

**Remarks prepared for
David Friedman, Acting Administrator
National Highway Traffic Safety Administration
GM Consent Order Press Conference
Friday, May 16, 2014**

Thank you, Secretary Foxx.

Good morning everyone. I expect that there is no surprise in GM's admission that it failed to report a safety-related defect in a timely manner. But I want to make clear that the evidence we found behind that failure was deeply disturbing.

For GM, as for every company that puts cars and trucks on America's roads, action must quickly follow information on safety defects. Our timeliness investigation found that GM's decision-making, structure, and process stood in the way of safety at a time when airbags were failing to work properly in millions of GM products.

Our investigation also found that GM was training employees in ways that could have compounded those problems.

NHTSA found that GM has known for many years that the ignition switch in the Cobalt and related models can be inadvertently turned to off or to the accessory position, especially in cases where the driver's knee may make contact with the key or key fob.

NHTSA further found that a supplier notified GM as early as 2009 that the air bags in the Cobalt would not work unless the key was in the run position. This notification came in the form of a report explicitly exploring the issue and a block diagram that made the relationship clear.

NHTSA's investigation further revealed that at least by 2012, GM staff was very explicit about an unreasonable risk to safety.

In a September 2012 email, a GM engineer investigating the Cobalt defect explained that GM had found that quote "the driver's knee may contact the key or key fob and turn the ignition off. With the ignition in that position, the airbags will not deploy."

Similar information was made clear in a legal deposition in 2012.

In this same timeframe, senior GM executives received detailed briefings about this safety-related defect.

So, GM engineers knew about the defect. GM investigators knew about the defect. GM lawyers knew about the defect. But GM did not act to protect Americans from that defect.

Not until December 2013, did GM's Field Performance Evaluation Recommendation Committee agree to recommend a safety recall to its Executive Field Action Decision Committee.

Yet, even then, GM executives delayed. One GM questioned what the rush was to discuss further the ignition switch defect.

The GM team met on December 17. They did not agree to report the defect to NHTSA. And they wouldn't meet again until January 31, when they finally agreed to report the defect.

The fact that GM took so long to report this defect says something was very wrong with the company's values.

GM desperately needs to rethink the corporate philosophy reflected in the documents we reviewed—including training materials that explicitly discouraged employees from using words like defect, dangerous, safety related, and many more essential for engineers and investigators to clearly communicate up the chain when they suspect a problem.

Recent actions indicate that GM is beginning some change, but we must make sure that change expands and is fully operationalized and institutionalized going forward.

The Consent Order we have signed today ensures that they do so.

It commits GM to empowering employees to act on safety concerns and eliminating decision-making, structural, and process barriers standing in the way of swift action on safety defects.

It also commits GM to unprecedented and immediate reporting to NHTSA of safety issues under consideration by the company and to transparency into GM's activities and changes for up to three years.

And it commits GM to a production schedule and outreach efforts to ensure the defect they knew about long ago is finally fixed for millions of Americans at risk.

The historic GM civil penalty and reforms we have ordered today should send a clear message: all manufacturers will be held accountable by NHTSA if they fail to quickly report and address safety-related defects.

This reinforces a message this Administration has been sending clearly for the past five years through NHTSA investigations and fines that now total \$124.5 million dollars across 6 different vehicle manufacturers.

We want to make sure all auto manufacturers and suppliers hear the message that they must react immediately to potential safety defects—the American public relies on them to do just that, and the law requires them to do so. Quickly addressing and reporting safety-defects should always

be a car company's bottom line—there is no such thing as an automaker overreacting to a safety defect.

Thank you.

###