

INFORMATION Redacted PURSUANT TO THE FREEDOM OF
INFORMATION ACT (FOIA), 5 U.S.C. 552(B)(6)

OFFICE OF DEFECTS &
INVESTIGATIONS

2011 FEB 23 P 5:02



February 21, 2011

VIA FEDERAL EXPRESS

D. Scott Yon, Chief
Vehicle Integrity Division
Office of Defects Investigation
U.S. Department of Transportation
National Highway Traffic Safety Administration
1200 New Jersey Avenue, S.E.
Washington D.C. 20590

Re: **Preliminary Evaluation (PE10-046)**
Automatic Transmission Shift Cable Detachment; 2007 MY Kia Optima

Dear Mr. Yon:

On behalf of Kia Motors Corp. ("KMC") and Kia Motors America, Inc., ("KMA"), Hyundai - Kia America Technical Center, Inc. ("HATCI") submits Kia's supplemental response to Request Numbers 2 and 12 of your letter dated December 7, 2010 (Reference NVS-212mj/PE10-046) pursuant to the extension you granted on January 25, 2011. HATCI does not manufacture any vehicles and in particular did not manufacture any Kia Optima. It has only been designated by KMC and KMA to act as their communication liaison with the National Highway Traffic Safety Administration. This letter is submitted to NHTSA by HATCI in that limited role. As with all matters, Kia assembles all information for NHTSA and HATCI transmits that information to NHTSA.

REQUEST NO. 2:

State the number of each of the following, received by Hyundai-Kia, or of which Hyundai-Kia is otherwise aware, which relate to, or may relate to, the alleged defect in the subject vehicles:

- a. Consumer complaints, including those from fleet operators;
- b. Field reports, including dealer field reports;
- c. Reports involving a crash, fire, injury, or fatality, based on claims against the manufacturer involving a death or injury, notices received by the manufacturer alleging or proving that a death or injury was caused by a possible defect in a subject vehicle, property damage claims, consumer complaints, or field reports;
- d. Property damage claims;
- e. Third-party arbitration proceedings where Hyundai-Kia is or was a party to the arbitration; and
- f. Lawsuits, both pending and closed, in which Hyundai-Kia is or was a defendant or codefendant.

For subparts "a" through "f," state the total number of each item (e.g., consumer complaints, field reports, etc.) separately. Multiple incidents involving the same vehicle are to be counted separately.

Hyundai-Kia America Technical Center Inc.
6800 Geddes Road, Superior Township, MI 48198
TEL: 734-337-9499 FAX: 734-483-5919
www.hatci.com

HATCI is an authorized representative of both Hyundai Motor Company and Kia Motors Corporation; which are separate and distinct automotive manufacturers.

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Hyundai-Kia America Technical Center, Inc

Scott Yon, Chief

Office of Defects Investigation

February 21, 2011

Page 2 of 4

Multiple reports of the same incident are also to be counted separately (i.e., a consumer complaint and field report involving the same incident in which a crash occurred are to be counted as a crash report, a field report and a consumer complaint).

In addition, for items "c" through "f," provide a summary description of the alleged problem and causal and contributing factors, and Hyundai-Kia's assessment of the problem, with a summary of the significant underlying facts and evidence. For items "e" and "f," identify the parties to the action, as well as the caption, court, docket number, and date on which the complaint or other document initiating the action was filed.

RESPONSE TO REQUEST NO. 2:

Kia's assessments of the information provided under (c)-(f) is attached. See Tab 1.

REQUEST NO. 12:

Furnish Hyundai-Kia's assessment of the alleged defect in the subject vehicles, including:

- a. The causal or contributory factor(s);
- b. The failure mechanism(s);
- c. The failure mode(s);
- d. The risk to motor vehicle safety that it poses; and
- e. What warnings, if any, the operator and the other persons both inside and outside the vehicle would have that the alleged defect was occurring or subject component was malfunctioning; and
- f. The VOQ reports referenced in this inquiry.

RESPONSE TO REQUEST NO. 12:

There is no Hyundai-Kia organization which has or will have any assessment. Below is Kia's assessment.

- a. **Causal or contributory factors of the alleged defect.** Incorrect installation of the shift cable during assembly.
- b. **The failure mechanism of the alleged defect.** The shift cable has a serrated edge which is intended to be pointed upwards when correctly installed. The shift cable in vehicles produced from September 29, 2005 through March 7, 2007 may have had the cable installed with the serrated position pointing downwards.
- c. **The failure mode of the alleged defect.** With the serrated edge pointing down, that end of the shift cable is rotated 180°, placing torque on the cable which can cause it to move out of its retention point on the shift lever.

Hyundai-Kia America Technical Center, Inc

Scott Yon, Chief

Office of Defects Investigation

February 21, 2011

Page 3 of 4

- d. **The risk to motor vehicle safety that it poses.** When the shift cable detachment issue was evaluated in June 2007, no safety concerns were identified. The detachment histories consistently identified that they manifested themselves when the vehicles were in a stopped position. Since the customers were immediately aware that they could not move into the intended gear and since the service brake was typically being applied as this occurred, there was no information to indicate that a safety issue existed. In addition, since the inconsistency of the intended new vehicle movement with the vehicle response was obvious, the customers are immediately alerted and reacted by reapplying the service parking brake and then engaging the parking brake to immobilize the vehicle. As a result of this IR, such information was again reviewed. This reevaluation has not indicated that the prior conclusion was incorrect.

Shortly after KMA's report to KMC, KMA issued the same information in both Pitstop and TechTimes publications, notifying service operations of the cable detachment issue and how to respond to the condition when it was presented to them.

In 2009, KMA reported to KMC on a cable detachment repair and again no safety issue was identified. In addition, the KMA warranty analysis attached to the report supported the conclusion that this issue frequently appeared at low mileage and that the prior assembly improvement had resolved the detachment issue in March 2007.

As a result of this IR, Kia reviewed all VOQs and field data as well as alleged property damage, BBB arbitration and lawsuit claims. No injury reports exist. As described in Kia's attached analysis, no safety issues are asserted in the law or arbitration claims. An analysis of the damage claims also do not factually support the presence of a risk to highway safety.

As a result of the current investigation, KMC has pursued information from the rest of the world to look for support for the possible existence of a safety issue. It has been unable to identify any assertion of a safety issue in the Korean domestic market or in any other market in the world. This discrepancy is important, since there are no materials or design differences between parts for the U.S. and the rest of the world. Kia has so far identified that the only difference which might explain this difference between the U.S. and other markets is the Pit Stop and TechTimes publications in August 2007 and the general availability of such information in the U.S. since that time. Consistent with that, the damage claims and VOQs have been made since those publications were issued. Due to the frequency with which cable detachments appear at low mileage, valid safety concerns should have been identified shortly after the first sale of the Optima in 2005, and should not have started more than two years later. While it is understandable that customers might at times seek financial support after incurring vehicle damage, their fact patterns must be carefully scrutinized to see if valid fact patterns appear. Kia does not believe that those do in this case. In fact, as often happens, all claims including VOQs actually appear to be motivated by anger with Kia and its dealerships for not getting the repair right the first time. Two of the four VOQs for example are complaining about a long ago incidents because of a repeat repair.

Hyundai-Kia America Technical Center, Inc

Scott Yon, Chief

Office of Defects Investigation

February 21, 2011

Page 4 of 4

At this point, it in fact appears that the statements of "rolling" referred by certain customers, may relate to brief tire rotation as a vehicle moves against the resistance of the transmission while alerting the customer to the condition.

At this time, Kia is taking NHTSA's interest in this issue with great seriousness, but it has been unable to factually conclude that a safety issue is present. Kia has particularly been unable to resolve the differences between the U.S. and the rest of the world, which strongly indicate that no safety issue exists. Since there are indications that the publication of this issue by KMA may in fact be part of the reports on the issue, the absence of concrete indications of unsafe events is particularly significant. Still, Kia is diligently continuing to try to understand the issues and to determine if a responsive plan is advisable.

- d. **What warnings, if any, the operator and other persons both inside and outside the vehicle would have that the alleged defect was occurring or subject component was malfunctioning.** The customer is immediately aware from normal sensory input that the vehicle reaction that the transmission is not functioning as designed and expected. The customer reacts by reapplying the service brake and then applying the parking brake. There are also substantial reports that the customer responds by observing the instrument panel and noting that the reported gear is inconsistent with the shift lever position. If the customer chooses to remove their foot from the brake, the vehicle will be momentarily free until it rolls up against the resistance of the transmission, assuming the customer does not apply the service brake first. If the customer starts to climb out of the vehicle, the fact that the transmission is not locked will be apparent from the limited motion of the vehicle's tires induced by the weight shift.
- e. **The reports included with this inquiry.** The analysis of the four (4) VOQs included with this inquiry as well as lawsuit, arbitration and damage claims are attached. See Tab 2.

Sincerely yours,



Robert Babcock

Senior Manager, Regulation and Certification Department

7

Request No. 2 Assessments

Kia Case No. K1767401, [REDACTED] Incident Date 7/21/10

Customer wanted Kia to cover her insurance deductible. She claimed that she pulled in the driveway and could not get the garage door opened. Customer and passenger got out of the vehicle to try to figure out how to get the garage door opened, and she asserts that she left the engine running. At some point, the passenger returned to the vehicle and the customer claims that the vehicle started rolling backwards on its own, almost hitting the passenger. The Optima then contacted a parked vehicle. The customer stated that there was body damage to both vehicles.

Assessment

Kia does not believe that the vehicle could remain stable in position for some time and then start rolling when a person approached the vehicle. The customer was contacting KMA CA to get them to cover her insurance deductible. The insurance company had inspected the vehicle. CA told the customer to have the insurance company contact Kia, if they believed there was a defect in the vehicle. They did not do so nor did the customer again contact KMA.

Kia Case No. K1444798, [REDACTED] Incident Date 12/28/07

On 5/7/08, customer contacted CA stating she is having multiple problems with the car (headlight not working, OCS, car didn't have heat, problems with gas door). She also asserted that she could not get car out of drive into Park, and the key would not come out, but that the key came out when someone from the dealership came. Subsequent responses identified that the alleged condition had occurred on 12/28/07—5 months prior to her calling CA – when she hit the vehicle of an off-duty policeman.

Customer could not get the vehicle out of Drive into Park. Customer got out of the vehicle to go inside her house to call the dealership. Customer did not put the emergency brake on. Customer claims the car rolled down a hill, over a sidewalk, across a street, up a sidewalk into a parking lot. The Optima hit a parked car (Saturn) and parked truck (Ford 250). The parked car went over the parking barrier and into a building. No injuries. Body damage to vehicles. Customer settled with insurance company. When asked what customer wanted as a resolution, customer stated "nothing, just want my headlights fixed. Would like to know why my lights are doing what they are doing. Also would like to know why the issue happened where I could not get my car out of gear."

Assessment

Customer statement is that she knew the vehicle was not in Park and then knowingly exited the vehicle without engaging the parking brake. She was at least fully aware of her negligence. In fact, a review of KMA's warranty records shows that the customer never had a warranty repair for the shift cable, even though the vehicle was under warranty.

Kia Case No. K1582680, [REDACTED] Incident Date 4/30/09

Vehicle backed into the driveway and parked on a level spot. Customer unlocked the door and customer's 6-year-old daughter in the front passenger seat was buckling her seatbelt she, she allegedly hit the gear shift with her foot or hand and the gear shift moved out of Park and the vehicle started rolling down a slope and hit a stone wall. Customer got into the vehicle, put her foot on the brake and

move the shifter back into Park. Customer took vehicle to an independent repair shop who stated there was something wrong with the gear shifter because it moved freely without stepping on the brake or starting the vehicle. KMA reimbursed customer for body damage.

Assessment

The condition described by the customer is unrelated to the current investigation. Kia is unable to determine the cause of the described event.

Kia Case No. K1513497, [REDACTED] Incident date 10/21/08

Customer stated that while his wife was driving, the vehicle got stuck in reverse and she rolled into another vehicle's bumper causing two small dents in the Kia's bumper cover. In response to further questions, he stated that she was backing into a parking spot, put the vehicle in Park while still driving rearwards and the vehicle kept going and hit a parked car. Customer also claimed that before the incident the Optima had the cable replaced once and adjusted two other times.

Assessment

Neither description fits the reality of operating a vehicle, since the vehicle is stopped by using the service brakes and not by shifting into Park while in reverse. It is likely that the customer was using the prior repair (and two adjustments) to seek financial compensation, which was rejected.

BBB Assessments

Case No. KIA0754753, [REDACTED] KNAGE123875 [REDACTED] Kia Optima 2007

Customer contacted BBB on 9-30-2007 seeking vehicle repurchase because her vehicle had been subject to 3 separate warranty repairs because the shift lever cable had become detached. In all three instances the vehicle was repaired by the dealership pursuant to the terms of the warranty. On October 22, 2007, claim was settled by an agreement to a repair by the dealer.

Assessment:

Customer experience and her claims did not include the assertion of any safety issue.

Case No. KIA1022445, [REDACTED] KNAGE123275 [REDACTED] Kia Optima, 2007

Customer had vehicle repaired outside of warranty period on 5/18/10 because shift lever cable became detached. Dealership also informed customer that he may need to replace shifter assembly to prevent shifter cable from detaching again. Customer declined because the repair cost \$1,000. Customer contacted BBB on 8/9/10. BBB denied claim.

Assessment:

Customer did not identify or allege any safety issue.

Case No. KIA0752087, [REDACTED] KNAGE123565 [REDACTED] Kia Optima, 2006

Customer had a history of transmission hesitation and poor gas mileage claims. She also had two cable detachment repairs in one month, August 2007, including one in Las Vegas where she asserted that she rolled down a hill while in Las Vegas on a trip and then a second one immediately after when she returned to her home in Kansas. On 9/12/07 customer contacted BBB to file claim. Primary claim was

transmission hesitation but all issues were presented. On 9/24/07 the BBB denied the claim. On 10/17/07 Kia settled with customer for \$1,632 (i.e., 6 car payments).

Assessment:

Customer did not indicate a safety concern as part of her Las Vegas cable detachment claim, although she stated that she rolled an unspecified amount on a hill. She also did not assert a safety issue in her BBB claim.

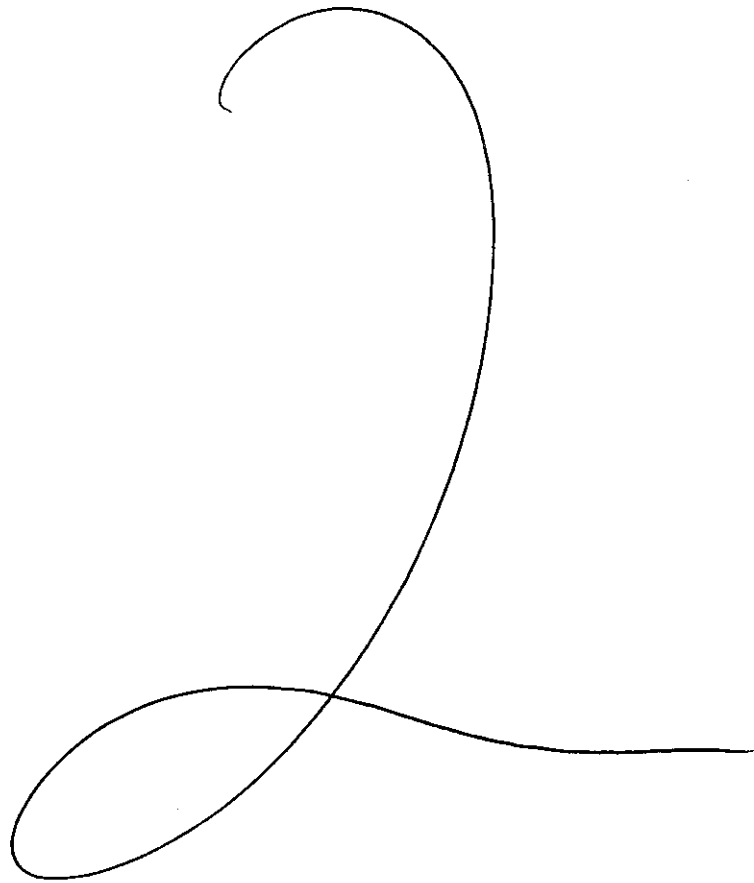
Lawsuit Assessment

Case No. CA08-0408, [REDACTED] Warranty Buyback Lawsuit

On 3/18/08, customer filed warranty lawsuit. On 7/20/07, the customer had contacted CA stating "its not shifting. I put it in drive and the car went backwards." Dealer repaired vehicle—cable came loose from the shifter. On 8/22/07, customer complained that "you put in drive and vehicle does not go & when you put in neutral, it goes reverse". Vehicle subsequently repaired. Customer called again the following day indicating she wants a new vehicle. On 2/18/08, Kia denied the demand. On 1/2/09, the matter was settled for \$1,500.

Assessment

No safety issue was identified by the customer in the calls or the lawsuit.



VOQ Assessment

1. VOQ No. 10276786, 07/14/09 (VIN KNAGE123975 [REDACTED])

"The contact owns a 2007 Kia Optima. While the contact was backing out the driveway at a low speed, he attempted to place the vehicle into drive. He noticed that the transmission would not engage into any gear and the emergency brake had to be applied to stop the vehicle. The vehicle was taken to the dealer and they stated that the shift cable needed to be re-attached. The vehicle was repaired, but the failure still persists. The current mileage is 38,100 and the failure mileage was 26,591."

The VOQ does not describe a safety condition. The service records indicate that his service brakes were not in need of repair and thus he used those to stop the vehicle before shifting. Kia believes that his reference to the parking brake means that he understood that he needed to use the parking brake to hold the vehicle in place once the shift cable separated at the bottom of the driveway. Consistent with this, a review of KMA's records show that the customer made no complaint of a safety concern to either the dealer or to KMA in September 2008. It appears that he raised this event from 10 months previously to justify his "safety" complaint in July 2009, because of his legitimate anger at having to deal with a second repair. Consistent with this, the customer's use of the word "persists" to describe the problem does not mean that it was a continuing problem but rather that there was a second event 10 months and 11,000 miles later. Kia acknowledges that it did not adequately take care of this customer's concerns, but there was no safety issue present in either event.

2. VOQ No. 10341852, 07/07/10 (VIN KNAGE123775 [REDACTED])

"The contact owns a 2007 Kia Optima LS. When the vehicle was parked the shifter cable disconnected and would not go into Park. The keys were not in the ignition when the vehicle started rolling out of the parking space. When she got back into the vehicle the brakes and the emergency brake were engaged to stop the vehicle. The vehicle was towed to the dealer and the cable was attached at no charge to the contact. The manufacturer was contacted and stated that there were no recalls or warranties related to the failure. The failure and current mileages were 73,000."

The VOQ is difficult to understand. Based on the customer's contact with KMA's consumer affairs department on the same day as the VOQ, the customer identified that the "dash said we were in drive but the shifter said Park", and that the customer chose to leave the vehicle without engaging the parking brake. It is Kia's understanding that there was a limited tire rotation as the transmission moved up against the transmission drive gears, but that no safety condition existed. A review of the NHTSA website indicates that the service bulletin she referred to was either the Pit Stop or the TechTimes notice which had been provided to dealers in 2007.

3. VOQ No. 10342445, 07/10/10 (VIN KNAGE123575 [REDACTED])

"On two occasions (to date) my Kia Optima has become inoperable—unable to put the car in drive or reverse. The first occurred during the winter in February 2010. After one of many snowstorms this season I was driving on a plowed road then encountered an area where there was only room enough for one car to pass. When I pulled over to allow an approaching vehicle to pass my car was

in about 8-inches of snow. While moving the transmission selector between reverse to get out of loosely packed snow I found I could no longer get the car into a drive gear, forward or reverse. The car had to be towed because it was no longer operable and was causing a road hazard for other vehicles. The dealer claimed snow caused the shifting cable to detach from the gear selector. The dealer, Holly Kia, reported the problem was repaired by reattaching the cable to the selector.

More recently my son was operating my vehicle on or about July 6, 2010. A 100+ degree day. He reported that he was in reverse to move the car to another parking spot in a car dealership and the car could no longer be shifted into any gear again. During this instance, the car was on a steep incline and my son was fortunate to be able to maneuver the car around other parked cars but the car had to be coasted to the bottom of the grade in order to be safely parked. After the second instance, the car was again towed back to Holly Kia for repair. Holly Kia is now replacing the shifting cable. The Holly Kia service department claims this problem with the 2007 Kia Optima as a manufacturing flaw. My concern is after the repair, can the car be trusted and operated safely? Both incidents left the car in a very compromised state and a hazard to other vehicles (moving and parked)."

The customer's complaint was precipitated by a stopped event in a dealership parking lot five months after a prior incident. The customer is angry that the dealership had not properly repaired the vehicle the first time. In this incident, the customer's son was immediately aware of the issue and used the service brakes to stop and control the vehicle. It is not clear if he then engaged the parking brake and later chose to let the vehicle roll down the incline, or if he did it immediately. In either case, no safety issue is identified. As to the event 5 months previously, she drove into deep soft snow and got stuck while avoiding another vehicle. The cable disconnected while she was rocking back and forth trying to get out of the snow. Kia is concerned from the standpoint of failing to meet the customer's expectations, but no new safety issue was created by the cable disengagement and the customer did not express such a concern to either the dealer or to KMA.

4. VOQ No. 10368330, 11/30/10 (VIN: 1G3NG52M7V6 [REDACTED] -not a valid Kia VIN), [REDACTED]

"While parking 2007 Optima I was unable to put the vehicle in park or take out the key. The shifter linkage and cable had broken. I used the emergency brake to keep the vehicle from rolling. I took vehicle to dealer (Summit Kia, Waterford, MI). They replaced the vehicle shifting linkage at a cost of \$750.00. The dealer stated the cable broke and when I asked if the part was defective they stated that it was unusual to have to replace this on the 2007 Kia Optima. The vehicle has 108,000 miles. In 40 years and many vehicles I have never had this go on any other vehicle I owned."

As is typical, the issue arises when the vehicle is stopped. The customer was aware of the condition and used her parking brake to respond to the situation and fix the position of the vehicle. The customer was motivated to complain by the \$750 cost at 108,000 miles and not by a safety event.