge Intrepid
I was driving my car home from another state and the engine was making a noise that sounded like a lawnmower, a knocking noise. I pulled over and stopped. I turned the car off and checked under the hood. Nothing seemed to be wrong. I tried to turn the car back on and nothing happened. Finally had to get it towed back to the dealer, that was around a hundred dollars. Dealer thought it was engine sludge before they even looked at it (must happen a lot). They wanted us to pay \$150 to take off the valve covers and drop the oil pan. I really didn't have a choice . . . They said it looks like engine sludge, we will have to get my extended warranty company to come out and look at it. They said the same thing the dealer said, that it was oil sludge, and it was do to my lack of maintenance. I bought the warranty from the dealer, and they said even with all the receipts they will not cover engine sludge. I took care of that car like it was my kid , and I have receipts of my oil changes, but they didn't care. So my car sat up there for a couple of weeks then they told me I had to get it moved because the dealer was going out of business in a week. So I had it towed to my brother-in-law's shop that his father own. It sat up there for 2 or three months. I called Jasper Engines and they said they get tons of calls every day with the same problem, and that they fixed the problems in the engine so it won't sludge up. I ended up getting an engine from them, and my brother-in-law knew an engine mechanic and he put it in for me. But all in all with the installation and the engine and the tow bills it was around \$5500, which my dad loaned me the money, and I'm 21 years old trying to start my life and I can't because I owe on the new engine and I still owe about \$7000 on the car.

Jeannette Rox Houston TX 2001 Dodge Intrepid
We purchased a 2001 Dodge Intrepid in November of 2001 it had 22,000 miles on it at the time. The major problem was the engine which failed almost two years ago while we were driving it. The mechanic stated that it sounded like the oil pump had failed, however, when he examined the car closer he found sludge in the engine and stated that the engine was no good. He stated that he contacted several shops in the Houston area and major engine parts dealers in an attempt to secure a new engine but none was available because the demand was too high nationwide. Every state I personally called including Michigan and Ohio stated that the engine was poorly designed and the oil sludge was a common problem for this engine. It did not matter whether you changed the oil every 3000 miles or 7500 miles as Dodge recommended. It would fail. Dodge refused to cover it stating that we purchased the wrong extended warranty. GE Capital stated it was a manufacturer's problem and should be covered by them. No one would help us with this problem. As a result we have a car note to continue to pay and still trying to save enough money to get a new engine. We have not had the use of our car for 15 months and counting but still paying a car note on a car that we can't use. We provided all the receipts but it was not good enough. There was no warning at all

before the failure the car just made a lot loud noise and dash board lit up. The car just died. Chrysler should not be allowed to sell their product in this country and most certainly not allowed to escape responsibility and take advantage of unsuspecting consumers.

Coleen Lette Eastlake OH 2000 Dodge Intrepid
I bought a 2000 Dodge Intrepid 2.7L used in June of 2003 used from a Chrysler dealership. I paid \$7,500 + interest for this car. I'm still making payments on this car. In August of 2003, right after the 3month/3000mile warrant, my car would not start after coming out of a grocery store. And of course being out of the warrant given the dealership wouldn't help me at all. After having it towed to a local shop, I was told the timing belt broke and possible went through the engine. I agreed for the shop to take apart the engine to look and they found because of the belt breaking I had to get a new engine or get this engine rebuilt. I was unable to locate a new 2.7L engine and was told from several junk yards that I wouldn't find one because they are in high demand because "it was a junk engine". After fighting with the shop I took it to about putting in a 3.2 engine, I agreed to just have the engine re-built. Having this done cost me around \$5,500. . . . [I] bought this car . . . so I wouldn't have to worry about a car breaking down on me while I'm away from home and in Columbus, OH for school. This breakdown happened while I was home for the weekend from school. So in order to get me back down to school and to be able to get around in Columbus (to school and work) I had to find another car. I then found a beater car for 200 dollars, that I didn't have. So because of this defective engine I have spent around \$5,700 that me, a new college student did not have. I borrowed this money from a family member. Now not only am I making \$211 payments a month for this car I'm also making \$100+ payments to this family members. So this car that was suppose to be \$7,500 + interest turned out to be a \$13,000+ car.

Eric & Tammy Crocker Louisburg NC 1999 Dodge Intrepid
Our vehicle started having a ticking noise in November of 2003. The sound became increasingly loud and engine light began to come on intermittently. . . Due to some health problems resulting in surgery, we were unable to take the vehicle in for service until March 2004. When we took the vehicle in for "engine ticking, hesitation and oil burning", we were told that there was 'sludge' in the engine. This problem, we were told, "was caused by improper maintenance of our vehicle." The service technician went on to say that we needed to change our oil every 3000 miles. He said, "the amount of sludge in that engine is from not changing the oil frequently enough", and that "due to the sludge build up, the crank shaft bearing has gone bad." We knew that we'd gone over 3000 miles a few times, but NEVER enough to cause a sludge build up in the engine. When we asked what could be done, we were told we should trade it, or get a new engine. The tech added that the vehicle "may go for another 50,000 miles, there is no way to know for sure." Since there were three more surgeries on the horizon for us to get through, we knew that replacing the engine was not an option. We still owed about \$2500 on the car at this time, so wanted to see if we could make it until the car was paid off before we had to do anything. On August 26, 2003, with only 3 payments to go, the engine began bucking and missing and stalling after being driven about 15 miles. Fortunately, we were able to nurse it the remaining 10-miles to our home. The next day, we drove it to the local dealership where we picked out a new car. While discussing the price, the sales manager asked if we'd be trading a vehicle. When we told him we had a 1999 Dodge Intrepid, his facial expression completely changed. He asked which engine was in the vehicle, and when we told him, he stated that "there are some problems with that engine." Because we are honest people, we told him we had experienced problems with the engine and that was the reason we were buying a new vehicle. Even the Dodge dealership didn't want a 1999 Dodge Intrepid with a 2.7L engine! We made our last payment on the Intrepid yesterday, after juggling three car payments for two months because of what we now know

to be a problem DaimlerChrysler is, and has been, aware of for some time. We are lucky to have been able to get a new vehicle because the Intrepid we spent 5 years paying for won't even make it to the end of the driveway with only 74,300 miles on the odometer.

John Niemier Niles MI 1999 Dodge Intrepid
I was driving down highway 12 and out of nowhere my Tachometer started bouncing around, I was completely out of power and the engine was gone, I was very fortunate to be able to coast to a side road due to low traffic conditions because of the early hour. My mechanic towed it in and told me the drive chain went out and took the 6 cylinder 2.7l engine with it. He told me he wouldn't consider a rebuilt because the 2.7l engine was a problem and anything they could find would likely go out again. He said that another customer learned this the hard way, he installed a rebuilt and it quit with the same problem within a month. The cost estimate for a new motor was between \$5800 - \$7500. The car is not worth the repair and sits because there is little to no trade in value due to the well known problem with the V6 2.7l engine. I took care of my car and the oil was changed regularly.

Mary McCarty Oliver, BC 1999 Dodge Intrepid
May 6, 2004 the timing chain broke as I was driving. The motor was replaced at a cost of \$5926.52 plus the cost of getting me to Kamloops to get the car. September 24, 2004 we noticed blue/grey smoke and excessive oil coming from the tail pipe. I am returning it to Kamloops, BC on Tuesday for estimation of repairs. I am desperate and in total despair. I am 71 yrs old and have only my pension. I need a car but not this one. What can I do?

Catch 22 – Extended Warranty Will Not Cover: Many consumers purchased an extended warranty or service contract to cover major repairs such as engine failure beyond the express warranty only to find the extended warranty claim is denied for oil sludge even though the consumer has oil maintenance records. For these consumers, paying \$1-2,000 for an extended warranty was like throwing money away. This is particularly egregious where consumers such Chris Sodora of Wheaton IL purchased a 1998 Chrysler Concorde with 23,000 miles from a Chrysler dealer and paid \$1,800 for an extended warranty. Despite having all the oil receipts, the extended warranty claim as turned down on the grounds of “neglect from the 1st owner.” How could a dealer sell an extended warranty knowing that any engine failure claim would be turned down. The following are but a few other examples of extended warranty denials.

Bill Ensworth Chicago IL 2001 Chrysler Concorde
I have a 2001 Concorde that suffered an engine failure in Dec of 2003. No lights, no warning, the car just stopped running in the middle of the street. I had it towed to the dealer, I wasn't real concerned at this point because I purchased the extended warranty on the car, which is a joke and a waste of my money. The dealers mechanic called after a few days told me that the engine failure due to a sludge problem. After trying to tell me that I neglected the car and failed to get oil changes, I produced the oil change receipts that I had. Apparently that wasn't good enough from them, the claim to fixed the car was denied. So here I owe thousands of dollars on a car I can't drive and can't afford to fix. The dealer informed me that it would cost between \$9,000 and \$10,000 to fix. Not only had it ruined our Christmas Holiday but it continues to ruin every function we need to attend. We cannot at this time afford to purchase another car, we are just stuck.

Kathleen Michels Aurora IL 1999 Dodge Intrepid
My vehicle has been sitting inoperable since April of 2002. We had an extended warranty that

refused to pay for repair because they said it was due to lack of maintenance, which is untrue. We even had one of the inspectors say that Chrysler knows they have a sludge problem but they aren't doing anything about it. So right now, I have a vehicle that no longer runs, has incurred more problems since it has been sitting and I owe for it too. I had two dealers look at and say they didn't know what it was and then the car died. The engine was toast and completely sludged due to PCV poor circulation or something technical like that (says my mechanic).

Tawnya Mashburn Pegram TN 1999 Dodge Intrepid
Light turns green, I begin to accelerate, RPM's go crazy, car shuts down in the middle of an intersection. Take it in to Carmax, they tear it down, tell me Sludge in the engine ruined the bearings. My \$1500 Extended warranty I bought did not cover it, & I now owe them \$600 for the work they did to diagnose it!!! It was almost an entire year of paying \$522 a month while watching it sit in my driveway. All the tires are now dry rotted... there is rust all over my rotors, my trim has dry rotted & peeled off from my windshield... So I get it fixed... \$5623.93 for yet ANOTHER 2.7L engine.... I WILL NEVER BUY A DODGE AGAIN.... Neither will ANY of my family or friends or co-workers or any body else I can talk to about this!!

Valerie Nelson Milwaukee WI 2000 Dodge Intrepid
I purchased the 2000 Intrepid in May of 2000 and it had 19000 miles on it at the time. My 2000 Intrepid was towed to Ewald Automotive in March of this year. I had an oil light on and the car would stall and had a noise coming from the engine. I was told that the engine had sludge build up and the tensioner arm to the timing chain was broke. I have an extended warranty that I purchased from Warranty by Net and they did not honor the repair, citing that they have a clause in the policy that does not cover sludge. I sent an email to Chrysler letting them know what happened to the car and the reply I received from them was that the car was not equipped with a check engine light for that particular problem and if I would have purchased a warranty from them the car would have been fixed. At that time, I needed my car and I authorized the dealer to do the repair which was quoted at 1500.00. . . . I receive another call from the dealer stating that the valves are bent now that is where I am at now. I ended up renting two cars and borrowing family members cars for the first 6 weeks. I finally went to an auction and purchased a 1988 Pontiac.

Joanne Criniti Somerdale NJ 2001 Dodge Intrepid
Timing chain tensioner failed. Told it was due to oil sludge. I have the extended warranty and the company would not cover the repairs due to the presence of sludge. Car rental cost incurred = \$500, towing charges = \$150, diagnostic fee due to Dodge to determined problem = \$500. Car was in Dodge in July twice for the check engine light. 1st time was the transmission control module. 2 days later light came on again and the problem was the cam sensor. 2 weeks later, engine light came on and car then did not start. At no time in July when Dodge had and repaired my car did anyone tell me of the oil sludge! I am out about \$5,000 for this car and will never buy another again!

Disabled Youth Victim of 2.7L Sludge Failure: Deborah Moutry of Calumet City IL purchased a used 2001 Chrysler Concorde with her disabled son because "the dealer assured me this vehicle was the best car for him since he is in a wheelchair. My son is receiving social security of \$500 a month which \$252 of this goes to the car note which now he is stuck with paying and not having a car to drive. His transportation back and forth to therapy for walking on braces has now been delayed as well as his being independent to take himself to appointments on his own. I am a single parent with my own home and a young daughter and we just cannot afford to have this vehicle repaired [\$7,000] so it is now garaged at my older daughter's house."

No Break for those in the Military: Staff Sergeant Kenneth Sims of Ft. Hood TX. Bought a 2000 Dodge Intrepid in May 2001 with 22,506 miles. At 65,368 miles in July 2003, the engine on his Intrepid failed due to sludge in it. As Sgt. Sims puts it, "Total miles from purchase to yard artwork 42,862." He continues to make payments while the Intrepid sits in the yard.

Safety Continues To Be a Concern With Catastrophic Failures on the Road: Consumers continue to relate near misses on the highway as their 2.7L vehicles have engine failure without warning. Perhaps no one tells it so succinctly as the following three consumers including a retired highway patrol officer and a frightened mother.

Joel & Gina Goodwin Lansdowne PA 2000 Dodge Intrepid
The engine stopped in the middle of a highway, the only thing that prevented a bad accident is that being a retired Philadelphia Highway Patrol Police Officer I was able to coast to safe stopping area which was not easy at night.

Kim King Marietta GA 1999 Dodge Intrepid
Upon taking a left thru an intersection, the car completely shut off. After many attempts to start the car, it would not turn over. I had my 6 year old daughter with me. This situation very much scared her as my daughter thought we would get hit. Eventually, a police officer and another gentlemen pushed my car back so we would somewhat be out of harms way. I had to have the car towed to my house and again towed to my mechanic. I found out I would have to replace the engine due to its failure. If I brought a new one, it would cost \$5000 plus \$1500 to install it. If I brought a used one, it would cost approx \$2500 plus \$1500 to install it. I notified the dealership where I purchased the car of its problem. They informed me they would fix it if I paid ½ the cost up front and the other ½ would get worked into my regular payments. No matter what I decided to do, it would cost me both arms and both legs. Since I didn't have the money either way to fix the car, I voluntarily returned the car to the dealership who in turn fixed it and sold it at auction. Of course, this left me with no car. I had to purchase another vehicle. The dealership is now taking legal action against me for the rest of the balance.

Shelly Parulis Jacksonville NC 2000 Dodge Intrepid
2000 Dodge Intrepid 2.7L DOHC - 47000 Miles -Complete engine failure - less than 30 seconds before failure - engine light came on, then all systems shut down while going 45 MPH - Car skidded off road - luckily no one was physically injured - just emotionally distraught - Cost of replacement engine \$3500. We had followed maintenance procedures - engine had all appropriate levels of fluids including oil. This could have been a fatal situation under different circumstances, such as weather, road conditions and experience of driver. Car was out of warranty.

Chrysler Doesn't Follow EPA Regulations on Required Maintenance & Documentation: The US Environmental Protection Agency (EPA) requires auto makers to furnish written information to consumers on "proper maintenance and use of the vehicle."³ Oil change frequency is part of "non-emission scheduled maintenance" which EPA limits to that "which is reasonably and technologically

³ 40 CFR 1808-01 Maintenance Instructions

necessary.”⁴ During durability testing, EPA specifically requires oil changes “be done at the least frequent intervals [7,500 miles for 2.7L] recommended by the manufacturer to the ultimate purchaser, (e.g., not at the intervals recommended for severe service[3,000 miles for 2.7L]).”⁵ EPA’s regulation also show that Chrysler is requiring more proof of maintenance than what is specified in EPA’s regulations when it requires more maintenance than is specified in the owners’ manuals and not allowing consumers to change their own oil.⁶ The following are some examples of consumers who clearly have met the required maintenance schedules as set forth in EPA’s regulations yet Chrysler wrongly terms it inadequate maintenance.

Wayne Higgins Trenton NJ 1999 Dodge Intrepid
Engine failed without warning at 113,000 miles, engine was maintained beyond mfg specs. Only used 10/30 Mobil 1 synthetic oil since the day I purchased the car. Oil was changed every 3500 miles. Engine failed while driving at 15mph.

Francis Schneider Warrington PA 2002 Chrysler Sebring
Engine failed after normal usage. The vehicle shut off on a major highway without any warning. There were no warning lights, noises or any abnormal indications of engine problems. Chrysler is failing to repair the vehicle under warranty even though I have an extended warranty due to oil sludge. This is a problem known by Chrysler and they refuse to take action. The owners manual for the Sebring states to change your engine oil every 7,500 miles or 6 months (see page 165 in the manual). Now after the problem they claim every 3,000 miles. I am a five time repeat customer at

⁴ 40 CFR 86.1834-01 Allowable maintenance.

⁵ Id.

⁶ 40 CFR § 85.2104 Owners' compliance with instructions for proper maintenance and use.

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© Evidence of compliance with a maintenance instruction may consist of:

- (1) A maintenance log book which has been validated at the approximate time or mileage intervals specified for service by someone who regularly engages in the business of servicing automobiles for the relevant maintenance instruction(s); or
 - (2) A showing that the vehicle has been submitted for scheduled maintenance servicing at the approximate time or mileage intervals specified for service to someone who regularly engages in the business of servicing automobiles for the purpose of performing the relevant maintenance; or
 - (3) A statement by the vehicle owner that he or she performed the maintenance at the approximate time or mileage interval specified including a showing,
 - (I) That the owner purchased and used proper parts, and
 - (ii) Upon request by the vehicle manufacturer, that the owner is able to perform the maintenance properly.
 - (d) Except as provided in paragraph (e) of this section, the time/ mileage interval for scheduled maintenance services shall be the service interval specified for the part in the written instructions for proper maintenance and use.
 - (e) For certified parts having a maintenance or replacement interval different from that specified in the written instructions for proper maintenance and use, the time/mileage interval shall be the service interval for which the part was certified.
 - (f) The owner may perform maintenance or have maintenance performed more frequently than required in the maintenance instructions.
- * * *

this dealership yet they throw that relationship out the window. Where is the loyalty to the consumer?

David Goeddeke Livonia MI 1999 Dodge Intrepid
The 2.7 liter engine in my 1999 Dodge Intrepid needed a new timing chain tensioner at 65,000 miles due to sludge build-up, despite regular oil changes at 3,000 to 5,000 mile intervals. Cost to replace: \$1,300. Engine oil was flushed and changed, but the block cracked at 69,000 miles due to sludge in the engine. The engine was replaced at a cost of \$5,500. This is a design flaw, and Daimler Chrysler has not meet their responsibility.

Richard Kurth Raleigh NC 1998 Dodge Intrepid
This 98 Intrepid was maintained beyond the factory recommendations and I have the maintenance records to prove it. The engine was replaced at Al Smith Dodge, in Raleigh, NC, which is the dealer that delivered the car. Not one penny of credit was given by Dodge or this dealer, even though they admitted that the engine was well maintained. The engine began knocking and lost power on the Raleigh, NC Beltline, Route 440, and it is very fortunate that a multi-car wreck did not result.

Daniel Smith Chesapeake VA 2003 Chrysler Sebring
Sludge was found in the engine causing the oil pump suction screen to clog, causing oil starvation to engine. Oil was changed every 7500 miles as requested by dealership. Last oil change done by dealer and two before that done by customer, and three before that done by dealer.

Jon Kortze Elverson PA 2000 Dodge Intrepid
Engine began to tap in December 2001, parked car and called dealership. They said to bring it to the shop so they can look at it. On the way to the shop the engine seized. No warning lights came on the vehicle, it just seized all of a sudden. Car was towed to dealership and I was told the engine seized and it would cost \$7500 to replace. Car was just out of warranty and the dealership claims the engine seized due to lack of oil changes. The first two oil changes were done by the dealership and the rest were done by myself. Always changed on time. Due to financial restraints, the car sat for about 3 years. I finally put a used engine in the car this past year. This car has cost me A LOT more than 4000 dollars. I've had to continue full coverage insurance the entire time it sat. After the used engine was installed, the computer would not operate properly. New computer would cost just short of \$500. Found a used one and had that installed for around \$200. Now I have a vehicle that I'm afraid to drive and is nearly impossible to sell. This vehicle cost me my job as a real estate agent. So the above figure of \$4200 to fix this car does not even scratch the surface of what it has cost me.

Solomon Miller Memphis TN 1999 Dodge Intrepid
Sludge buildup, caused premature engine failure. The engine oil was changed on a regular 3,000 mile schedule. The car stopped one day while driving to work. The repair cost was estimated at around \$8,000. I still owed over \$2,500 on the car. I cannot afford the repair cost and the monthly note. I am still paying for the car, which is parked on the street in front of my house. Transportation is a real problem for me, now. Please help.

Shannon Sweeney Roanake VA 1999 Dodge Intrepid
Sludge damage to engine. We diligently maintained clean oil and filters every 3000 miles. This car was gently driven and well cared for with mostly highway miles. The body is in perfect condition. We recently received a recall notice regarding a transmission-related recall, but can't have it repaired until we can afford to have the engine replaced. PLEASE HELP!!

Rebecca Horton Villa Park IL 2001 Dodge Intrepid
I had an oil change on 6/15/2004 they told me then that there was a little "gunk" when they changed the oil and they thought that I might have a cracked head. I was told that if I saw smoke coming out of my tail pipe that I should take it to the dealer as I purchased an extended warranty "SmartChoice 2000". I never saw smoke and did not have a problem until this past week. My oil light started to flicker about 5pm Friday 8/13/2004. Saturday morning I got about 1 ½ miles from my house and my car started making the most god awful noises. . . . I pulled out the warranty info and started making calls. It seems that the company went belly up and I was referred back to where I purchased the car. . . . Tom in the service department told me that there was sludge and that I would need to produce receipts of oil changes since the date of purchase. My ex-husband was a mechanic. He attended Lincoln Technical School and is fully qualified to change the oil on my car. I had this done faithfully every 3 months on Friday when he would pick up our daughter. He never wrote me a receipt for the work. He made notes of this in my Owners Manual dates, mileage, and so on. Tom in service said that the notes and my word was not acceptable and that unless I could provide him with receipts I would be liable for the cost. \$6700 for a new engine and \$5200 plus tax for a rebuilt. Although Tom and his Manager agree that there is a flaw in the 2.7 liter engine that with my lack of documentation the warranty company will not help me. . . . When I spoke to [Chrysler], they acted as if this was the first they have heard of this problem and when I advised what the dealership told me I was told "If they feel so passionately that there is a defect tell them to eat the cost" So at this point I am still trying to debate whether or not I should have the engine replaced or just have it sit in my garage until I can pay it off and junk it.

Consumers Continue to Have Multiple Engine Failures: After spending thousands to replace a failed 2.7L engine, they become double victims as the replacement engine also fails.

Grace Hoffman Greenacres FL 2000 Dodge Intrepid
Engine replaced at 35,400 gave me 12,000 miles or one year on new engine. This (2n) engine went at 15,100 miles. Chrysler best could do was pay half. Cost me \$2,144.00. Still owe \$7,000.00.

Donald Fucinari Lansdale PA 2000 Dodge Intrepid
My 2000 Dodge Intrepid has had engine failure twice while driving...once on a major roadway at 29,667 miles and once on a major expressway at 41,520 miles. I certainly concur with others who have written you that this is extremely unsafe Thank God my children were not with me on either occasion. Chrysler repaired the engine at 29,667 miles. This was major engine damage and I had all the sludge build up at the top of the engine as well. The repair did not eliminate the sludge. Knowing what I know now, I would have never accepted the vehicle as repaired. At 41,520 miles it was towed in again and I paid for the " loss of the cam sensor ". At 44,150 miles, the engine light finally warned me and I paid for the "loss of the crank sensor." At 48,845 miles, the engine has a damaged piston rod, is not drivable. I have not driven this car since February 8th, 2004. I have pursued resolution with Chrysler on 5 separate occasions to no avail. They've cited the lack of oil changes every 3,000 miles and will not budge. The car is currently sitting idle with the damaged engine, no air conditioning and power locks which make a very loud noise when triggered. My bottom line is I feel like I've been robbed. I cannot afford a \$5,000 engine repair with 2 children in college. After 20 years, I can't believe I'm left hung out to dry due to a problem I did not create. I am appalled at Chrysler Corporation and the vast cover they've put over this issue.

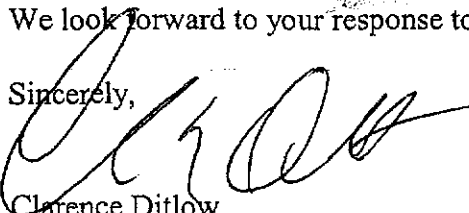
Conclusion: DaimlerChrysler's 2.7L engine fiasco is not going to go away. CAS has asked the Environmental Protection Agency to investigate Chrysler's maintenance policy. The Internet is filled with forums on the problems consumers face with the 2.7L engine. Efforts are under way to organize consumers not to buy Chrysler vehicles and to file class actions. At present DaimlerChrysler is adopting the ostrich policy of sticking its head in the sand rather than to face up to a problem it created in putting a badly designed engine on the market. The best way for DaimlerChrysler to take responsibility for oil sludge in its 2.7L engine is to agree to implement the full course of remedial actions requested by the Center for Auto Safety in our previous letter of August 26, 2004 which is:

1. Extend the warranty on the 2.7L engine to 10 years and unlimited miles for oil sludge damage.
2. Reimburse consumers who have already experienced failures for their past repair expenses.
3. Reimburse consumers for their incidental and consequential damages including any loss on forced sales or trade-ins caused by engine failure.
4. Stop treating oil sludge as a presumptive case of improper maintenance and honor the normal maintenance schedule of oil changes every 7,500 miles or 6 months and recognize that not every consumer has every record of every oil change. Instead treat oil sludge as presumptive case of a manufacturing defect.
5. Create a simple inspection procedure to determine the presence of oil sludge.
6. Identify all design changes to the 2.7L engine since the 1998 model year done to or which can mitigate engine oil sludging.
7. Create an engineering team to identify and correct the design defects in the 2.7L engine in much the same way Lee Iacocca set up a special engineering team for its A604 Ultradrive electronic transmission in 1990 when CAS called for action.
8. Make public the findings of the engineering team and provide information to the service industry and public on the latest repairs and 2.7L engine modifications.
9. Notify owners of all 1998-2002 Dodge and Chrysler vehicles with 2.7L engines of the remedial program and implement a follow-up program which was lacking in Toyota's program to ensure that the extended warranty is honored in the future.

Previously, we challenged DaimlerChrysler to do better than Toyota and Volkswagen for 2.7L Chrysler owners with oil sludge woes. DaimlerChrysler has yet to stand up to the competition. DaimlerChrysler has not even matched its own oil sludge policy for Mercedes owners. Today we are offering you a unique challenge and opportunity. Contact everyone of the 283 consumers who have complained to us as a sample of growing army of unhappy 2.7L Chrysler owners. Understand and resolve their complaints as a model of how to resolve the complaints of all 2.7L Chrysler owners.

We look forward to your response to this letter and our previous August 26 letter.

Sincerely,



Clarence Ditlow
Executive Director