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U.S. Department of Transportation Fines Honda \$70 Million for Failing to Comply with Laws That Safeguard the Public

NHTSA Issues More Fines in 2014 Than in Agency's Entire History

WASHINGTON – The U.S. Department of Transportation's National Highway Traffic Safety Administration (NHTSA) announced today that as a result of a NHTSA investigation, Honda will pay two \$35 million civil penalties, for a total of \$70 million, for failing to report deaths, injuries, and certain warranty claims to the federal government in violation of the TREAD Act. In the Consent Order, finalized just before the new year, Honda also agreed to increased NHTSA oversight and third party audits to ensure that all required reporting is completed now and into the future.

In 2014 alone, NHTSA issued more than \$126 million in civil penalties, exceeding the total amount collected by the agency during its forty-three year history.

“Honda and all of the automakers have a safety responsibility they must live up to – no excuses,” said U.S. Transportation Secretary Anthony Foxx. “Last year alone, we issued more fines than in NHTSA’s entire history. These fines reflect the tough stance we will take against those who violate the law and fail to do their part in the mission to keep Americans safe on the road.”

NHTSA’s investigation into Honda’s safety reporting found that the automaker failed to submit early warning reports (EWR reports) identifying potential or actual safety issues. The first civil penalty is a result of Honda’s failure to report 1,729 death and injury claims to NHTSA between 2003 and 2014. The second civil penalty is due to the manufacturer’s failure to report certain warranty claims and claims under customer satisfaction campaigns throughout the same time period. Additional details are available in the [audit report](#) prepared for Honda by Bowman and Brooke and in [Honda’s Response](#) to NHTSA’s Special Order addressing the violations.

Federal law requires manufacturers to submit comprehensive EWR reports of potential safety concerns to the Department. These quarterly reports include production information; incidents involving a death or injury; aggregate data on property damage claims, consumer complaints, warranty claims, and field reports; and, copies of field reports involving specified vehicle components, a fire, or a rollover. The data are then used to investigate whether safety defects or defect trends exist and warrant further action, including possible recalls.

“Today’s announcement sends a very clear message to the entire industry that manufacturers have responsibility for the complete and timely reporting of this critical safety information,” said NHTSA Administrator Dr. Mark Rosekind. “The actions we are requiring will push Honda to significantly raise the bar on the effectiveness of its EWR reporting program. Our ongoing oversight will ensure compliance and determine if there is cause for additional actions.”

In addition to civil penalties, Honda has been ordered to comply with NHTSA oversight requirements under a [Consent Order](#). It requires that Honda develop written procedures for compliance with EWR requirements, train appropriate personnel on at least an annual basis, and complete two third-party audits of the automaker’s compliance with its reporting obligations. The Consent Order also requires Honda to provide NHTSA’s Early Warning Division with information regarding the 1,729 unreported death and injury incidents and the warranty claims, so that the agency can analyze these incidents for potential safety concerns and take appropriate action to protect America’s driving public.

While 2014 was a record year for civil penalties, the fines are limited by a Congressionally-established \$35 million dollar cap, the amount Honda will pay for each of the two series of violations. The Administration’s four-year reauthorization bill – the GROW AMERICA Act – proposes to increase the limit to \$300 million. The Administration’s proposal also seeks additional authority to aid NHTSA in its efforts to force recalls.

NHTSA issued the following civil penalties in 2014:

- Honda, \$70,000,000, for failing to both submit early warning reports and warranty claims.
- Gwinnett Place Nissan, \$110,000, for failing to perform recall remedy in new motor vehicles prior to sale and delivery.
- Ferrari S.p.A. and Ferrari North America, Inc, \$3,500,000, for failing to submit early warning reports.
- Chapman Chevrolet LLC, \$50,000, for failing to perform recall remedy in new motor vehicles prior to sale and delivery.
- Hyundai Motor America, \$17,350,000, for the failure to issue a recall in a timely manner.
- General Motors Company, \$35,000,000, for the failure to issue a recall in a timely manner.
- General Motors Company, \$441,000, for failing to fully respond to Special Order by due date.
- Prevost, a division of Volvo Group Canada, Inc; Volvo Industrial de Mexico S.A. de C.V.; and Prevost Car (US) Inc., \$250,000, the second of six annual

- installments of a total of \$1.5 million in civil penalties, for untimely recalls and untimely submission of early warning reports, and technical service bulletins (TSBs).
- Southern Honda Powersports (a/k/a Big Red Powersports LLC), \$25,000, the second of five annual installments of a total of \$125, 000 in civil penalties, for the sale of unrepaired, recalled vehicles.

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