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By Recall Management Division at 1:11 pm, Oct 17, 2012

VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED, AND EMAIL

October 16, 2012

Ms. Nancy Lummen Lewis
Associate Administrator for Enforcement
National Highway Traffic Safety Administration
1200 New Jersey Ave., S.E.
Washington, DC 20590

**Re: Recall Campaign
Rollaway
2005-08 BMW 7-Series
Vehicles with Comfort Access Option**

Dear Ms. Lewis:

This notice is sent to you in accordance with the requirements of the National Traffic and Motor Vehicle Safety Act of 1966 and 49 CFR Part 573.

Pursuant to Section 573.6(c), we submit the following information.

- Manufacturer:** Bayerische Motoren Werke AG (BMW)

Designated Agent: Thomas C. Baloga
Vice President, Engineering-US
BMW of North America, LLC
200 Chestnut Ridge Rd. (Bldg. 150)
Woodcliff Lake, NJ 07677
- Make:** BMW

Model Year / Model: 2005-08 / 7-Series (with Comfort Access option)
- Inclusive Dates of Manufacture:** August 23, 2004 – July 24, 2008
- The number of vehicles affected is approximately 45,500.
- The percentage of vehicles estimated to actually contain the condition is 100%.
- This recall involves the keyless ignition system of vehicles equipped with the "Comfort Access (CA)" option. The CA system includes an ID-transmitter (the vehicle key fob) which allows the driver to start and stop the engine without inserting the key fob into the vehicle's key slot in the instrument panel. One of the design features of CA is such that when the vehicle is stopped with the service brakes applied, and the transmission in Drive ("D") or in Reverse ("R"), the driver can push the start-stop button one time in order to stop the engine. When that occurs, the transmission shifts to Park ("P") automatically.

In rare circumstances, if the driver depressed the start-stop button multiple times in rapid succession, the transmission could shift to Neutral ("N") instead of Park (the

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BMW Group Company

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“condition”). This condition replicates a design feature in the transmission if there is an engine failure, or if the vehicle runs out of gas. The vehicle’s transmission will automatically shift to Neutral so that the vehicle could be towed or pushed away. If the driver opens the door under this condition, an audible warning signal and a visible warning symbol would be activated informing the driver that the transmission is still in Neutral. If the driver ignored the warnings, he or she nevertheless could leave the car with the ID-transmitter and lock it from outside, with the transmission in N. Depending on the slope of the road, the vehicle could roll away.

6. On January 22, 2009, NHTSA contacted BMW about the design and functionality of its keyless ignition (“Comfort Access”) system on 7-Series vehicles. Between January and May 2009, a number of informal discussions, information exchanges, and a demonstration occurred between BMW and the agency regarding various aspects of the Comfort Access system. There was no further contact between BMW and the agency until May 2011. During this time, BMW initiated an internal analysis and had further informal discussions with NHTSA.

On August 5, 2011 PE11-025 was opened. During the PE process, it was revealed to NHTSA that in August 2005, BMW observed this condition on a test vehicle. As BMW stated in response to the PE, engineering analysis had concluded that this condition was a replication of the engine failure feature and necessary so that a vehicle could be towed or pushed away. In the Fall of 2011, BMW gave a demonstration of the condition to NHTSA ODI staff and provided NHTSA with a 7-Series to conduct other testing at NHTSA’s Vehicle Research Test Center.

Between June 2002 and July 2012, BMW received 52 customer contacts where a rollaway was alleged to have occurred. Given the description of the events leading to the rollaway and inspection of the majority of the vehicles, including, but not limited to the transmission, it was not evident that multiple actuation of the start-stop button was occurring which could result in vehicle rollaway. After an analysis, BMW reasonably believes that only 8 are attributable to the driver depressing the start-stop button multiple times in rapid succession.

BMW provided its final responses to PE11-025 on December 22, 2011. BMW offered to conduct a technical service action informing owners of the possibility of the transmission going into Neutral if the start-stop button is pushed multiple times in rapid succession, to ensure the vehicle is in Park and to use the parking brake. At that time, NHTSA believed that such a campaign would not be sufficient in addressing the issue

On April 10, 2012, NHTSA opened Engineering Analysis EA12-002. BMW performed assessments of the field reports analyzing the vehicle service and software history of the 8 vehicles in the field reports. It was determined that these field vehicles may have experienced what is now attributable to the condition involving multiple actuation of the engine start-stop button.

Between April 2012 and July 2012, BMW investigated several possible software solutions for CA equipped vehicles to minimize the condition. A viable software solution was identified but needed to be verified and validated for implementation.

On July 26, 2012, and October 3, 2012, BMW met with NHTSA to discuss the software solutions and timing for the updated software, and again offered to conduct a technical service action with a customer letter. NHTSA still believed that

such a campaign would not be sufficient. On October 9, 2012, BMW decided to conduct a voluntary recall

7. Not applicable.
8. BMW will conduct a recall campaign to remedy the affected vehicles. Affected vehicles will be programmed with updated software.

BMW expects to begin dealer notification in October 2012 and complete dealer notification in March 2013. BMW expects to send an interim letter to owners in November 2012, and expects to send another letter to owners in March 2013 when the updated software is available instructing owners at that time to contact their dealer.

9. Not applicable.
10. A copy of the Service Bulletin will be submitted when available. A draft copy of the owner notification letter will be submitted when available.
11. Not applicable.

Sincerely,

BMW OF NORTH AMERICA, LLC



David Cordero
Safety Integrity and Recall Manager

Attachment

TREAD ACT CUSTOMER REIMBURSEMENT PLAN
(BMW of North America, LLC)

Customer Reimbursement for Safety Related Recall Repairs
Effective with Safety related recalls initiated January 15, 2003

The customer is encouraged to request reimbursement from their authorized BMW center. Alternatively, the customer may submit the request for reimbursement to the following address:

Customer Relations and Services Department
BMW of North America, LLC
P.O. Box 1227
Westwood, NJ 07675-1227

In all cases:

- Repair expenses pertaining to the subject of the safety recall are reimbursable, not consequential expenses such as towing, rental, accommodations, damage repairs, etc.
- Expenses from repair facilities outside of the BMW center network will be considered; however, the procedure must meet BMW standards.
- The Manufacturer's Suggested Retail Price (MSRP) for BMW Genuine Parts will be considered as the guideline for reasonable charges.
- Expenses for repairs performed more than 10 days after the date of the last owner notification letter sent by BMW are not eligible for reimbursement.
- Taxes and hazardous waste disposal, where previously paid, are eligible for reimbursement.

The authorized BMW center will request a copy of the owner notification letter, as well as, a copy of the owner's previously paid invoice, and then inspect the vehicle (if still in the possession of the invoice holder) to determine the scope and quality of the previous repair. Claims shall be processed within 60 days of receipt.