

**UNITED STATES DEPARTMENT OF TRANSPORTATION
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION**

1200 New Jersey Avenue, SE
West Building, W41-326
Washington, DC 20590

In re:)
)
EA12-005)
NHTSA Recall No. 13V-252)
)

SPECIAL ORDER DIRECTED TO CHRYSLER GROUP LLC

To:

Reginald Modlin, Director
Regulatory Affairs
Chrysler Group LLC
800 Chrysler Drive, CIMS 482-00-91
Auburn Hills, MI 48326-2757

This Special Order is issued by the Secretary of Transportation pursuant to 49 U.S.C. § 30166(g)(1)(A) and 49 C.F.R. §§ 510.7 and 510.8, and pursuant to a delegation of authority to the Chief Counsel of the National Highway Traffic Safety Administration (“NHTSA”), an Operating Administration of the United States Department of Transportation.

On June 18, 2013, Chrysler Group LLC (“Chrysler”) notified NHTSA that it agreed to conduct a voluntary recall of approximately 1,560,000 model year (“MY”) 2002-2007 Jeep Liberty (KJ) and MY 1993-1998 Jeep Grand Cherokee (ZJ) vehicles. Chrysler further stated that it would conduct a voluntary service campaign directed at an undisclosed number of MY 1999-2004 Jeep Grand Cherokee (WJ) vehicles. Chrysler’s report (“Part 573 Report”) stated that Chrysler would notify its customers of the safety recall for the Jeep Grand Cherokee (ZJ) and the Jeep Liberty (KJ) following the notification procedures contained in Section 577.7 of the

agency's regulations, and provide six quarterly reports of campaign completion, consistent with Section 573.7 of the agency's regulations. NHTSA has designated this recall as NHTSA Recall No. 13V-252.

Chrysler's June 18, 2013 Part 573 Report pledged that Chrysler would provide a structural improvement to the MY 1993-1998 Jeep Grand Cherokee (ZJ) and MY 2002-2007 Jeep Liberty (KJ) to mitigate the risks of fuel leaks in low-speed collisions. To that end, Chrysler stated it would take the following actions:

1. Written notification to all owners inviting them to bring in their vehicles for a free inspection of the rear structure
2. For any affected vehicle that has no trailer hitch, a Chrysler trailer hitch will be installed free of charge, provided the condition of the vehicle can support proper installation
3. For any affected vehicle that has an aftermarket trailer hitch, the area surrounding the installation will be inspected for any evidence of sharp edges or other puncture risks. If any such issues are identified, a Chrysler trailer hitch will be installed free of charge, provided the condition of the vehicle can support proper installation
4. For any affected vehicle that has an original equipment trailer hitch installed, the area around the installation will be inspected and, if no installation problems are identified, the vehicle will be released. If the inspection identifies an installation issue, it will be remedied free of charge.

Shortly after receipt of Chrysler's June 18, 2013 Part 573 Report, Chrysler officials and members of NHTSA's Office of Defects Investigation (ODI) began discussions centering on the effectiveness of Chrysler's proposed remedy. Although ODI staff agreed that addition of the trailer hitches would, as a general proposition, stiffen the rear structure of the vehicles, ODI remained concerned about the ability of the hitches to mitigate the risk of fire in low and moderate speed rear impacts. In response to ODI's concerns, Chrysler provided drawings of the hitches and a limited set of test data. In ODI's view, the test data provided by Chrysler was

insufficient. However, when asked, Chrysler indicated that it would not conduct any testing or supply more data.

Due to concerns about the effectiveness of the proposed remedy, particularly in light of the safety risks posed by rear-impact fuel leaks and fires, NHTSA decided to take the unusual step of conducting its own test program to assess the performance of the hitch in mitigating the risk of fuel leaks and fire in rear crashes. The NHTSA test program, which involved a series of eight rear impact crash reconstruction tests, was initiated on August 22, 2013 and concluded on January 2, 2014. After reviewing the results of this test program, NHTSA informed Chrysler on January 13, 2014 that it did not have any reservations about implementation of Chrysler's proposed remedy.

Chrysler and NHTSA began a series of discussions regarding implementation of the remedy campaign following ODI's decision that testing appeared to demonstrate the effectiveness of the trailer hitch. These discussions revealed Chrysler had waited until December 6, 2013, to select a hitch supplier and did not issue a purchase order to the hitch supplier until January 29, 2014. Chrysler reported that the first run of hitches was produced on May 14, 2014. On June 11, 2014, Chrysler reported that it would produce 1,323 KJ hitches per day and 882 ZJ hitches per day and anticipated that it would have a stockpile of over 89,000 KJ hitches and 50,000 ZJ hitches by the August 1, 2014 recall repair launch. Chrysler further stated that it would maintain this production schedule unless demand dictated otherwise.

Chrysler's June 18, 2013 Part 573 Report estimated that the safety recall would encompass approximately 1,560,000 vehicles. In recent reports provided to ODI, Chrysler states that intends to send recall notification letters to 1,515,000 MY 1993-1998 Jeep Grand Cherokee (ZJ) owners and 995,000 MY 2002-2007 Jeep Liberty (KJ) owners. Assuming that all of these

owners will respond to the notification, it will take Chrysler at least 4.7 years and 2.06 years respectively to produce the required number of Grand Cherokee and Liberty hitches at the current rate of production. In the event that only half of the notified Grand Cherokee owners respond to the notice and have the remedy installed, it would take Chrysler well over two years to produce the required parts at its present schedule.

NHTSA is therefore concerned that Chrysler does not have, and will not have, sufficient production capacity to ensure that enough hitches will be available to ensure that the recalled vehicles will be remedied expeditiously. For many owners, a recall remedy deferred by parts availability easily becomes a defect remedy denied. Moreover, additional delays in implementing this recall will inure to Chrysler's benefit at the expense of vehicle owner safety. Although NHTSA acknowledges that recall campaigns may have low completion rates for any number of reasons, the agency has no intention of allowing Chrysler, or any other manufacturer, to delay recall completion to the detriment of safety. NHTSA is therefore issuing this Special Order to obtain information regarding Chrysler's data collection, planning and decision-making in regard to its implementation of the recall remedy in this case.

Chrysler's response to this Special Order must be provided by **July 16, 2014**. Chrysler's response must be signed under oath, i.e., accompanied by an affidavit, signed by a responsible officer of Chrysler, stating that he/she has undertaken and directed an inquiry reasonably calculated to assure that the answers and production of documents are complete and correct, that he/she has caused the documents of Chrysler to be searched diligently for information and documents responsive to this Special Order and produced them to NHTSA, and that the answers to the inquiries provided to NHTSA respond completely and correctly to this Special Order. 49 U.S.C. § 30166(g)(1)(A); 49 C.F.R. § 510.7. Failure to respond fully or truthfully to this Special

Order may result in a referral to the United States Department of Justice for a civil action to compel responses, and may subject Chrysler to civil penalties of up to \$7,000 per day, up to a maximum penalty of \$35,000,000 for a related series of daily violations. 49 U.S.C. §§ 30163(a)(1), 30165(a)(3); 49 C.F.R. § 578.6(a)(3). Falsifying or withholding information in response to this Special Order may also lead to criminal penalties of a fine or imprisonment of up to 15 years, or both. 49 U.S.C. § 30170(a)(1).

DEFINITIONS

To the extent used in this Special Order, the following definitions apply:

1. **“Affiliates”** means a corporation that is related to another corporation (such as a subsidiary, parent, or sibling corporation) by shareholdings or other means of control.
2. **“Agent”** means an individual, such as a representative, who is authorized to act for or in place of another.
3. **“Defect”** or **“Defect condition”** means the defect that is the subject of NHTSA Recall No. 13V-252.
4. **“Describe”** means to provide, with respect to any act, occurrence, transaction, event, statement, communication, or conduct (hereinafter, collectively, “act”), all facts concerning any such act, including, but not limited to, a description of each act, and the date, the location, and the names and addresses of all persons involved.
5. **“Document(s)”** is used in the broadest sense of the word under Rule 34 of the Federal Rules of Civil Procedure, and includes all original written, printed, typed, recorded, or graphic matter whatsoever, however produced or reproduced, of every kind, nature, and description, and all non-identical copies of both sides thereof, including, but not limited to, papers, letters, memoranda, correspondence, electronic communications (existing in hard copy

and/or in electronic storage), invoices, contracts, agreements, manuals, publications, photographs of all types, and all mechanical, magnetic, and electronic records or recordings of any kind. Any document, record, graph, chart, film or photograph originally produced in color must be provided in color. Furnish all documents whether verified by the manufacturer or not. If a document is not in the English language, provide both the original document and an English translation of the document.

6. **“Employee”** means a person who works in the service of another person (the employer) under an express or implied contract of hire, under which the employer has the right to control the details of work performance.

7. **“Chrysler”** means Chrysler Group LLC, its predecessors, all of their past and present officers and employees, whether assigned to their principal offices or any of their field or other locations, including all of their divisions, subsidiaries (whether or not incorporated) and affiliated enterprises and all of their headquarters, regional, zone and other offices and their employees, and all agents, contractors, consultants, attorneys and law firms and other persons engaged directly or indirectly (e.g., employee of a consultant) by or under the control of Chrysler (including all business units and persons previously referred to).

8. **“Identify”, “identity” or “identification,”** with respect to a person, means to provide that person’s name, title or position, employer, and last known business address and telephone number. With respect to a document, means the date (or time period covered if not dated), nature of document, author, and recipient(s). With respect to a business, means to provide the corporate address, name of its principals, telephone number, and name and address of the agent for service. With respect to a website, means the url of the site, the name and address of the owner of the site and the name and address of administrator of the website.

9. **“Subject Trailer Hitch”** means the trailer hitch being offered as a remedy in the vehicles subject to NHTSA Recall No. 13V-252.

10. **“Officer”** means a person who holds an office of trust, authority, or command, such as a person elected or appointed by the board of directors to manage the daily operations of a corporation, such as a CEO, president, secretary, or treasurer.

11. **“Recall”** means NHTSA Recall No. 13V-252.

12. **“Subject vehicle(s)”** means the vehicles subject to NHTSA Recall No. 13V-252.

13. **Other Terms.** To the extent that they are used in these requests, the terms “claim,” “consumer complaint,” “dealer field report,” “field report,” “fleet,” “good will,” “make,” “model,” “model year,” “notice,” “type,” “warranty,” “warranty adjustment,” and “warranty claim,” whether used in singular or in plural form, have the same meaning as found in 49 C.F.R. § 579.4.

INSTRUCTIONS

1. Your response to the Special Order shall be sent to Office of the Chief Counsel (NCC-111), National Highway Traffic Safety Administration, West Building, W41-326, 1200 New Jersey Avenue, SE, Washington, DC 20590.

2. Please repeat the applicable request verbatim above your response. After your response to each request, identify the source of the information and indicate the last date the information was gathered.

3. When documents are produced and the documents would not, standing alone, be self-explanatory, the production of documents shall be supplemented and accompanied by explanation. Please also be reminded that where a document responsive to a request is not in the English language, both the original document and an English translation of the document must

be produced.

4. You are required to respond to every request listed in this Special Order. If you cannot respond to any specific request or subpart(s) thereof, please state the reason why you are unable to do so. If you are unable to respond because you do not have all or any of the precise information needed to respond, provide an estimate. If, on the basis of attorney-client, attorney work product, or other privilege, you do not submit one or more requested documents or items of information in response to this Special Order, you must provide a privilege log identifying each document or item withheld, and stating the date, subject or title, name and position of the person(s) from, and the person(s) to whom it was sent, and the name and position of any other recipient (to include all carbon copies or blind carbon copies), the nature of that information or material, and the basis for the claim of privilege and why that privilege applies.

5. The response to this Special Order, including the document requests, must be submitted in duplicate, together with a copy of any confidentiality request, to this office by the deadline stated above.

6. If you claim that any of the information or documents provided in response to this Special Order constitutes confidential commercial material within the meaning of 5 U.S.C. § 552(b)(4), or is protected from disclosure pursuant to 18 U.S.C. § 1905, you must submit supporting information together with the materials that are the subject of the confidentiality request, in accordance with 49 C.F.R. Part 512, to the Office of Chief Counsel (NCC-111), National Highway Traffic Safety Administration, West Building, W41-326, 1200 New Jersey Avenue, SE, Washington, DC 20590. You are required to submit two copies of the documents containing allegedly confidential information and one copy of the documents from which information claimed to be confidential has been deleted. Failure to adhere to the requirements of

49 C.F.R. Part 512 will result in a rejection of your request for confidential treatment.

7. The singular includes the plural; the plural includes the singular. The masculine gender includes the feminine and neuter genders; and the neuter gender includes the masculine and feminine genders. “And” as well as “or” shall be construed either disjunctively or conjunctively, to bring within the scope of this Special Order all responses that might otherwise be construed to be outside its scope. “Each” shall be construed to include “every” and “every” shall be construed to include “each.” “Any” shall be construed to include “all” and “all” shall be construed to include “any.” The use of a verb in any tense shall be construed as the use of the verb in a past or present tense, whenever necessary to bring within the scope of the document requests all responses which might otherwise be construed to be outside its scope.

8. Chrysler’s response to this Special Order must be under oath, i.e., accompanied by an affidavit, signed by a responsible officer of Chrysler, stating that he/she has undertaken and directed an inquiry reasonably calculated to assure that the answers and production of documents are complete and correct, that he/she has caused the documents of Chrysler to be searched diligently for information and documents responsive to this Special Order and produced them to NHTSA, and that the answers to the inquiries provided to NHTSA respond completely and correctly to this Special Order.

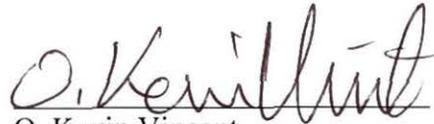
REQUESTS

1. Separately for each model and model year vehicle provide Chrysler’s count of vehicles currently registered for use on the public roads of the various states and territories of the United States.

2. Separately for each model and model year vehicle provide Chrysler's count of owner notification letters that Chrysler will send owners pursuant to 49 CFR Part 577 and its schedule for mailing these letters.
3. Separately for each model provide Chrysler's analysis of the anticipated recall remedy completion rate including, but not limited to:
 - a. Any and all financial projections and/or financial reserves associated with completion of recall 13V-252.
 - b. Any and all analyses of the projected owner demand for the remedy.
 - c. The relationship between parts availability and recall remedy completion rates including the impact of wait times on owner behavior in this instance and safety recalls in general.
 - d. The extent to which the anticipated completion rate in 13V-252 differs from completion rates commonly established by Chrysler as targets in safety recalls.
4. State whether it is Chrysler's common practice to rely on a single supplier for critical components in production vehicles. If the answer to the foregoing is in the negative, please state why Chrysler is relying on a single supplier with tooling and welding jigs capable of fabricating only 1,323 KJ hitches per day and 882 ZJ hitches per day.
5. Provide Chrysler's analysis of the number of suppliers in the United States, Canada and Mexico with the capability of manufacturing the subject trailer hitches to Chrysler's specifications. Identify each such supplier and Chrysler's estimate of that supplier's production capacity.

6. Provide any and all analyses supporting Chrysler's determination that production of 1,323 KJ hitches per day and 882 ZJ hitches per day will be adequate to provide a remedy for the subject vehicles within the following time periods:
 - a. 7 days after the owner requests that the remedy be provided or otherwise presents the vehicle for repair.
 - b. 15 days after the owner requests that the remedy be provided or otherwise presents the vehicle for repair.
 - c. 30 days after the owner requests that the remedy be provided or otherwise presents the vehicle for repair.
 - d. For each of the foregoing responses, provide Chrysler's estimate of the percentage of vehicle owners seeking application of the remedy who could have their vehicles remedied within the allotted time.
7. Separately for each model provide Chrysler's analysis of the maximum production capacity of the supplier currently producing the subject trailer hitches. State whether the maximum production capacity of this supplier is sufficient to complete the recall campaign within eighteen months of August 1, 2014 if all owners receiving notification from Chrysler elect to have the remedy applied to their vehicles. If the answer to the foregoing is in the negative, state the percentage of owners who would be able to obtain the remedy within the aforementioned time period if the current supplier of the subject trailer hitch is working at maximum capacity.
8. Provide Chrysler's assessment of the lead time required to begin volume production of the subject trailer hitches by additional suppliers and the costs associated with producing the required tooling and welding jigs.

Dated: July 2, 2014


O. Kevin Vincent
Chief Counsel