

Center for Justice & Democracy
Consumer Federation of America
Consumers For Auto Reliability And Safety (CARS)
Public Citizen
U.S. PIRG

June 10, 2009

President Barack Obama
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear President Obama:

We are writing to bring to your attention to the fact that in the Treasury Department's rush to drive the Chrysler and GM bankruptcy process forward the safety of the American public is being compromised by the existence of a very dangerous "ticking time bomb" bankruptcy loophole.

Respectfully, the Obama Administration's backed Chrysler and GM bankruptcy plans are unsafe at their current speed because they contain legal loopholes that will shield Chrysler and GM from being held accountable for defective cars and take away a critical public safety protection that has been used to reduce the number of Americans hurt or killed from defective Chrysler and GM vehicles. This means that a time bomb is now ticking for many families driving these cars.

The bankruptcy loophole is especially troubling given Chrysler and GM's public safety record. Right now there are 40 million Chrysler and GM cars on the road, some of which tragically will have defects that will injure or kill people. Historical data compiled from the National Highway Transportation Safety Administration indicates that 47% of all death and injury claims filed against auto manufacturers involve Chrysler and GM cars. In the last five years, these claims involved 3,497 casualties connected to problems with Chrysler cars; 15,284 connected to problems with GM cars.

In the past, such "ticking time bomb" cars have included Jeeps and SUV's prone to rollover; Chryslers with rear liftgate latches that would pop open and eject passengers; and vehicles with exploding gas tanks like certain GM trucks, Chryslers, and the notorious Ford Pinto.

American lives hang in the balance. Right now, we know of numerous Chrysler and GM vehicle defects that are hurting and killing Americans, which will only get worse if this time bomb bankruptcy loophole is not closed.

For example, thousands of American families are driving defective Chryslers that are equipped with driver and passenger seats that collapse backwards and are killing children (<http://www.fastclips.com/videos/3ID1vO64F1q9>). Add to that problems like roof crush, preventable fires, faulty seat belts and transmission defects, among others.

What's more, the federal government and automakers use death and injury data to identify, monitor and correct defects. Automakers are compelled by law to share their death, injury and property damage data with the federal government as a crucial early warning system. If consumers can no longer file claims against Chrysler or GM for the damage caused by their products, this critical data will vanish from the early warning system. Moreover, eliminating liability for these car companies will remove the most significant financial incentive they have to fix defects or warn people about them.

By taking away the public safety protection that in the past has forced the car companies to take preventive action, it is a fact that the current Treasury backed Chrysler and GM bankruptcy plans containing these legal loopholes will lead to even more injuries and even more deaths than would otherwise occur.

To reduce the number of people that will be hurt or killed, we respectfully ask you to call on Secretary Timothy Geithner and the Treasury Department to close this ticking time bomb bankruptcy loophole. If you have questions or need more information, please contact Joanne Doroshow at the Center for Justice & Democracy, 212-267-2801, jdoro@pipeline.com.

Sincerely,

Center for Justice & Democracy
Consumer Federation of America
Consumers For Auto Reliability And Safety (CARS)
Public Citizen
U.S. PIRG