



U.S. Department
of Transportation
**National Highway
Traffic Safety
Administration**

DEC 19 2017

1200 New Jersey Avenue SE
Washington, DC 20590

Via Certified Mail and Email (delivery receipt requested)

Ms. Jennifer Shute
Senior Manager- Safety Campaign
Administration & Execution
FCA US LLC
800 Chrysler Drive
CIMS 482-00-91
Auburn Hills, MI 48326

NEF-107aa
AQ17-004
17V-301

Dear Ms. Shute:

We are writing FCA US LLC (“FCA” or “your company”) with a request for more information regarding audit query AQ17-004. As you may know, as part of our continuing investigation we issued two (2) requests for information to Northwest Chrysler Jeep Dodge requesting data on new vehicles it may have delivered to customers with outstanding safety recalls. Additionally, FCA was also issued a letter requesting detail on what processes have been implemented since July 24, 2015, to deter its dealerships from retailing vehicles with outstanding recalls. We are in receipt of FCA’s response to that IR letter and now have additional questions regarding how FCA mitigates the delivery of recalled vehicles.

The purpose of this request is to ascertain additional information regarding FCA’s policies and procedures for preventing the retail and delivery of vehicles with outstanding safety recalls.

Unless otherwise stated in the text, the following definitions and instructions apply to these information requests:



1. “FCA” means FCA US LLC, including all of its divisions, subsidiaries and affiliated enterprises and its 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 FCA (including all business units and persons previously referred to).
2. The term “you” or “your” refers to FCA.
3. “Northwest Chrysler Jeep Dodge” means Northwest Chrysler Jeep Dodge, including all of its divisions, subsidiaries and affiliated enterprises and its 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 Northwest Chrysler Jeep Dodge (including all business units and persons previously referred to).
4. The term “communications” is used in the broadest sense of the word and shall mean the exchange, transfer, or relay of any ideas, messages, or information by speech, writing, or other means, whether electronic, paper, or in person.
5. The term “person” includes natural persons, proprietorships, partnerships, firms, corporations, federal, state, and local governments, all departments and agencies thereof, and any other governmental agencies, political subdivisions, groups, associations, or organizations, whether located in the United States or abroad.
6. The term “relate to” or “relating to” means constituting, comprising, containing, setting forth, showing, disclosing, describing, explaining, summarizing, concerning, or referring to, directly or indirectly.
7. The term “explain,” “describe in detail,” or “state in detail” mean the following:
 - a. Describe fully by reference to underlying facts rather than ultimate facts or conclusions of law or fact.
 - b. Particularize as to:
 - i. The identity of each person involved in each such event, including but not limited to persons employed FCA and those persons purporting to act for FCA;
 - ii. The specific acts of each person participating in each such event;
 - iii. The date and time of each such event;
 - iv. The address and location of each such event; and
 - v. The identity of each person present during each such event.
8. The term “Document(s)” is used in the broadest sense of the word and shall mean 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, communications, electronic mail (e-mail)

messages (existing in hard copy and/or in electronic storage), and faxes. For purposes of this request, any document that contains any note, comment, addition, deletion, insertion, annotation, or otherwise comprises a non-identical copy of another document shall be treated as a separate document subject to production.

9. "Safety recall 17V-301" means the safety recall FCA is conducting through its dealerships to remedy certain model year 2017 Jeep Compass vehicles. Affected vehicles may be equipped with a halfshaft that may not be properly seated. An improperly seated halfshaft may break, increasing the risk of a crash.
10. "Recall notice" refers to any action in which FCA notifies any of its dealers, pursuant to 49 CFR § 577.13, of a safety recall of new vehicles that may be, or come into, dealer inventory, and instructs that a recalled vehicle may not be sold and delivered until the safety defect or noncompliance is remedied.
11. Other Terms: To the extent that they are used in this information request, the terms "claim," "consumer complaint," "dealer field report," "field report," "fire," "fleet," "good will," "make," "model," "model year," "notice," "property damage," "property damage claim," "rollover," "type," "warranty," "warranty adjustment," and "warranty claim," whether used in singular or plural form, have the same meaning as found in 49 CFR 579.4.
12. The singular includes the plural; the plural includes the singular. The masculine gender includes the feminine and neutral genders; and the neutral 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 information request 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 is a past or present tense, whenever necessary to bring within the scope of the document request all responses which might otherwise be construed to be outside its scope.

INFORMATION REQUESTS

1. In its IR response dated September 8, 2017, FCA noted that the pre-delivery inspection (PDI) fee chargeback system ceased to function on or around August 11, 2016. Identify how many PDI fee chargebacks were issued to Northwest Chrysler Jeep Dodge before the system failed. Include the dates these chargeback fees were assessed, the number of fees that were charged back, and the dollar amounts charged back to Northwest Chrysler Jeep Dodge.
2. In the same IR response referenced above, FCA noted that accrued PDI chargebacks would be levied in the fourth quarter of 2017. Provide the number of PDI fees, as well as the total dollar value, FCA intends to charge back to Northwest Chrysler Jeep Dodge for transactions that should have been captured in the PDI fee chargeback system.
3. Explain how FCA monitors the PDI fee chargeback system. Include the name and title of staff involved, how the system data is reviewed, how often FCA staff reviews the data, and how FCA intends to monitor the system to prevent system failures from going unnoticed in the future. Provide copies of any policies or procedures used for the PDI fee chargeback system.
4. In the same IR response referenced above, FCA noted that a new system for preventing dealerships from reporting the sale of recalled vehicles was introduced into the NVDR system in August 2016. Identify how many NVDR transactions FCA has delayed, specifically due to an outstanding safety recall on the vehicle, for Northwest Chrysler Jeep Dodge since the NVDR system updates were made in August 2016.

Separately, identify the number of NVDR transactions FCA has delayed, specifically due to an outstanding safety recall, for all FCA dealerships since August 2016.

5. Does FCA have any method for detecting fraudulent dates, whether delivery dates or recall remedy dates, used to avoid delayed claims in the NVDR system? If so, detail the methods, reports, or audits used to verify dealerships are submitting accurate dates to FCA and explain what FCA does if a dealership submits fraudulent dates.
6. FCA noted that beginning October 3, 2017, dealerships became ineligible for sales incentives (for both count and pay) for any vehicles delivered with an outstanding safety recall. Explain how FCA is monitoring this system to ensure incentive denials are actively being levied. Provide the name and title of the staff involved in monitoring this program, how the system data is reviewed, how often FCA staff reviews the data, and how FCA intends to monitor the system to prevent system failures.

Provide copies of any policies or procedures used to govern this sales incentive withholding system.

7. Explain how FCA anticipates its sales incentive withholding system will influence the average FCA dealership. Provide examples for how withheld incentives for outstanding recalls might compare to average monthly sales and other incentives received by the dealership. Provide this same analysis as it would apply to a small FCA dealership as well as a large FCA dealership.
8. FCA's current practice to deter the sale of recalled vehicles involves alterations to the NVDR system for reporting transactions (and withholding sales incentives), but does not physically restrict a vehicle from being delivered to an owner with an outstanding recall. Has FCA explored any mechanism to ensure dealerships are unable to deliver new vehicles to owners when they contain outstanding safety recalls?
9. In a September 2017 meeting with NHTSA, FCA reported that it identified 664 vehicles that were delivered with outstanding recalls between September 2016 and July 2017. What efforts is FCA and/or the affected dealerships extending to ensure these 664 vehicles are identified and remedied of their safety recalls as quickly as possible?
10. Provide any additional information FCA considers important for the agency to consider in reviewing and evaluating FCA's responses to any of the requests above. As one example, identify any anomalies in the data or documents and explain the reason(s) for those anomalies.

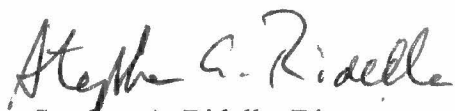
You must respond in writing to this letter. This letter is being sent to your company pursuant to 49 U.S.C. § 30166, which authorizes NHTSA to conduct any investigation that may be necessary to enforce Chapter 301 of Title 49. Your company's failure to respond promptly and fully to this letter could subject your company to civil penalties pursuant to 49 U.S.C. § 30165 or lead to an action for injunctive relief pursuant to 49 U.S.C. § 30163.

If FCA claims that any of the information or documents provided in response to this information request 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, the company must submit supporting information together with the materials that are the subject of the confidentiality request to the Office of Chief Counsel, W41-326 National Highway Traffic Safety Administration, 1200 New Jersey Ave., SE, Washington, D.C. 20590. Please see 49 CFR Part 512 for further instructions as to what is required to properly file a request for confidential treatment.

Please provide your written response **no later than three weeks from the date of this letter.**

Please direct your response to me and note conspicuously on your response the investigation number assigned to this matter (e.g., AQ17-004). Should you have any questions or concerns, please contact Alex Ansley on my staff at (202) 493-0481 or at alexander.ansley@dot.gov.

Sincerely,

A handwritten signature in black ink that reads "Stephen A. Ridella". The signature is written in a cursive style with a large, prominent "S" and "R".

Stephen A. Ridella, Director
Office of Defects Investigation
Enforcement