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16
17 UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

18 ANNA ANDREWS, individually and on
19 behalf of all others similarly situated,

20 Plaintiff,

21 v.

22 GENERAL MOTORS LLC,

23 Defendant.

Case No.: 5:14-cv-1239

CLASS ACTION

CLASS ACTION COMPLAINT

JURY TRIAL DEMANDED

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1 Plaintiff Anna Andrews, individually and as class representative on behalf of
2 all similarly situated persons and the general public, brings this action against
3 Defendant General Motors LLC (“Defendant” or “GM”) and alleges as follows:

4 I. INTRODUCTION

5 1. GM led the world and US consumers to believe that after bankruptcy it
6 was a new company. GM repeatedly proclaimed that it was a company committed to
7 innovation, safety, and maintaining a strong brand, as in its 2012 Annual Report:



15 TO OUR STOCKHOLDERS:

16 Last year, I closed my letter to you by
17 talking about how GM was changing
18 its processes and culture in order to
19 build the best vehicles in the world
20 much more efficiently and profitably.
21 This year, I want to pick up where I left
22 off, and articulate what success looks
23 like for you as stockholders, and for
24 everyone else who depends on us. >>

General Motors Company 2012 ANNUAL REPORT 3

25 2. GM was successful. Sales of all its models went up and GM became
26 profitable. Seemingly a new GM was born and the GM brand once again stood
27 strong in the eyes of consumers. Or so the world thought.

1 3. GM's image was an illusion. This case arises from GM's egregious
2 failure to disclose, and the affirmative concealment of, at least 35 separate known
3 defects in GM-branded vehicles. By concealing the existence of the many known
4 defects plaguing many models and years of GM-branded vehicles and the fact that
5 GM values cost-cutting over safety, and concurrently marketing the GM brand as
6 "safe" and "reliable," and claiming that it built the "world's best vehicles," GM
7 enticed Plaintiff and all GM vehicle purchasers to buy vehicles that have now
8 diminished in value as the truth about the GM brand has come out, and a stigma has
9 attached to all GM-branded vehicles.

10 4. A vehicle made by a reputable manufacturer of safe and reliable vehicles
11 is worth more than an otherwise similar vehicle made by a disreputable manufacturer
12 that is known to devalue safety and to conceal serious defects from consumers and
13 regulators. GM Vehicle Safety Chief, Jeff Boyer, recently stated that: "Nothing is
14 more important than the safety of our customers in the vehicles they drive." Yet GM
15 failed to live up to this commitment, instead choosing to conceal at least 35 serious
16 defects in over 17 million GM-branded vehicles sold in the United States, and the
17 value of all GM vehicles has diminished as a result of the widespread publication of
18 those defects, GM's concealment of those defects, and a seemingly never-ending
19 series of recalls in the first half of 2014.

20 5. The systematic concealment of known defects was deliberate, as GM
21 followed a consistent pattern of endless "investigation" and delay each time it became
22 aware of a given defect. In fact, recently revealed documents show that GM valued
23 cost-cutting over safety, trained its personnel to *never* use the word "defect," "stall,"
24 or other words suggesting that any GM-branded vehicles are defective, routinely
25 chose the cheapest part supplier without regard to safety, and discouraged employees
26 from acting to address safety issues.

1 6. Under the Transportation Recall Enhancement, Accountability and
2 Documentation Act (“TREAD Act”)¹ and its accompanying regulations, when a
3 manufacturer learns that a vehicle contains a safety defect, the manufacturer must
4 promptly disclose the defect.² If it is determined that the vehicle is defective, the
5 manufacturer may be required to notify vehicle owners, purchasers, and dealers of the
6 defect, and may be required to remedy the defect.³

7 7. In the Purchase Agreement through which it acquired Old GM’s assets,
8 GM *explicitly assumed* the responsibilities to report safety defects with respect to the
9 vehicles sold by Old GM as required by the TREAD ACT.

10 8. When a manufacturer with TREAD Act responsibilities is aware of
11 safety defects and fails to disclose them as GM has done, that manufacturer’s vehicles
12 are not safe. And when that manufacturer markets and sells its new vehicles by
13 touting that its vehicles are “safe,” as GM has also done, that manufacturer is
14 engaging in deception.

15 9. GM has recently been forced to disclose that it had been concealing a
16 staggering and unprecedented number of known safety defects in GM-branded
17 vehicles ever since its inception in 2009, and other defects arose on its watch
18 apparently due in large measure to GM’s focus on cost-cutting over safety, its
19 discouragement of raising safety issues and its training of employees to avoid using
20 language such as “stalls,” “defect” or “safety issue” in order to avoid attracting the
21 attention of regulators. As a result, GM has been forced to recall over 17 million
22 vehicles in some 40 recalls covering 35 separate defects during the first five and one-
23 half months of this year – 25% more recalls than in a normal complete year and
24 almost 20 times more than during the same period in 2013. The cumulative negative
25

26 ¹ 49 U.S.C. §§ 30101-30170.

27 ² 49 U.S.C. § 30118(c)(1) & (2).

28 ³ 49 U.S.C. § 30118(b)(2)(A) & (B).

1 effect on the value of the vehicles sold by GM has been both foreseeable and
2 significant.

3 10. The array of defects is astounding and includes: (1) ignition switch
4 defect, (2) power steering defect, (3) airbag defect (4) brake light defect, (5) shift
5 cable defect, (6) safety belt defect, (7) ignition lock cylinder defect, (8) key design
6 defect, (9) ignition key defect, (10) transmission oil cooler line defect, (11) power
7 management mode software defect, (12) substandard front passenger airbags,
8 (13) light control module defect, (14) front axle shaft defect, (15) brake boost defect,
9 (16) low-beam headlight defect, (17) vacuum line brake booster defect, (18) fuel
10 gauge defect, (19) acceleration defect, (20) flexible flat cable airbag defect,
11 (21) windshield wiper defect, (22) brake rotor defect, (23) passenger-side airbag
12 defect, (24) electronic stability control defect, (25) steering tie-rod defect,
13 (26) automatic transmission shift cable adjuster, (27) fuse block defect, (28) diesel
14 transfer pump defect, (29) base radio defect, (30) shorting bar defect, (31) front
15 passenger airbag end cap defect, (32) sensing and diagnostic module (“SDM”) defect,
16 (33) sonic turbine shaft, (34) electrical system defect, and (35) seatbelt tensioning
17 system defect.

18 11. GM has received reports of crashes and injuries that put GM on notice of
19 the serious safety issues presented by many of these defects. Given the continuity of
20 engineers, corporate counsel, and other key personnel from Old GM to GM, GM was
21 aware of the now infamous ignition switch defect (and many other serious defects in
22 numerous models of GM-branded vehicles) *from the very date of its inception on*
23 *July 10, 2009.*

24 12. Yet, despite the dangerous nature of many of the defects and their effects
25 on critical safety systems, GM concealed the existence of the defects and failed to
26 begin to remedy the problems from the date of its inception until this year.

27 13. In February and March of 2014, GM issued three recalls for a combined
28 total of 2.19 million vehicles with a dangerous ignition switch defect that causes

1 vehicles to shut down during ordinary driving conditions, causing stalls, the loss of
2 power-steering and power-brakes, and the non-deployment of airbags in the event of a
3 collision. GM knew about this defect for years before it was finally forced to act to
4 remedy this highly dangerous defect that has led to at least 13 deaths – and probably
5 many more.

6 14. GM's now highly publicized campaign of deception in connection with
7 the ignition switch defect sent shockwaves throughout the country, and jump-started
8 the ever-burgeoning erosion of consumer confidence in the GM brand.

9 15. On May 16, 2014, GM entered a Consent Order with NHTSA in which it
10 admitted that it violated the TREAD Act by not disclosing the ignition switch defect,
11 and agreed to pay the maximum available civil penalties for its violations.

12 16. Unfortunately for all owners of vehicles sold by GM, the ignition switch
13 defect was only one of a seemingly never-ending parade of recalls in the first half of
14 2014 – many concerning safety defects that had been long known to GM.

15 17. Between 2003 and 2010, over 1.3 million GM-branded vehicles were
16 sold in the United States with a safety defect that causes the vehicle's electric power
17 steering ("EPS") to suddenly fail during ordinary driving conditions and revert back
18 to manual steering, requiring greater effort by the driver to steer the vehicle and
19 increasing the risk of collisions and injuries (the "power steering defect").

20 18. As with the ignition switch defect, GM was aware of the power steering
21 defect from the date of its inception, and concealed the defect for years.

22 19. From 2007 until at least 2013, nearly 1.2 million GM-branded vehicles
23 were sold in the United States with defective wiring harnesses. Increased resistance
24 in the wiring harnesses of driver and passenger seat-mounted, side-impact air bag
25 ("SIAB") in the affected vehicles may cause the SIABs, front center airbags, and seat
26 belt pretensioners to not deploy in a crash (the "airbag defect"). The vehicles' failure
27 to deploy airbags and pretensioners in a crash increases the risk of injury and death to
28 the drivers and front-seat passengers.

1 20. Once again, GM knew of the dangerous airbag defect for years, but
2 chose instead to conceal the defect, and marketed its vehicles as “safe” and “reliable.”

3 21. To take just one more example, between 2003 and 2012, some 2.4
4 million GM-branded vehicles were sold in the United States with a wiring harness
5 defect that could cause brake lamps to fail to illuminate when the brakes are applied
6 or cause them to illuminate when the brakes are not engaged (the “brake light
7 defect”). The same defect could also disable traction control, electronic stability
8 control, and panic braking assist operations. Though GM received hundreds of
9 complaints and was aware of at least 13 crashes caused by this defect, it waited until
10 May 2014 before finally ordering a full recall.

11 22. GM’s CEO, Mary Barra, has admitted in a video message that:
12 “Something went wrong with our process..., and terrible things happened.” But that
13 admission is cold comfort for Plaintiff and the Class, whose vehicles have diminished
14 in value as a result of GM’s deception.

15 23. This case arises from GM’s breach of its obligations and duties to its
16 customers to make truthful and full disclosures concerning its vehicles – particularly,
17 the safety and reliability of its vehicles and the importance of safety to the Company.
18 GM’s false representations of the safety and reliability of its vehicles, and its
19 concealment of a plethora of known safety defects plaguing its vehicles and its brand,
20 caused Plaintiff and the Class to purchase GM vehicles under false pretenses.

21 24. From its inception in 2009, GM has known of many of the defects that
22 exist in over 17 million GM-branded vehicles sold in the United States. But to
23 maintain and boost consumer confidence in the brand in order to sell vehicles, and to
24 avoid remediation costs and negative publicity that would hurt sales, GM concealed
25 the defects and encouraged unsuspecting car purchasers to buy its vehicles. All the
26 while, GM touted its vehicles as “safe” and “reliable,” and claimed to be a
27 responsible manufacturer that valued safety and stood behind its vehicles after they
28 are sold.

1 25. Plaintiff brings this action for a Class of all persons in the United States
2 who either (i) own or lease a new or used GM-branded vehicle sold between July 10,
3 2009, and April 1, 2014 (the “Affected Vehicles”), or (ii) sold an Affected Vehicle at
4 a diminished price on or after April 1, 2014. Excluded from the Class are owners and
5 lessors of model year 2005-2010 Chevrolet Cobalts, 2005-2011 Chevrolet HHRs,
6 2007-2010 Pontiac G5s, 2003-2007 Saturn Ions, and 2007-2010 Saturn Skys, whose
7 vehicles were recalled for an ignition switch defect.

8 26. In addition to her nationwide class claim against GM for fraudulent
9 concealment, Plaintiff also brings claims against GM under the laws of the State of
10 California, for a Class of California residents who either (i) own or lease one or more
11 of the Affected Vehicles, or (ii) sold an Affected Vehicle on or after April 1, 2014.

12 27. Plaintiff and the Class have been damaged by GM’s misrepresentations,
13 concealment, and non-disclosure of the numerous defects plaguing over 17 million
14 GM-branded vehicles. Now that the truth is emerging, and consumers are aware that
15 GM concealed known safety defects in many models and years of its vehicles, and
16 that the Company de-valued safety and systemically encouraged its employees to
17 conceal serious defects, the entire brand is greatly tarnished as it is clear that the
18 Company is untrustworthy and does not stand behind its vehicles. The value of the
19 Affected Vehicles has therefore greatly diminished because of GM’s failure to timely
20 disclose and remedy the many serious defects in GM-branded vehicles. For example,
21 the 2010 and the 2011 Chevrolet Camaro have both seen a diminished value between
22 February 2014, the pre-brand damage to reputation period, of \$2,000, after the truth
23 of GM’s safety and culture was exposed. The 2009 Pontiac Solstice has diminished
24 \$2,900 during the same time. GM’s egregious and widely publicized conduct and the
25 never-ending and piecemeal nature of GM’s recalls has so tarnished the Affected
26 Vehicles that no reasonable consumer would have paid the price they did when the
27 GM brand meant safety and success.

II. JURISDICTION AND VENUE

28. This Court has diversity jurisdiction over this action under 28 U.S.C. §§ 1332(a) and (d) because the amount in controversy for the Class exceeds \$5,000,000, and Plaintiff and other Class members are citizens of a different state than Defendant.

29. This Court has personal jurisdiction over Plaintiff because Plaintiff submits to the Court's jurisdiction. This Court has personal jurisdiction over GM because GM conducts substantial business in this District, and some of the actions giving rise to the complaint took place in this District.

30. Venue is proper in this District under 28 U.S.C. § 1391 because GM, as a corporation, is deemed to reside in any judicial district in which it is subject to personal jurisdiction. Additionally, GM transacts business within the District, and some of the events establishing the claims arose in this District.

III. PARTIES

31. Plaintiff and proposed Nationwide and California State Class Representative Anna Andrews is a resident and citizen of La Quinta, CA. She purchased a used 2010 Buick LaCrosse in Cathedral City, CA on August 25, 2011. Ms. Andrews purchased her LaCrosse in part because she wanted a safely designed and manufactured vehicle. She further believed that GM was a reputable manufacturer of safe and reliable vehicles, and that the Company stands behind its vehicles once they are on the road. Plaintiff did not learn of the many defects in GM-branded vehicles until shortly before filing this lawsuit. Had GM disclosed the many defects in GM-branded vehicles, Plaintiff would either not have purchased her LaCrosse, or would have paid less than she did.

32. Defendant General Motors LLC ("GM") is a foreign limited liability company formed under the laws of Delaware with its principal place of business located at 300 Renaissance Center, Detroit, Michigan. GM was incorporated in 2009 and, effective on July 10, 2009, acquired substantially all assets and assumed certain

1 liabilities of General Motors Corporation through a Section 363 sale under Chapter 11
2 of the U.S. Bankruptcy Code.

3 33. Among the liabilities and obligations expressly assumed by GM are the
4 following:

5 From and after the Closing, Purchaser [GM] shall comply
6 with the certification, reporting and recall requirements of
7 the National Traffic and Motor Vehicle Act, the
8 Transportation Recall Enhancement, Accountability and
9 Documentation Act, the Clean Air Act, the California
Health and Safety Code, and similar laws, in each case, to
the extent applicable in respect of vehicles and vehicle parts
manufactured or distributed by [Old GM].

10 IV. FACTUAL ALLEGATIONS

11 A. GM Promoted All of its Vehicles as Safe, Reliable and High Quality

12 34. GM told consumers that it built the world's best vehicles:

13 We truly are building a new GM, from the inside out. Our
14 vision is clear: to design, build and sell the world's best
15 vehicles, and we have a new business model to bring that
16 vision to life. We have a lower cost structure, a stronger
17 balance sheet and a dramatically lower risk profile. We have
a new leadership team – a strong mix of executive talent
from outside the industry and automotive veterans – and a
passionate, rejuvenated workforce.

18 “Our plan is to steadily invest in creating world-class
19 vehicles, which will continuously drive our cycle of great
20 design, high quality and higher profitability.”

21 35. It represented that it was building vehicles with design excellence,
22 quality, and performance:

23 And across the globe, other GM vehicles are gaining similar
24 acclaim for design excellence, quality and performance,
including the Holden Commodore in Australia. Chevrolet
Agile in Brazil, Buick LaCrosse in China and many others.

25 The company's progress is early evidence of a new business
26 model that begins and ends with great vehicles. We are
27 leveraging our global resources and scale to maintain
28 stringent cost management while taking advantage of
growth and revenue opportunities around the world, to

1 ultimately deliver sustainable results for all of our
2 shareholders.

3 36. The theme below was repeated in advertisements, company literature,
4 and material at dealerships as the core message about GM's Brand:

5
6 The new General Motors has one clear vision: to design, build and sell the world's
7 best vehicles. Our new business model revolves around this vision, focusing on fewer
8 brands, compelling vehicle design, innovative technology, improved manufacturing
9 productivity and streamlined, more efficient inventory processes. The end result
10 is products that delight customers and generate higher volumes and margins—
11 and ultimately deliver more cash to invest in our future vehicles.

12 13 A New Vision, 14 a New Business Model

15
16 Our vision is simple, straightforward and clear; to
17 design, build and sell the world's best vehicles. That
18 doesn't mean just making our vehicles better than
19 the ones they replace. We have set a higher standard
20 for the new GM—and that means building the best.

21 Our vision comes to life in a continuous cycle that
22 starts, ends and begins again with great vehicle
23 designs. To accelerate the momentum we've already
24 created, we reduced our North American portfolio
25 from eight brands to four: Chevrolet, Buick, Cadillac
26 and GMC. Worldwide, we're aggressively developing
27 and leveraging global vehicle architectures to
28 maximize our talent and resources and achieve
optimum economies of scale.

Across our manufacturing operations, we have largely
eliminated overcapacity in North America while
making progress in Europe, and we're committed to
managing inventory with a new level of discipline.
By using our manufacturing capacity more efficiently

and maintaining leaner vehicle inventories, we
are reducing the need to offer sales incentives
on our vehicles. These moves, combined with
offering attractive, high-quality vehicles, are driving
healthier margins—and at the same time building
stronger brands.

Our new business model creates a self-sustaining
cycle of reinvestment that drives continuous improve-
ment in vehicle design, manufacturing discipline,
brand strength, pricing and margins, because we are
now able to make money at the bottom as well as
the top of the industry cycles.

We are seeing positive results already. In the
United States, for example, improved design, content
and quality have resulted in solid gains in segment
share, average transaction prices and projected re-
sidual values for the Chevrolet Equinox, Buick LaCrosse
and Cadillac SRX. This is just the beginning.

37. GM represented that it had a world-class lineup in North America:

A World-Class Lineup in North America



Chevrolet Cruze

Global success is no surprise for the new Chevrolet Cruze, which is sold in more than 60 countries around the world. In addition to a 42 mpg Eco model (sold in North America), Cruze's globally influenced design is complemented by its exceptional quietness, high quality and attention to detail not matched by the competition.



Buick Regal

The sport-injected Buick Regal is the brand's latest addition, attracting a whole new demographic for the Buick brand. The newly designed Buick lineup, which saw 52 percent volume growth in 2010 in the United States alone, is appealing to a broader spectrum of buyers.



Chevrolet Equinox

The Chevrolet Equinox delivers best-in-segment 32-mpg highway fuel economy in a sleek, roomy new package. With the success of the Equinox and other strong-selling crossovers, GM leads the U.S. industry in total unit sales for the segment.



Chevrolet Sonic

Stylish four-door sedan and sporty five-door hatchback versions of the Chevrolet Sonic will be in U.S. showrooms in fall 2011. Currently the only small car built in the United States, it will be sold as the Aveo in other parts of the world.



Buick LaCrosse

Buick builds on the brand's momentum in the United States and China with the fuel-efficient LaCrosse. With eAssist technology, the LaCrosse achieves an expected 37 mpg on the highway.



Buick Verano

The all-new Buick Verano, which will be available in late 2011, appeals to customers in the United States, Canada and Mexico who want great fuel economy and luxury in a smaller but premium package.



GMC Terrain

The GMC Terrain delivers segment-leading fuel economy of 32 mpg highway, plus uncompromising content and premium technology, in a 5-passenger, compact SUV.



Cadillac CTS V-Coupe

Cadillac's new CTS V-Coupe is the complete package for the driving enthusiast—a 556 hp supercharged V-8 engine, stunning lines and performance handling.



GMC Sierra Heavy Duty

The GMC Sierra offers heavy-duty power and performance with the proven and powerful Duramax Diesel/Allison Transmission combination and a completely new chassis with improved capabilities and ride comfort.



GMC Yukon Hybrid

The GMC Yukon Hybrid is America's first full-sized SUV hybrid, with city fuel economy of 20 mpg—better than a standard 6-cylinder Honda Accord and 43 percent better than any full-size SUV in its class.



Cadillac CTS Sport Wagon

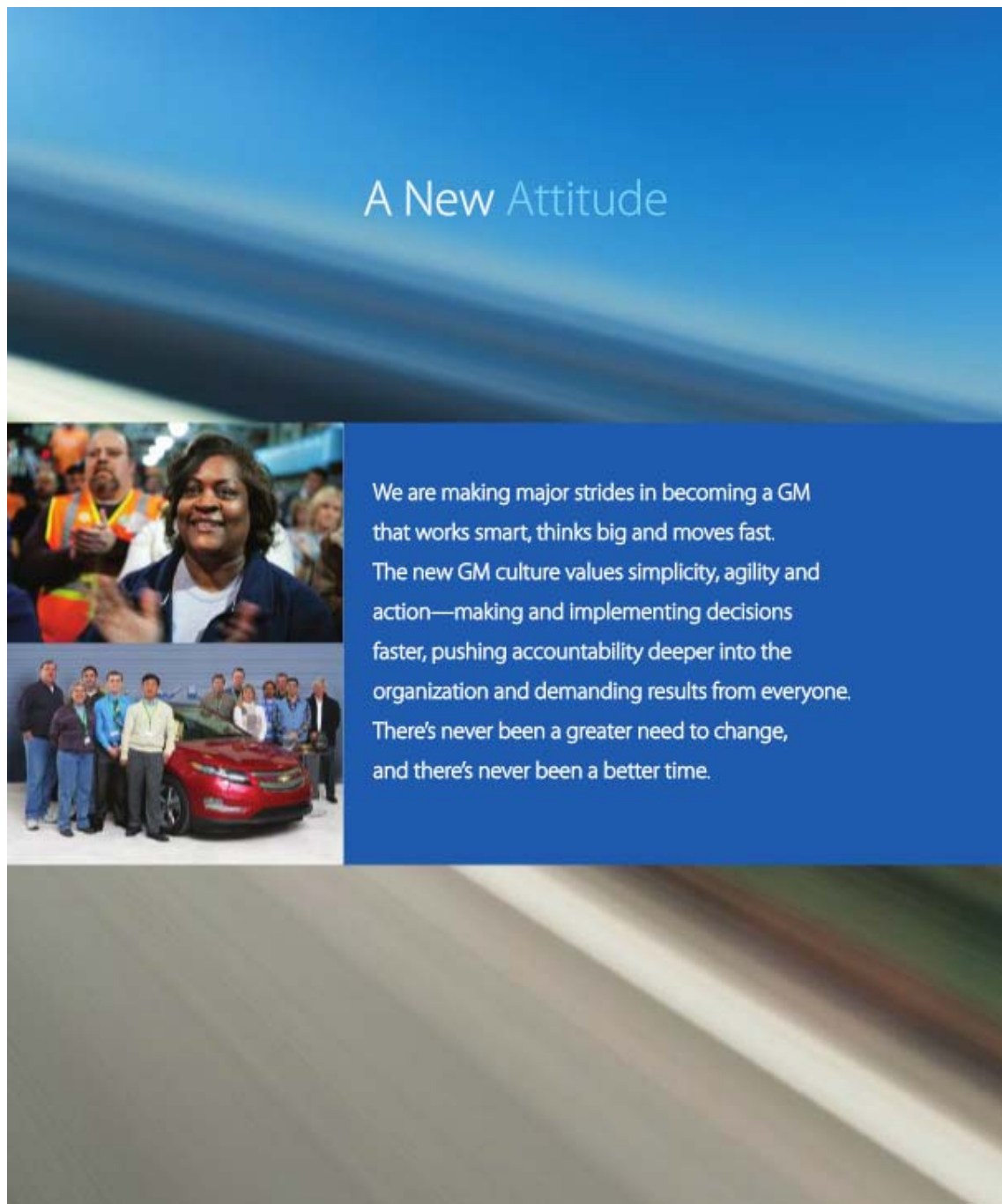
With an available advanced direct-injected V6 engine, the Cadillac CTS Sport Wagon sets a new standard for versatility, while offering excitement and purpose.



Cadillac SRX

The Cadillac SRX looks and performs like no other crossover, with a cockpit that offers utility and elegance and an optional 70-inch Ultraview sunroof.

1 38. It boasted of its new “culture”:



24 39. In its 2012 Annual Report, GM told the world the following about its
25 brand:

26 What is immutable is our focus on the customer, which
27 requires us to go from “good” today to “great” in everything
28 we do, including product design, initial quality, durability
and service after the sale.

1 40. GM also indicated it had changed its structure to create more
2 “accountability” which, as shown below, was a blatant falsehood:

3 That work continues, and it has been complemented by
4 changes to our design and engineering organization that
5 have flattened the structure and created more accountability
6 for produce execution, profitability and customer
7 satisfaction.

8 41. And GM represented that product quality was a key focus – another
9 blatant falsehood:

10 Product quality and long-term durability are two other areas
11 that demand our unrelenting attention, even though we are
12 doing well on key measures.

13 42. In its 2013 Letter to Stockholders, GM noted that its brand had grown in
14 value and that it designed the “World’s Best Vehicles”:

15 Dear Stockholder:

16 Your company is on the move once again. While there
17 were highs and lows in 2011, our overall report card shows
18 very solid marks, including record net income attributable
19 to common stockholders of \$7.6 billion and EBIT-adjusted
20 income of \$8.3 billion.

- 21 • GM’s overall momentum, including a 13 percent
22 sales increase in the United States, created new jobs
23 and drove investments. We have announced
24 investments in 29 U.S. facilities totaling more than
25 \$7.1 billion since July 2009, with more than 17,500
26 jobs created or retained.

27 Design, Build and Sell the World’s Best Vehicles

28 This pillar is intended to keep the customer at the center of
everything we do, and success is pretty easy to define. It
means creating vehicles that people desire, value and are
proud to own. When we get this right, it transforms our
reputation and the company’s bottom line.

Strengthen Brand Value

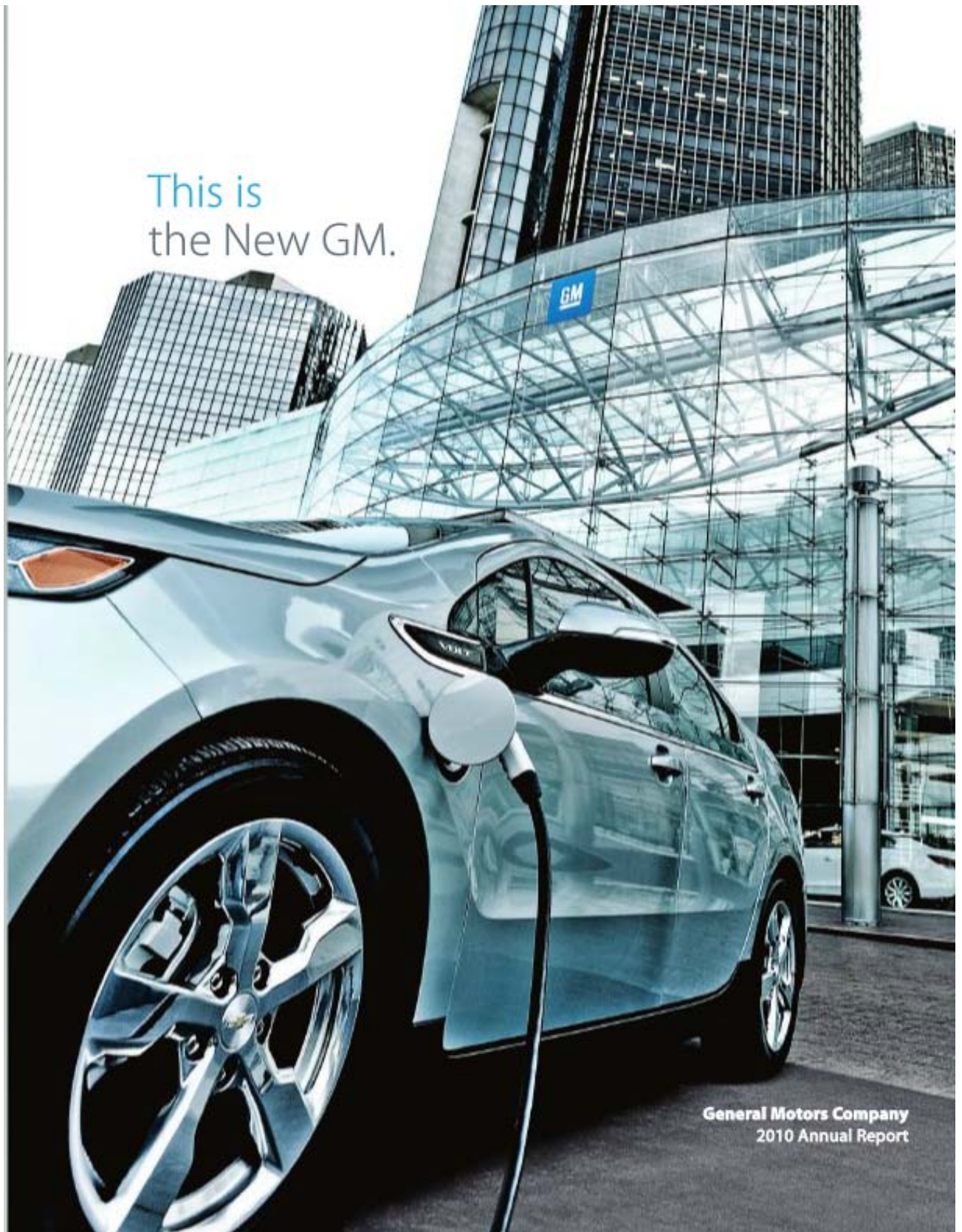
 Clarity of purpose and consistency of execution are the
cornerstones of our product strategy, and two brands will
drive our global growth. They are Chevrolet, which

1 embodies the qualities of value, reliability, performance and
2 expressive design; and Cadillac, which creates luxury
3 vehicles that are provocative and powerful. At the same
4 time the Holden, Buick, GMC, Baojun, Opel and Vauxhall
brands are being carefully cultivated to satisfy as many
customers as possible in select regions.

5 Each day the cultural change underway at GM becomes
6 more striking. The old internally focused, consensus-driven
7 and overly complicated GM is being reinvented brick by
8 brick, by truly accountable executives who know how to
9 take calculated risks and lead global teams that are
committed to building the best vehicles in the world as
efficiently as we can.

10 That's the crux of our plan. The plan is something we can
11 control. We like the results we're starting to see and we're
going to stick to it – always.

12 43. Once it emerged from bankruptcy, GM told the world it was a new and
13 improved company:
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1 44. In advertisements and Company literature, GM consistently promoted all
2 its vehicles as safe and reliable, and presented itself as a responsible manufacturer
3 that stands behind GM-branded vehicles after they are sold.

4 45. For example, a radio ad that ran from GM's inception until July 16,
5 2010, stated that "[a]t GM, building quality cars is the most important thing we can
6 do."

7 46. An online ad for "GM certified" used vehicles that ran from July 6,
8 2009, until April 5, 2010, stated that "GM certified means no worries."

9 47. GM's Chevrolet brand ran television ads in 2010 showing parents
10 bringing their newborn babies home from the hospital, with the tagline "[a]s long as
11 there are babies, there'll be Chevys to bring them home."

12 48. Another 2010 television ad informed consumers that "Chevrolet's
13 ingenuity and integrity remain strong, exploring new areas of design and power,
14 while continuing to make some of the safest vehicles on earth."

15 49. An online national ad campaign for GM in April 2012 stressed "Safety.
16 Utility. Performance."

17 50. A national print ad campaign in April 2013 states that "[w]hen lives are
18 on the line, you need a dependable vehicle you can rely on. Chevrolet and GM ... for
19 power, performance and safety."

20 51. A December 2013 GM testimonial ad stated that "GM has been able to
21 deliver a quality product that satisfies my need for dignity and safety."

22 52. GM's website, GM.com, states:

23 Innovation: Quality & Safety; GM's Commitment to Safety;
24 Quality and safety are at the top of the agenda at GM, as we
25 work on technology improvements in crash avoidance and
26 crashworthiness to augment the post-event benefits of
27 OnStar, like advanced automatic crash notification.
28 Understanding what you want and need from your vehicle
 helps GM proactively design and test features that help keep
 you safe and enjoy the drive. Our engineers thoroughly test
 our vehicles for durability, comfort and noise minimization

1 before you think about them. The same quality process
2 ensures our safety technology performs when you need it.

3 53. On February 25, 2014, GM North America President, Alan Batey,
4 publically stated: “Ensuring our customers’ safety is our first order of business. We
5 are deeply sorry and we are working to address this issue as quickly as we can.”

6 54. GM made these and similar representations to boost vehicle sales while
7 knowing that millions of GM-branded vehicles, across numerous models and years,
8 were plagued with serious and concealed safety defects.

9 55. Ever since its inception, GM possessed vastly superior knowledge and
10 information to that of consumers – if not exclusive information – about the design and
11 function of GM-branded vehicles and the existence of the defects in those vehicles.

12 56. GM continues to make misleading safety and reliability claims in public
13 statements, advertisements, and literature provided with its vehicles.

14 **B. There Are Serious Safety Defects in Millions of GM Vehicles Across Many**
15 **Models and Years and, Until Recently, GM Concealed Them from**
16 **Consumers**

17 57. In the first five and one-half months of 2014, GM has already announced
18 some 40 recalls affecting over 17 million GM-branded vehicles from model years
19 2003-2014. The recalls concern 35 separate defects. The numbers of recalls and
20 serious safety defects are unprecedented, and can only lead to one conclusion: GM
21 and its predecessor sold a large number of unsafe vehicle models with myriad defects
22 during a long period of time.

23 58. Even more disturbingly, the available evidence shows a common pattern:
24 From its inception in 2009, GM knew about an ever-growing list of serious safety
25 defects in millions of GM-branded vehicles, but concealed them from consumers and
26 regulators in order to cut costs, boost sales, and avoid the cost and publicity of recalls.

27 59. GM inherited from Old GM a company that valued cost-cutting over
28 safety, actively discouraged its personnel from taking a “hard line” on safety issues,
avoided using “hot” words like “stall” that might attract the attention of NHTSA and

1 suggest that a recall was required, and trained its employees to avoid the use of words
2 such as “defect” or “problem” that might flag the existence of a safety issue. GM did
3 nothing to change these practices.

4 60. The Center for Auto Safety recently stated that it has identified 2,004
5 death and injury reports filed by GM with federal regulators in connection with
6 vehicles that have recently been recalled.⁴ Most or all of these deaths and injuries
7 would have been avoided had GM complied with its TREAD Act obligations over the
8 past five years.

9 61. The many defects concealed by GM affected key safety systems in GM
10 vehicles, including the ignition, power steering, airbags, brake lights, gear shift
11 systems, and seatbelts.

12 62. The available evidence shows a consistent pattern: GM learned about a
13 particular defect and, often at the prodding of regulatory authorities, “investigated”
14 the defect and decided upon a “root cause.” GM then took minimal action – such as
15 issuing a carefully worded “Technical Service Bulletin” to its dealers, or even
16 recalling a very small number of the vehicles with the defect. All the while, the true
17 nature and scope of the defects were kept under wraps, vehicles affected by the
18 defects remained on the road, and GM enticed Class members to purchase its vehicles
19 by touting the safety, quality, and reliability of its vehicles, and presenting itself as a
20 manufacturer that stands behind its products.

21 63. The nine defects affecting the greatest number of vehicles are discussed
22 in some detail below, and the remainder are summarized thereafter.

23 **1. The ignition switch defects.**

24 64. The ignition switch defects can cause the vehicle’s engine and electrical
25 systems to shut off, disabling the power steering and power brakes and causing non-
26

27 ⁴ See *Thousands of Accident Reports Filed Involving Recalled GM Cars: Report*,
28 Irvin Jackson (June 3, 2014).

1 deployment of the vehicle's airbag and the failure of the vehicle's seatbelt
2 pretensioners in the event of a crash.

3 65. The ignition switch systems at issue are defective in at least three major
4 respects. The first is that the switches are simply weak; because of a faulty "detent
5 plunger," the switch can inadvertently move from the "run" to the "accessory" or
6 "off" position. The second defect is that, due to the low position of the ignition
7 switch, the driver's knee can easily bump the key (or the hanging fob below the key),
8 and cause the switch to inadvertently move from the "run" to the "accessory" or "off"
9 position. The third defect is that the airbags immediately become inoperable
10 whenever the ignition switch moves from the "run" to the "accessory" position – even
11 when the vehicle is travelling at high speeds.

12 66. Vehicles with defective ignition switches are, therefore, unreasonably
13 prone to be involved in accidents, and those accidents are unreasonably likely to
14 result in serious bodily harm or death to the drivers and passengers of the vehicles.

15 67. Alarming, GM knew of the deadly ignition switch defects and their
16 dangerous consequences from the date of its inception on July 10, 2009, but
17 concealed its knowledge from consumers and regulators.

18 68. In part, GM's knowledge of the ignition switch defects arises from the
19 fact that key personnel with knowledge of the defects remained in their same
20 positions once GM took over from Old GM. For example, the Design Research
21 Engineer who was responsible for the rollout of the defective ignition switch in 2003
22 was Ray DeGiorgio. Mr. DeGiorgio continued to serve as an engineer at GM until
23 April 2014 when he was suspended as a result of his involvement in the defective
24 ignition switch crisis. Later in 2014, in the wake of the GM Report,⁵ Mr. DeGiorgio
25 was fired.

26
27 ⁵ References to the "GM Report" are to the "*Report to Board of Directors of*
28 *General Motors Company Regarding Ignition Switch Recalls*," Anton R. Valukas,
Jenner & Block (May 29, 2014).

1 69. Mr. DeGiorgio actively concealed the defect while working for GM.

2 70. Similarly, Gary Altman was the program-engineering manager for the
3 Cobalt, which is one of the models with the defective ignition switches and hit the
4 market in MY 2005. He remained as an engineer at GM until he was suspended on
5 April 10, 2014, by GM for his role in the ignition switch problem and then fired in the
6 wake of the GM Report.

7 71. Mr. Altman recently admitted that engineering managers (including
8 himself and Mr. DeGiorgio) knew about ignition switch problems in the vehicle that
9 could cause vehicles to stall, and disable power steering and power brakes, but
10 launched the vehicle anyway because they believed that the vehicles could be safely
11 coasted off the road after a stall. Mr. Altman insisted that “the [Cobalt] was
12 maneuverable and controllable” with the power steering and power brakes inoperable.

13 72. Incredibly, GM now claims that it did not view vehicle stalling and the
14 loss of power steering as a “safety issue,” but only as a “customer convenience”
15 issue.⁶ GM bases this claim on the equally incredible assertion that, at least for some
16 period of time, it was not aware that when the ignition switch moves to the
17 “accessory” position, the airbags become inoperable – even though Old GM itself
18 designed the airbags to not deploy under that circumstance.⁷

19 73. Even crediting GM’s claim that some at the Company were unaware of
20 the rather obvious connection between the defective ignition switches and airbag non-
21 deployment, a stall and loss of power steering and power brakes is a serious safety
22 issue under any objective view. GM itself recognized in 2010 that a loss of power
23 steering standing alone was grounds for a safety recall, as it did a recall on such
24 grounds.

25 74. In fact, as multiple GM employees confirm, GM intentionally avoids
26 using the word “stall” “because such language might draw the attention of NHTSA”

27 ⁶ GM Report at 2.

28 ⁷ *Id.*

1 and “may raise a concern about safety, which suggests GM should recall the
2 vehicle....”⁸

3 75. GM continued to receive reports of deaths in Cobalts involving steering
4 and/or airbag failures from its inception up through the present, and now admits that
5 at least 13 deaths are attributable to the ignition switch defects. The actual number is
6 believed to be much higher.

7 76. In April 2006, the GM design engineer who was responsible for the
8 ignition switch in the recalled vehicles, Design Research Engineer Ray DeGiorgio,
9 authorized part supplier Delphi to implement changes to fix the ignition switch
10 defect.⁹ The design change “was implemented to increase torque performance in the
11 switch.”¹⁰ However, testing showed that, even with the proposed change, the
12 performance of the ignition switch was still below original specifications.¹¹ ***Yet no***
13 ***recall occurred.***

14 77. Modified ignition switches – with greater torque – started to be installed
15 in 2007 model/year vehicles.¹² In what former GM engineers now term a “cardinal
16 sin” and “an extraordinary violation of internal processes,” when Mr. DiGiorgio
17 changed the part design ***he kept the old part number.***¹³ That makes it impossible to
18 determine from the part number alone which GM vehicles produced after 2007
19 contain the defective ignition switches.
20
21

22 ⁸ GM Report at 92-93.

23 ⁹ General Motors Commodity Validation Sign-Off (Apr. 26, 2006),
24 GMHEC000003201. *See also* GM Mar. 11, 2014 Ltr. to NHTSA, attached
25 chronology at 2.

26 ¹⁰ *Id.*

27 ¹¹ Delphi Briefing, Mar. 27, 2014.

28 ¹² GM Mar. 11, 2014 Ltr. to NHTSA, attached chronology at 2.

¹³ “‘Cardinal sin’: Former GM engineers say quiet ‘06 redesign of faulty ignition switch was a major violation of protocol,” *Automotive News* (Mar. 26, 2014).

1 78. In October 2012, Mr. DeGiorgio sent an email to Brian Stouffer of GM
2 regarding the “2005-7 Cobalt and Ignition Switch Effort,” stating: “If we replaced
3 switches on ALL the model years, i.e., 2005, 2006, 2007 the piece price would be
4 about \$10.00 per switch.”¹⁴

5 79. The October 2012 email makes clear that GM considered implementing
6 a recall to fix the defective ignition switches in the Chevy Cobalt vehicles, but
7 declined to do so in order to save money.

8 80. Eventually, in the face of pressure from regulators and personal injury
9 litigants, the defect could no longer be ignored or swept under the rug. After analysis
10 by GM’s Field Performance Review Committee and the Executive Field Action
11 Decision Committee (“EFADC”), the EFADC finally ordered a recall of *some* of the
12 vehicles with defective ignition switches on January 31, 2014.

13 81. Initially, the EFADC ordered a recall of only the Chevrolet Cobalt and
14 Pontiac G5 for model years 2005-2007.

15 82. After additional analysis, the EFADC expanded the recall on
16 February 24, 2014, to include the Chevrolet HHR and Pontiac Solstice for model
17 years 2006 and 2007, the Saturn Ion for model years 2003-2007, and the Saturn Sky
18 for model year 2007.

19 83. Most recently, on March 28, 2014, GM expanded the recall a third time,
20 to include Chevrolet Cobalts, Pontiac G5s and Solstices, Saturn Ions and Skys from
21 the 2008 through 2010 model years, and Chevrolet HHRs from the 2008 through
22 2011 model years.

23 84. All told, GM has recalled some 2.19 million vehicles in connection with
24 the ignition switch defect.

25 85. Based on its egregious conduct in concealing the ignition switch defect,
26 GM recently agreed to pay the maximum possible civil penalty in a Consent Order
27

28 ¹⁴ GMHEC000221539.

1 with the National Highway Traffic Safety Administration (“NHTSA”) and admitted
2 that it had violated its legal obligations to promptly disclose the existence of known
3 safety defects.

4 **2. The power steering defect.**

5 86. Between 2003 and 2010, over 1.3 million GM-branded vehicles in the
6 United States were sold with a safety defect that causes the vehicle’s electric power
7 steering (“EPS”) to suddenly fail during ordinary driving conditions and revert back
8 to manual steering, requiring greater effort by the driver to steer the vehicle and
9 increasing the risk of collisions and injuries.

10 87. As with the ignition switch defects, GM was aware of the power steering
11 defect long before it took anything approaching full remedial action.

12 88. When the power steering fails, a message appears on the vehicle’s
13 dashboard, and a chime sounds to inform the driver. Although steering control can be
14 maintained through manual steering, greater driver effort is required, and the risk of
15 an accident is increased.

16 89. In 2010, GM first recalled Chevy Cobalt and Pontiac G5 models for
17 these power steering issues, yet it did not recall the many other vehicles that had the
18 very same power steering defect.

19 90. Documents released by NHTSA show that GM waited years to recall
20 nearly 335,000 Saturn Ions for power steering failure – despite receiving nearly 4,800
21 consumer complaints and more than 30,000 claims for warranty repairs. That
22 translates to a complaint rate of 14.3 incidents per thousand vehicles and a warranty
23 claim rate of 9.1 percent. By way of comparison, NHTSA has described as “high” a
24 complaint rate of 250 complaints per 100,000 vehicles.¹⁵ Here, the rate translates to
25 1430 complaints per 100,000 vehicles.

26
27
28 ¹⁵ See http://www-odi.nhtsa.dot.gov/cars/problems/defect/-results.cfm?action_number=EA06002&SearchType=QuickSearch&summary=true.

1 91. In response to the consumer complaints, in September 2011, NHTSA
2 opened an investigation into the power steering defect in Saturn Ions.

3 92. NHTSA database records show complaints from Ion owners as early as
4 June 2004, with the first injury reported in May 2007.

5 93. NHTSA linked approximately 12 crashes and two injuries to the power
6 steering defect in the Ions.

7 94. In 2011, GM missed yet another opportunity to recall the additional
8 vehicles with faulty power steering when CEO Mary Barra – then head of product
9 development – was advised by engineer Terry Woychowski that there was a serious
10 power steering issue in Saturn Ions. Ms. Barra was also informed of the ongoing
11 NHTSA investigation. At the time, NHTSA reportedly came close to concluding that
12 Saturn Ions should have been included in GM’s 2005 steering recall of Cobalt and G5
13 vehicles.

14 95. Yet GM took no action for four years. It wasn’t until March 31, 2014,
15 that GM finally recalled the approximately 1.3 million vehicles in the United States
16 affected by the power steering defect.

17 96. After announcing the March 31, 2014 recall, Jeff Boyer, GM’s Vice
18 President of Global Vehicle Safety, acknowledged that GM recalled some of these
19 same vehicle models previously for the same issue, but that GM “did not do enough.”

20 **3. Airbag defect.¹⁶**

21 97. From 2007 until at least 2013, nearly 1.2 million GM-branded vehicles
22 in the United States were sold with defective wiring harnesses. Increased resistance
23 in the wiring harnesses of driver and passenger seat-mounted, side-impact air bag
24 (“SIAB”) in the affected vehicles may cause the SIABs, front center airbags, and seat
25 belt pretensioners to not deploy in a crash. The vehicles’ failure to deploy airbags
26

27 ¹⁶ This defect is distinct from the airbag component of the ignition switch defect
28 discussed above and from other airbag defects affecting a smaller number of vehicles,
discussed below.

1 and pretensioners in a crash increases the risk of injury and death to the drivers and
2 front-seat passengers.

3 98. Once again, GM knew of the dangerous airbag defect long before it took
4 anything approaching the requisite remedial action.

5 99. As the wiring harness connectors in the SIABs corrode or loosen over
6 time, resistance will increase. The airbag sensing system will interpret this increase
7 in resistance as a fault, which then triggers illumination of the “SERVICE AIR BAG”
8 message on the vehicle’s dashboard. This message may be intermittent at first and
9 the airbags and pretensioners will still deploy. But over time, the resistance can build
10 to the point where the SIABs, pretensioners, and front center airbags will not deploy
11 in the event of a collision.¹⁷

12 100. The problem apparently arose when GM made the switch from using
13 gold-plated terminals to connect its wire harnesses to cheaper tin terminals in 2007.

14 101. In June 2008, Old GM noticed increased warranty claims for airbag
15 service on certain of its vehicles and determined it was due to increased resistance in
16 airbag wiring. After analysis of the tin connectors in September 2008, Old GM
17 determined that corrosion and wear to the connectors was causing the increased
18 resistance in the airbag wiring. It released a technical service bulletin on
19 November 25, 2008, for 2008-2009 Buick Enclaves, 2009 Chevy Traverse, 2008-
20 2009 GMC Acadia, and 2008-2009 Saturn Outlook models, instructing dealers to
21 repair the defect by using Nyogel grease, securing the connectors, and adding slack to
22 the line. Old GM also began the transition back to gold-plated terminals in certain
23 vehicles. At that point, Old GM suspended all investigation into the defective airbag
24 wiring and took no further action.¹⁸

25 102. In November 2009, GM learned of similar reports of increased airbag
26 service messages in 2010 Chevy Malibu and 2010 Pontiac G6 vehicles. After

27 ¹⁷ See GM Notice to NHTSA dated March 17, 2014, at 1.

28 ¹⁸ See GM Notification Campaign No. 14V-118 dated March 31, 2014, at 1-2.

1 investigation, GM concluded that corrosion and wear in the same tin connector was
2 the root of the airbag problems in the Malibu and G6 models.¹⁹

3 103. In January 2010, after review of the Malibu and G6 airbag connector
4 issues, GM concluded that ignoring the service airbag message could increase the
5 resistance such that a SIAB might not deploy in a side impact collision. On May 11,
6 2010, GM issued a Customer Satisfaction Bulletin for the Malibu and G6 models and
7 instructed dealers to secure both front seat-mounted, side-impact airbag wire
8 harnesses and, if necessary, reroute the wire harness.²⁰

9 104. From February to May 2010, GM revisited the data on vehicles with
10 faulty harness wiring issues, and noted another spike in the volume of the airbag
11 service warranty claims. This led GM to conclude that the November 2008 bulletin
12 was “not entirely effective in correcting the [wiring defect present in the vehicles].”
13 On November 23, 2010, GM issued another Customer Satisfaction Bulletin for certain
14 2008 Buick Enclave, 2008 Saturn Outlook, and 2008 GMC Acadia models built from
15 October 2007 to March 2008, instructing dealers to secure SIAB harnesses and re-
16 route or replace the SIAB connectors.²¹

17 105. GM issued a revised Customer Service Bulletin on February 3, 2011,
18 requiring replacement of the front seat-mounted side-impact airbag connectors in the
19 same faulty vehicles mentioned in the November 2010 bulletin. In July 2011, GM
20 again replaced its connector, this time with a Tyco-manufactured connector featuring
21 a silver-sealed terminal.²²

22 106. But in 2012, GM noticed another spike in the volume of warranty claims
23 relating to SIAB connectors in vehicles built in the second half of 2011. After further
24 analysis of the Tyco connectors, it discovered that inadequate crimping of the

25 ¹⁹ *See id.* at 2.

26 ²⁰ *See id.*

27 ²¹ *See id.* at 3.

28 ²² *See id.*

1 connector terminal was causing increased system resistance. In response, GM issued
2 an internal bulletin for 2011-12 Buick Enclave, Chevy Traverse, and GMC Acadia
3 vehicles, recommending dealers repair affected vehicles by replacing the original
4 connector with a new sealed connector.²³

5 107. The defect was still uncured, however, because in 2013 GM again
6 marked an increase in service repairs and buyback activity due to illuminated airbag
7 service lights. On October 4, 2013, GM opened an investigation into airbag
8 connector issues in 2011-2013 Buick Enclave, Chevy Traverse, and GMC Acadia
9 models. The investigation revealed an increase in warranty claims for vehicles built
10 in late 2011 and early 2012.²⁴

11 108. On February 10, 2014, GM concluded that corrosion and crimping issues
12 were again the root cause of the airbag problems.²⁵

13 109. GM initially planned to issue a less-urgent Customer Satisfaction
14 Program to address the airbag flaw in the 2010-2013 vehicles. But it wasn't until a
15 call with NHTSA on March 14, 2014, that GM finally issued a full-blown safety
16 recall on the vehicles with the faulty harness wiring – years after it first learned of the
17 defective airbag connectors, after four investigations into the defect, and after issuing
18 at least six service bulletins on the topic. The recall as first approved covered only
19 912,000 vehicles, but on March 16, 2014, it was increased to cover approximately
20 1.2 million vehicles.²⁶

21 110. On March 17, 2014, GM issued a recall for 1,176,407 vehicles
22 potentially afflicted with the defective airbag system. The recall instructs dealers to
23
24

25 ²³ *See id.* at 4.

26 ²⁴ *See id.*

27 ²⁵ *See id.* at 5.

28 ²⁶ *See id.*

1 remove driver and passenger SIAB connectors and splice and solder the wires
2 together.²⁷

3 **4. The brake light defect.**

4 111. Between 2004 and 2012, approximately 2.4 million GM-branded
5 vehicles in the United States were sold with a safety defect that can cause brake lamps
6 to fail to illuminate when the brakes are applied or to illuminate when the brakes are
7 not engaged; the same defect can disable cruise control, traction control, electronic
8 stability control, and panic brake assist operation, thereby increasing the risk of
9 collisions and injuries.²⁸

10 112. Once again, GM knew of the dangerous brake light defect for years
11 before it took anything approaching the requisite remedial action. In fact, although
12 the brake light defect has caused at least 13 crashes since 2008, GM did not recall all
13 2.4 million vehicles with the defect until May 2014.

14 113. The vehicles with the brake light defect include the 2004-2012 Chevrolet
15 Malibu, the 2004-2007 Malibu Maxx, the 2005-2010 Pontiac G6 and the 2007-2010
16 Saturn Aura.²⁹

17 114. According to GM, the brake defect originates in the Body Control
18 Module (“BCM”) connection system. “Increased resistance can develop in the
19 [BCM] connection system and result in voltage fluctuations or intermittency in the
20 Brake Apply Sensor (“BAS”) circuit that can cause service brakes lamp
21 malfunction.”³⁰ The result is brake lamps that may illuminate when the brakes are not
22 being applied and may not illuminate when the brakes are being applied.³¹

23
24
25 ²⁷ *See id.*

26 ²⁸ *See* GM Notification Campaign No. 14V-252 dated May 28, 2014, at 1.

27 ²⁹ *Id.*

28 ³⁰ *Id.*

³¹ *Id.*

1 115. The same defect can also cause the vehicle to get stuck in cruise control
2 if it is engaged, or cause cruise control to not engage, and may also disable the
3 traction control, electronic stability control, and panic-braking assist features.³²

4 116. GM now acknowledges that the brake light defect “may increase the risk
5 of a crash.”³³

6 117. As early as September 2008, NHTSA opened an investigation for model
7 year 2005-2007 Pontiac G6 vehicles involving allegations that the brake lights may
8 turn on when the driver had not depressed the brake pedal and may turn on when the
9 brake pedal was depressed.³⁴

10 118. During its investigation of the brake light defect in 2008, Old GM found
11 elevated warranty claims for the brake light defect for MY 2005 and 2006 vehicles
12 built in January 2005, and found “fretting corrosion in the BCM C2 connector was the
13 root cause” of the problem.³⁵ Old GM and its part supplier Delphi decided that
14 applying dielectric grease to the BCM C2 connector would be “an effective
15 countermeasure to the fretting corrosion.”³⁶ Beginning in November 2008, the
16 company began applying dielectric grease in its vehicle assembly plants.³⁷

17 119. On December 4, 2008, Old GM issued a TSB recommending the
18 application of dielectric grease to the BCM C2 connector for the MY 2005-2009,
19 Pontiac G6, 2004-2007 Chevrolet Malibu/Malibu Maxx and 2008 Malibu Classic and
20 2007-2009 Saturn Aura vehicles.³⁸ One month later, in January 2009, Old GM
21
22

23 ³² *Id.*

24 ³³ *Id.*

25 ³⁴ *Id.* at 2.

26 ³⁵ *Id.*

27 ³⁶ *Id.*

28 ³⁷ *Id.* at 3.

³⁸ *Id.* at 2.

1 recalled only a small subset of the vehicles with the brake light defect – 8,000 MY
2 2005-2006 Pontiac G6 vehicles built during the month of January 2005.³⁹

3 120. Not surprisingly, the brake light problem was far from resolved.

4 121. In October 2010, GM released an updated TSB regarding “intermittent
5 brake lamp malfunctions,” and added MY 2008-2009 Chevrolet Malibu/Malibu Maxx
6 vehicles to the list of vehicles for which it recommended the application of dielectric
7 grease to the BCM C2 connector.⁴⁰

8 122. In September 2011, GM received an information request from Canadian
9 authorities regarding brake light defect complaints in vehicles that had not yet been
10 recalled. Then, in June 2012, NHTSA provided GM with additional complaints “that
11 were outside of the build dates for the brake lamp malfunctions on the Pontiac G6”
12 vehicles that had been recalled.⁴¹

13 123. In February 2013, NHTSA opened a “Recall Query” in the face of 324
14 complaints “that the brake lights do not operate properly” in Pontiac G6, Malibu, and
15 Aura vehicles that had not yet been recalled.⁴²

16 124. In response, GM asserts that it “investigated these occurrences looking
17 for root causes that could be additional contributors to the previously identified
18 fretting corrosion,” but that it continued to believe that “fretting corrosion in the BCM
19 C2 connector” was the “root cause” of the brake light defect.⁴³

20 125. In June 2013, NHTSA upgraded its “Recall Query” concerning brake
21 light problems to an “Engineering Analysis.”⁴⁴

24 ³⁹ *Id.*

25 ⁴⁰ *Id.*

26 ⁴¹ *Id.*

27 ⁴² *Id.* at 3.

28 ⁴³ *Id.*

⁴⁴ *Id.*

1 126. In August 2013, GM found an elevated warranty rate for BCM C2
2 connectors in vehicles built *after* Old GM had begun applying dielectric grease to
3 BCM C2 connectors at its assembly plants in November 2008.⁴⁵ In November 2013,
4 GM concluded that “the amount of dielectric grease applied in the assembly plant
5 starting November 2008 was insufficient....”⁴⁶

6 127. Finally, in March 2014, “GM engineering teams began conducting
7 analysis and physical testing to measure the effectiveness of potential
8 countermeasures to address fretting corrosion. As a result, GM determined that
9 additional remedies were needed to address fretting corrosion.”⁴⁷

10 128. On May 7, 2014, GM’s Executive Field Action Decision Committee
11 finally decided to conduct a safety recall.

12 129. According to GM, “Dealers are to attach the wiring harness to the BCM
13 with a spacer, apply dielectric lubricant to both the BCM CR and harness connector,
14 and on the BAS and harness connector, and relearn the brake pedal home position.”⁴⁸

15 130. Once again, GM sat on and concealed its knowledge of the brake light
16 defect, and did not even consider available countermeasures (other than the
17 application of grease that had proven ineffective) until March of this year.

18 **5. Shift cable defect.**

19 131. From 2004 through 2010, more than 1.1 million GM-branded vehicles
20 were sold throughout the United States with a dangerously defective transmission
21 shift cable. The shift cable may fracture at any time, preventing the driver from
22 switching gears or placing the transmission in the “park” position. According to GM,
23 “[i]f the driver cannot place the vehicle in park, and exits the vehicle without applying
24

25 ⁴⁵ *Id.*

26 ⁴⁶ *Id.*

27 ⁴⁷ *Id.* at 4.

28 ⁴⁸ *Id.*

1 the park brake, the vehicle could roll away and a crash could occur without prior
2 warning.”⁴⁹

3 132. Yet again, GM knew of the shift cable defect long before it issued the
4 recent recall of more than 1.1 million vehicles with the defect.

5 133. In May 2011, NHTSA informed GM that it had opened an investigation
6 into failed transmission cables in 2007 model year Saturn Aura vehicles. In response,
7 GM noted “a cable failure model in which a tear to the conduit jacket could allow
8 moisture to corrode the interior steel wires, resulting in degradation of shift cable
9 performance, and eventually, a possible shift cable failure.”⁵⁰

10 134. Upon reviewing these findings, GM’s Executive Field Action Committee
11 conducted a “special coverage field action for the 2007-2008 MY Saturn Aura
12 vehicles equipped with 4 speed transmissions and built with Leggett & Platt cables.”
13 GM apparently chose that cut-off date because, on November 1, 2007, Kongsberg
14 Automotive replaced Leggett & Platt as the cable provider.⁵¹

15 135. GM did not recall any of the vehicles with the shift cable defect at this
16 time, and limited its “special coverage field action” to the 2007-2008 Aura vehicles
17 even though “the same or similar Leggett & Platt cables were used on ... Pontiac G6
18 and Chevrolet Malibu (MMX380) vehicles.”

19 136. In March 2012, NHTSA sent GM an Engineering Assessment request to
20 investigate transmission shift cable failures in 2007-2008 MY Auras, Pontiac G6s,
21 and Chevrolet Malibus.⁵²

22 137. In responding to the Engineering Assessment request, GM for the first
23 time “noticed elevated warranty rates in vehicles built with Kongsberg shift cables.”
24

25 ⁴⁹ See GM letter to NHTSA Re: NHTSA Campaign No. 14V-224 dated May 22,
26 2014, at 1.

27 ⁵⁰ *Id.* at 2.

28 ⁵¹ *Id.*

⁵² *Id.*

1 Similar to their predecessor vehicles built with Leggett & Platt shift cables, in the
 2 vehicles built with Kongsberg shift cables “the tabs on the transmission shift cable
 3 end may fracture and separate without warning, resulting in failure of the
 4 transmission shift cable and possible unintended vehicle movement.”⁵³

5 138. Finally, on September 13, 2012, the Executive Field Action Decision
 6 Committee decided to conduct a safety recall. This initial recall was limited to 2008-
 7 2010 MY Saturn Aura, Pontiac G6, and Chevrolet Malibu vehicles with 4-speed
 8 transmission built with Kongsberg shifter cables, as well as 2007-2008 MY Saturn
 9 Aura and 2005-2007 MY Pontiac G6 vehicles with 4-speed transmissions which may
 10 have been serviced with Kongsberg shift cables.⁵⁴

11 139. But the shift cable problem was far from resolved.

12 140. In March 2013, NHTSA sent GM a second Engineering Assessment
 13 concerning allegations of failure of the transmission shift cables on all 2007-2008
 14 MY Saturn Aura, Chevrolet Malibu, and Pontiac G6 vehicles.⁵⁵

15 141. GM continued its standard process of “investigation” and delay. But by
 16 May 9, 2014, GM was forced to concede that “the same cable failure mode found
 17 with the Saturn Aura 4-speed transmission” was present in a wide population of
 18 vehicles.⁵⁶

19 142. Finally, on May 19, 2014, GM’s Executive Field Actions Decision
 20 Committee decided to conduct a safety recall of more than 1.1 million vehicles with
 21 the defective shift cable issue, including the following models and years (as of
 22 May 23, 2014): MY 2007-2008 Chevrolet Saturn; MY 2004-2008 Chevrolet Malibu;
 23 MY 2004-2007 Chevrolet Malibu Maxx; and MY 2005-2008 Pontiac G6.

25 ⁵³ *Id.*

26 ⁵⁴ *Id.*

27 ⁵⁵ *Id.*

28 ⁵⁶ *Id.*

1 **6. Safety belt defect.**

2 143. Between the years 2008-2014, more than 1.4 million GM-branded
3 vehicles were sold with a dangerous safety belt defect. According to GM, “[t]he
4 flexible steel cable that connects the safety belt to the vehicle at the outside of the
5 front outside of the front outboard seating positions can fatigue and separate over time
6 as a result of occupant movement into the seat. In a crash, a separated cable could
7 increase the risk of injury to the occupant.”⁵⁷

8 144. On information and belief, GM knew of the safety belt defect long
9 before it issued the recent recall of more than 1.3 million vehicles with the defect.

10 145. While GM has yet to submit its full chronology of events to NHTSA,
11 suffice to say that GM has waited some five years before disclosing this defect. This
12 delay is consistent with GM’s long period of concealment of the other defects as set
13 forth above.

14 146. On May 19, 2014, GM’s Executive Field Action Decision Committee
15 decided to conduct a recall of the following models and years in connection with the
16 safety belt defect: MY 2009-2014 Buick Enclave; MY 2009-2014 Chevrolet
17 Traverse; MY 2009-2014 GMC Acadia, and MY 2009-2010 Saturn Outlook.

18 **7. Ignition lock cylinder defect.**

19 147. On April 9, 2014, GM recalled 2,191,014 GM-branded vehicles to
20 address faulty ignition lock cylinders.⁵⁸ Though the vehicles are the same as those
21 affected by the ignition switch defect,⁵⁹ the lock cylinder defect is distinct.

22 148. In these vehicles, faulty ignition lock cylinders can allow removal of the
23 ignition key while the engine is not in the “Off” position. If the ignition key is
24 removed when the ignition is not in the “Off” position, unintended vehicle motion

25 ⁵⁷ See GM letter to NHTSA Re: NHTSA Campaign No. 14V-224 dated May 22,
26 2014, at 1.

27 ⁵⁸ See GM Notice to NHTSA dated April 9, 2014.

28 ⁵⁹ Namely, MY 2005 -2010 Chevrolet Cobalts, 2005-2011 Chevrolet HHRs, 2007-
2010 Pontiac G5s, 2003-2007 Saturn Ions, and 2007-2010 Saturn Skys.

1 may occur. That could cause a vehicle crash and injury to the vehicle's occupants or
 2 pedestrians. As a result, some of the vehicles with faulty ignition lock cylinders may
 3 fail to conform to Federal Motor Vehicle Safety Standard number 114, "*Theft*
 4 *Prevention and Rollaway Prevention*."⁶⁰

5 149. On information and belief, GM was aware of the ignition lock cylinder
 6 defect for years before finally acting to remedy it.

7 **8. The Camaro's Key Design Defect**

8 150. On June 13, 2014, GM recalled more than 500,000 Chevrolet Camaros:
 9 ...because a driver's knee can bump the key fob out of the
 10 run position and cause the vehicle to lose power, an issue
 11 that has led to at least three crashes.

12 GM said it learned of the issue which primarily affects
 13 drivers who sit close to the steering wheel, during internal
 14 testing it conducted following its massive ignition switch
 15 recall earlier this year. GM knows of three crashes that
 16 resulted in four minor injuries attributed to this defect.

15 **9. The ignition key defect.**

16 151. On June 16, 2014, GM announced a recall of 3.36 million cars due to a
 17 problem with keys that can turn off ignitions and deactivate air bags, a problem
 18 similar to the ignition switch defects in the 2.19 million cars recalled earlier in the
 19 year.

20 152. The company said that keys laden with extra weight – such as additional
 21 keys or objects attached to a key ring – could inadvertently switch the vehicle's
 22 engine off if the car struck a pothole or crossed railroad tracks.

23 153. GM said it was aware of eight accidents and six injuries related to the
 24 defect.

25 154. As early as December 2000, drivers of the Chevrolet Impala and the
 26 other newly recalled cars began lodging complaints about stalling with the National
 27 Highway Traffic Safety Administration. "When foot is taken off accelerator, car will

28 ⁶⁰ GM Notice to NHTSA dated April 9, 2014, at 1.

1 stall without warning,” one driver of a 2000 Cadillac Deville told regulators in
2 December 2000. “Complete electrical system and engine shutdown while driving,”
3 another driver of the same model said in January 2001. “Happened three different
4 times to date. Dealer is unable to determine cause of failure.”

5 155. The vehicles covered include the Buick Lacrosse, model years 2005-09;
6 Chevrolet Impala, 2006-14; Cadillac Deville, 2000-05; Cadillac DTS, 2004-11; Buick
7 Lucerne, 2006-11; Buick Regal LS and RS, 2004-05; and Chevrolet Monte Carlo,
8 2006-08.

9 **10. At least 26 other defects were revealed by GM in recalls during the**
10 **first five and one-half months of 2014.**

11 156. The nine defects discussed above – and the resultant 12 recalls – are but
12 a subset of the 40 recalls ordered by GM in connection with 35 separate defects
13 during the first five and one-half months of 2014. The 26 additional defects are
14 briefly summarized in the following paragraphs.

15 157. **Transmission oil cooler line defect:** On March 31, 2014, GM recalled
16 489,936 MY 2014 Chevy Silverado, 2014 GMC Sierra, 2014 GMC Yukon, 2014
17 GMC Yukon XL, 2015 Chevy Tahoe, and 2015 Chevy Suburban vehicles. These
18 vehicles may have transmission oil cooler lines that are not securely seated in the
19 fitting. This can cause transmission oil to leak from the fitting, where it can contact a
20 hot surface and cause a vehicle fire.

21 158. **Power management mode software defect:** On January 13, 2014, GM
22 recalled 324,970 MY 2014 Chevy Silverado and GMC Sierra Vehicles. When these
23 vehicles are idling in cold temperatures, the exhaust components can overheat, melt
24 nearby plastic parts, and cause an engine fire.

25 159. **Substandard front passenger airbags:** On March 17, 2014, GM
26 recalled 303,013 MY 2009-2014 GMC Savana vehicles. In certain frontal impact
27 collisions below the air bag deployment threshold in these vehicles, the panel
28 covering the airbag may not sufficiently absorb the impact of the collision. These

1 vehicles therefore do not meet the requirements of Federal Motor Vehicle Safety
2 Standard number 201, "Occupant Protection in Interior Impact."

3 160. **Light control module defect:** On May 16, 2014, GM recalled 218,214
4 MY 2004-2008 Chevrolet Aveo (subcompact) and 2004-2008 Chevrolet Optra
5 (subcompact) vehicles. In these vehicles, heat generated within the light control
6 module in the center console in the instrument panel may melt the module and cause a
7 vehicle fire.

8 161. **Front axle shaft defect:** On March 28, 2014, GM recalled 174,046 MY
9 2013-2014 Chevrolet Cruze vehicles. In these vehicles, the right front axle shaft may
10 fracture and separate. If this happens while the vehicle is being driven, the vehicle
11 will lose power and coast to a halt. If a vehicle with a fractured shaft is parked and
12 the parking brake is not applied, the vehicle may move unexpectedly which can lead
13 to accident and injury.

14 162. **Brake boost defect:** On May 13, 2014, GM recalled 140,067 MY 2014
15 Chevrolet Malibu vehicles. The "hydraulic boost assist" in these vehicles may be
16 disabled; when that happens, slowing or stopping the vehicle requires harder brake
17 pedal force, and the vehicle will travel a greater distance before stopping. Therefore,
18 these vehicles do not comply with Federal Motor Vehicle Safety Standard number
19 135, "Light Vehicle Brake Systems," and are at increased risk of collision.

20 163. **Low beam headlight defect:** On May 14, 2014, GM recalled 103,158
21 MY 2005-2007 Chevrolet Corvette vehicles. In these vehicles, the underhood bussed
22 electrical center (UBEC) housing can expand and cause the headlamp low beam relay
23 control circuit wire to bend. When the wire is repeatedly bent, it can fracture and
24 cause a loss of low beam headlamp illumination. The loss of illumination decreases
25 the driver's visibility and the vehicle's conspicuity to other motorists, increasing the
26 risk of a crash.

27 164. **Vacuum line brake booster defect:** On March 17, 2014, GM recalled
28 63,903 MY 2013-2014 Cadillac XTS vehicles. In these vehicles, a cavity plug on the

1 brake boost pump connector may dislodge and allow corrosion of the brake booster
2 pump relay connector. This can have an adverse impact on the vehicle's brakes.

3 165. **Fuel gauge defect:** On April 29, 2014, GM recalled 51,460 MY 2014
4 Chevrolet Traverse, GMC Acadia and Buick Enclave vehicles. In these vehicles, the
5 engine control module ("ECM") software may cause inaccurate fuel gauge readings.
6 An inaccurate fuel gauge may result in the vehicle unexpectedly running out of fuel
7 and stalling, and thereby increases the risk of accident.

8 166. **Acceleration defect:** On April 24, 2014, GM recalled 50,571 MY 2013
9 Cadillac SRX vehicles. In these vehicles, there may be a three- to four-second lag in
10 acceleration due to faulty transmission control module programming. That lag may
11 increase the risk of a crash.

12 167. **Flexible flat cable airbag defect:** On April 9, 2014, GM recalled
13 23,247 MY 2009-2010 Pontiac Vibe vehicles. These vehicles are susceptible to a
14 failure in the Flexible Flat Cable ("FFC") in the spiral cable assemble connecting the
15 driver's airbag module. When the FFC fails, connectivity to the driver's airbag
16 module is lost and the airbag is deactivated. The resultant failure of the driver's
17 airbag to deploy increases the risk of injury to the driver in the event of a crash.

18 168. **Windshield wiper defect:** On May 14, 2014, GM recalled 19,225 MY
19 2014 Cadillac CTS vehicles. A defect leaves the windshield wipers in these vehicles
20 prone to failure. Inoperative windshield wipers can decrease the driver's visibility
21 and increase the risk of a crash.

22 169. **Brake rotor defect:** On May 7, 2014, GM recalled 8,208 MY 2014
23 Chevrolet Malibu and Buick LaCrosse vehicles. In these vehicles, GM may have
24 accidentally installed rear brake rotors on the front brakes. The rear rotors are thinner
25 than the front rotors, and the use of rear rotors in the front of the vehicle may result in
26 a front brake pad detaching from the caliper. The detachment of a brake pad from the
27 caliper can cause a sudden reduction in braking which lengthens the distance required
28 to stop the vehicle and increases the risk of a crash.

1 170. **Passenger-side airbag defect:** On May 16, 2014, GM recalled 1,402
2 MY 2015 Cadillac Escalade vehicles. In these vehicles, the airbag module is secured
3 to a chute adhered to the backside of the instrument panel with an insufficiently
4 heated infrared weld. As a result, the front passenger-side airbag may only partially
5 deploy in the event of crash, and this will increase the risk of occupant injury. These
6 vehicles do not conform to Federal Motor Vehicle Safety Standard number 208,
7 “Occupant Crash Protection.”

8 171. **Electronic stability control defect:** On March 26, 2014, GM recalled
9 656 MY 2014 Cadillac ELR vehicles. In these vehicles, the electronic stability
10 control (ESC) system software may inhibit certain ESC diagnostics and fail to alert
11 the driver that the ESC system is partially or fully disabled. Therefore, these vehicles
12 fail to conform to Federal Motor Vehicle Safety Standard number 126, “Electronic
13 Stability Control Systems.” A driver who is not alerted to an ESC system
14 malfunction may continue driving with a disabled ESC system. That may result in
15 the loss of directional control, greatly increasing the risk of a crash.

16 172. **Steering tie-rod defect:** On May 13, 2014, GM recalled 477 MY 2014
17 Chevrolet Silverado, 2014 GMC Sierra and 2015 Chevrolet Tahoe vehicles. In these
18 vehicles, the tie-rod threaded attachment may not be properly tightened to the steering
19 gear rack. An improperly tightened tie-rod attachment may allow the tie-rod to
20 separate from the steering rack and result in a loss of steering that greatly increases
21 the risk of a vehicle crash.

22 173. **Automatic transmission shift cable adjuster:** On February 20, 2014,
23 GM recalled 352 MY 2014 Buick Enclave, Buick LaCrosse, Buick Regal, Verano,
24 Chevrolet Cruze, Chevrolet Impala, Chevrolet Malibu, Chevrolet Traverse, and GMC
25 Acadia vehicles. In these vehicles, the transmission shift cable adjuster may
26 disengage from the transmission shift lever. When that happens, the driver may be
27 unable to shift gears, and the indicated gear position may not be accurate. If the
28 adjuster is disengaged when the driver attempts to stop and park the vehicle, the

1 driver may be able to shift the lever to the “PARK” position but the vehicle
2 transmission may not be in the “PARK” gear position. That creates the risk that the
3 vehicle will roll away as the driver and other occupants exit the vehicle, or anytime
4 thereafter.

5 174. **Fuse block defect:** On May 19, 2014, GM recalled 58 MY 2015
6 Chevrolet Silverado HD and GMC Sierra HD vehicles. In these vehicles, the
7 retention clips that attach the fuse block to the vehicle body can become loose
8 allowing the fuse block to move out of position. When this occurs, exposed
9 conductors in the fuse block may contact the mounting studs or other metallic
10 components, which in turn causes a “short to ground” event. That can result in an
11 arcing condition, igniting nearby combustible materials and starting an engine
12 compartment fire.

13 175. **Diesel transfer pump defect:** On April 24, 2014, GM recalled 51 MY
14 2014 GMC Sierra HD and 2015 Chevrolet Silverado HD vehicles. In these vehicles,
15 the fuel pump connections on both sides of the diesel fuel transfer pump may not be
16 properly torqued. That can result in a diesel fuel leak, which can cause a vehicle fire.

17 176. **Base radio defect:** On June 5, 2014, GM recalled 57,512 MY 2014
18 Chevrolet Silverado LD, 2014 GMC Sierra LD and model year 2015 Silverado HD,
19 Tahoe and Suburban and 2015 GMC Sierra HD and Yukon and Yukon XL vehicles
20 because the base radio may not work. The faulty base radio prevents audible
21 warnings if the key is in the ignition when the driver’s door is open, and audible
22 chimes when a front seat belt is not buckled. Vehicles with the base radio defect are
23 out of compliance with motor vehicle safety standards covering theft protection,
24 rollaway protection and occupant crash protection.

25 177. **Shorting bar defect:** On June 5, 2014, GM recalled 31,520 MY 2012
26 Buick Verano and Chevrolet Camaro, Cruze and Sonic compact cars for a defect in
27 which the shorting bar inside the dual stage driver’s air bag may occasionally contact
28 the air bag terminals. If contact occurs, the air bag warning light will illuminate. If

1 the car and terminals are contacting each other in a crash, the air bag will not deploy.
2 GM admits awareness of one crash with an injury where the relevant diagnostic
3 trouble code was found at the time the vehicle was repaired. GM is aware of other
4 crashes where air bags did not deploy but it does not know if they were related to this
5 condition. GM conducted two previous recalls for this condition involving 7,116 of
6 these vehicles with no confirmed crashes in which this issue was involved.

7 178. **Front passenger airbag end cap defect:** On June 5, 2014, GM recalled
8 61 model year 2013-2014 Chevrolet Spark and 2013 model year Buick Encores
9 manufactured in Changwon, Korea from December 30, 2012, through May 8, 2013,
10 because the vehicles may have a condition in which the front passenger airbag end
11 cap could separate from the airbag inflator. In a crash, this may prevent the passenger
12 airbag from deploying properly.

13 179. **Sensing and Diagnostic Module (“SDM”) defect:** On June 5, 2014,
14 GM recalled 33 model year 2014 Chevrolet Corvettes in the U.S. because an internal
15 short-circuit in the sensing and diagnostic module (“SDM”) could disable frontal air
16 bags, safety belt pretensioners and the Automatic Occupancy Sensing module.

17 180. **Sonic Turbine Shaft:** On June 11, 2014, GM recalled 21,567 Chevrolet
18 Sonics due to a transmission turbine shaft that can malfunction.

19 181. **Electrical System defect:** On June 11, 2014, GM recalled 14,765
20 model year 2014 Buick LaCrosse sedans because a wiring splice in the driver’s door
21 can corrode and break, cutting power to the windows, sunroof, and door chime under
22 certain circumstances.

23 182. **Seatbelt Tensioning System defect:** On June 11, 2014, GM recalled
24 8,789 model year 2004-11 Saab 9-3 convertibles because a cable in the driver’s
25 seatbelt tensioning system can break.

26 183. In light of GM’s history of concealing known defects, there is little
27 reason to think that either GM’s recalls have fully addressed the 35 recently revealed
28 defects or that GM has addressed each defect of which it is or should be aware.

C. GM Valued Cost-Cutting Over Safety, and Actively Encouraged Employees to Conceal Safety Issues

184. Recently revealed information presents a disturbing picture of GM's approach to safety issues – both in the design and manufacture stages, and in discovering and responding to defects in GM-branded vehicles that have already been sold.

185. GM made very clear to its personnel that cost-cutting was more important than safety, deprived its personnel of necessary resources for spotting and remedying defects, trained its employees not to reveal known defects, and rebuked those who attempted to “push hard” on safety issues.

186. One “directive” at GM was “cost is everything.”⁶¹ The messages from top leadership at GM to employees, as well as their actions, were focused on the need to control cost.⁶²

187. One GM engineer stated that emphasis on cost control at GM “permeates the fabric of the whole culture.”⁶³

188. According to Mark Reuss (President of GMNA from 2009-2013 before succeeding Mary Barra as Executive Vice President for Global Product Development, Purchasing and Supply Chain in 2014), cost and time-cutting principles known as the “Big 4” at GM “emphasized timing over quality.”⁶⁴

189. GM's focus on cost-cutting created major disincentives to personnel who might wish to address safety issues. For example, those responsible for a vehicle were responsible for its costs, but if they wanted to make a change that incurred cost

⁶¹ GM Report at 249.

⁶² *Id.* at 250.

⁶³ *Id.*

⁶⁴ *Id.*

1 and affected other vehicles, they also became responsible for the costs incurred in the
2 other vehicles.⁶⁵

3 190. As another cost-cutting measure, parts were sourced to the lowest bidder,
4 even if they were not the highest quality parts.⁶⁶

5 191. Because of GM's focus on cost-cutting, GM Engineers did not believe
6 they had extra funds to spend on product improvements.⁶⁷

7 192. GM's focus on cost-cutting also made it harder for GM personnel to
8 discover safety defects, as in the case of the "TREAD Reporting team."

9 193. GM used its TREAD database (known as "TREAD") to store the data
10 required to be reported quarterly to NHTSA under the TREAD Act.⁶⁸ From the date
11 of its inception in 2009, TREAD has been the principal database used by GM to track
12 incidents related to its vehicles.⁶⁹

13 194. From 2003-2007 or 2008, the TREAD Reporting team had eight
14 employees, who would conduct monthly searches and prepare scatter graphs to
15 identify spikes in the number of accidents or complaints with respect to various GM-
16 branded vehicles. The TREAD Reporting team reports went to a review panel and
17 sometimes spawned investigations to determine if any safety defect existed.⁷⁰

18 195. In or around 2007-08, Old GM reduced the TREAD Reporting team
19 from eight to three employees, and the monthly data mining process pared down.⁷¹ In
20 2010, GM restored two people to the team, but they did not participate in the TREAD
21
22

23 ⁶⁵ *Id.*

24 ⁶⁶ *Id.* at 251.

25 ⁶⁷ *Id.*

26 ⁶⁸ *Id.* at 306.

27 ⁶⁹ *Id.*

28 ⁷⁰ *Id.* at 307.

⁷¹ *Id.*

1 database searches.⁷² Moreover, until 2014, the TREAD Reporting team did not have
 2 sufficient resources to obtain any of the advanced data mining software programs
 3 available in the industry to better identify and understand potential defects.⁷³

4 196. By starving the TREAD Reporting team of the resources it needed to
 5 identify potential safety issues, GM helped to insure that safety issues would not
 6 come to light.

7 197. “[T]here was resistance or reluctance to raise issues or concerns in the
 8 GM culture.” The culture, atmosphere and supervisor response at GM “discouraged
 9 individuals from raising safety concerns.”⁷⁴

10 198. GM CEO Mary Barra experienced instances where GM engineers were
 11 “unwilling to identify issues out of concern that it would delay the launch” of a
 12 vehicle.⁷⁵

13 199. GM supervisors warned employees to “never put anything above the
 14 company” and “never put the company at risk.”⁷⁶

15 200. GM “pushed back” on describing matters as safety issues and, as a
 16 result, “GM personnel failed to raise significant issues to key decision-makers.”⁷⁷

17 201. So, for example, GM discouraged the use of the word “stall” in
 18 Technical Service Bulletins (“TSBs”) it sometimes sent to dealers about issues in
 19 GM-branded vehicles. According to Steve Oakley, who drafted a TSB in connection
 20 with the ignition switch defects, “the term ‘stall’ is a ‘hot’ word that GM generally
 21 does not use in bulletins because it may raise a concern about vehicle safety, which
 22
 23

24 ⁷² *Id.* at 307-308.

25 ⁷³ *Id.* at 208.

26 ⁷⁴ *Id.* at 252.

27 ⁷⁵ *Id.*

28 ⁷⁶ *Id.* at 252-253.

⁷⁷ *Id.* at 253.

1 suggests GM should recall the vehicle, not issue a bulletin.”⁷⁸ Other GM personnel
2 confirmed Oakley on this point, stating that “there was concern about the use of ‘stall’
3 in a TSB because such language might draw the attention of NHTSA.”⁷⁹

4 202. Oakley further noted that “he was reluctant to push hard on safety issues
5 because of his perception that his predecessor had been pushed out of the job for
6 doing just that.”⁸⁰

7 203. Many GM employees “did not take notes at all at critical safety meetings
8 because they believed GM lawyers did not want such notes taken.”⁸¹

9 204. A GM training document released by NHTSA as an attachment to its
10 Consent Order sheds further light on the lengths to which GM went to ensure that
11 known defects were concealed. It appears that the defects were concealed pursuant to
12 a company policy GM inherited from Old GM.

13 205. The document consists of slides from a 2008 Technical Learning
14 Symposium for “designing engineers,” “company vehicle drivers,” and other
15 employees at Old GM. On information and belief, the vast majority of employees
16 who participated in this webinar presentation continued on in their same positions at
17 GM after July 10, 2009.

18 206. The presentation focused on recalls, and the “reasons for recalls.”

19 207. One major component of the presentation was captioned
20 “Documentation Guidelines,” and focused on what employees should (and should not
21 say) when describing problems in vehicles.

22 208. Employees were instructed to “[w]rite smart,” and to “[b]e factual, not
23 fantastic” in their writing.

24
25 ⁷⁸ *Id.* at 92.

26 ⁷⁹ *Id.* at 93.

27 ⁸⁰ *Id.*

28 ⁸¹ *Id.* at 254.

1 209. Company vehicle drivers were given examples of comments to avoid,
2 including the following: “This is a safety and security issue”; “I believe the wheels
3 are too soft and weak and could cause a serious problem”; and “Dangerous ... almost
4 caused accident.”

5 210. In documents used for reports and presentations, employees were
6 advised to avoid a long list of words, including: “bad,” “dangerous,” “defect,”
7 “defective,” “failed,” “flawed,” “life-threatening,” “problem,” “safety,” “safety-
8 related,” and “serious.”

9 211. In truly Orwellian fashion, the Company advised employees to use the
10 words (1) “Issue, Condition [or] Matter” instead of “Problem”; (2) “Has Potential
11 Safety Implications” instead of “Safety”; (3) “Broke and separated 10 mm” instead of
12 “Failed”; (4) “Above/Below/Exceeds Specification” instead of “Good [or] Bad”; and
13 (5) “Does not perform to design” instead of “Defect/Defective.”

14 212. As NHTSA’s Acting Administrator Friedman noted at the May 16, 2014,
15 press conference announcing the Consent Order concerning the ignition switch defect,
16 it was GM’s company policy to avoid using words that might suggest the existence of
17 a safety defect:

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

22 213. GM appears to have trained its employees to conceal the existence of
23 known safety defects from consumers and regulators. Indeed, it is nearly impossible
24 to convey the potential existence of a safety defect without using the words “safety”
25 or “defect” or similarly strong language that was verboten at GM.

26 214. So institutionalized at GM was the “phenomenon of avoiding
27 responsibility” that the practice was given a name: “the ‘GM salute,’” which was “a
28

1 crossing of the arms and pointing outward towards others, indicating that the
2 responsibility belongs to someone else, not me.”⁸²

3 215. CEO Mary Barra described a related phenomenon, “known as the ‘GM
4 nod,” which was “when everyone nods in agreement to a proposed plan of action, but
5 then leaves the room with no intention to follow through, and the nod is an empty
6 gesture.”⁸³

7 216. According to the GM Report prepared by Anton R. Valukas, part of the
8 failure to properly correct the ignition switch defect was due to problems with GM’s
9 organizational structure.⁸⁴ Part of the failure to properly correct the ignition switch
10 defect was due to a corporate culture that did not care enough about safety.⁸⁵ Part of
11 the failure to properly correct the ignition switch defect was due to a lack of open and
12 honest communication with NHTSA regarding safety issues.⁸⁶ Part of the failure to
13 properly correct the ignition switch defect was due to improper conduct and handling
14 of safety issues by lawyers within GM’s Legal Staff.⁸⁷ On information and belief, all
15 of these issues also helped cause the concealment of and failure to remedy the many
16 defects that have led to the spate of recalls in the first half of 2014.

17 **D. GM’s Fraudulent Concealment of the Defects Has Harmed Plaintiff and**
18 **the Class**

19 217. GM’s unprecedented concealment of a large number of serious defects,
20 and its irresponsible approach to safety issues, has caused damage to Plaintiff and the
21 Class.

22 218. A vehicle made by a reputable manufacturer of safe and reliable vehicles
23 who stands behind its vehicles after they are sold is worth more than an otherwise

24 ⁸² GM Report at 255.

25 ⁸³ *Id.* at 256.

26 ⁸⁴ *Id.* at 259-260.

27 ⁸⁵ *Id.* at 260-61.

28 ⁸⁶ *Id.* at 263.

⁸⁷ *Id.* at 264.

1 similar vehicle made by a disreputable manufacturer known for selling defective
2 vehicles and for concealing and failing to remedy serious defects after the vehicles are
3 sold.

4 219. A vehicle purchased or leased under the reasonable assumption that it is
5 safe and reliable is worth more than a vehicle of questionable safety and reliability
6 due to the manufacturer's recent history of concealing serious defects from consumers
7 and regulators.

8 220. Purchasers and lessees of GM-branded vehicles after the July 10, 2009,
9 inception of GM paid more for the vehicles than they would have had GM disclosed
10 the many defects it had a duty to disclose in GM-branded vehicles. Because GM
11 concealed the defects and the fact that it was a disreputable brand that valued cost-
12 cutting over safety, Plaintiff and the Class did not receive the benefit of their bargain.
13 And the value of all their vehicles has diminished as the result of GM's deceptive
14 conduct.

15 221. On information and belief, an estimate of the diminished value in class
16 vehicles is illustrated as follows:

17	2010 Chevy Camaro	\$2,200
18	2011 Chevy Camaro	\$1,600
19	2011 Saturn Astra	\$1,600
20	2011 Pontiac Sunfire	\$487
21	2011 Saturn Ion	\$878
22	2011 Pontiac GTO	\$1,300
23	2010 Saturn Sky	\$2,600

24 222. If GM had timely disclosed the many defects as required by the TREAD
25 Act, the law of fraudulent concealment, and California consumer laws set forth
26 below, Class members' vehicles would be considerably more valuable than they are
27 now. Because of GM's now highly publicized campaign of deception, and its
28

belated, piecemeal and ever-expanding recalls, so much stigma has attached to the GM brand that no rational consumer would pay what otherwise would have been fair market value for the Affected Vehicles.

V. TOLLING OF THE STATUTES OF LIMITATION

223. All applicable statutes of limitation have been tolled by GM's knowing and active fraudulent concealment and denial of the facts alleged herein. Plaintiff and Class members did not discover, and did not know of facts that would have caused a reasonable person to suspect, that GM did not report information within its knowledge to federal authorities (including NHTSA), its dealerships or consumers, nor would a reasonable and diligent investigation have disclosed that GM had information in its possession about the existence and dangerousness of numerous defects and opted to conceal that information until shortly before this action was filed, and nor would such an investigation have disclosed that GM valued cost-cutting over safety and actively discouraged its personnel from uncovering or raising safety issues.

224. Instead of disclosing the myriad safety defects and disregard of safety of which it was aware, GM falsely represented that its vehicles were safe, reliable, and of high quality, and that it was a reputable manufacturer that stood behind GM-branded vehicles after they were sold.

225. Because of the active concealment by GM, any and all limitations periods otherwise applicable to Plaintiff's claims have been tolled.

VI. CLASS ALLEGATIONS

A. The Nationwide Class

226. Under Rules 23(a), (b)(2), and (b)(3) of the Federal Rules of Civil Procedure, Plaintiff brings this action on behalf of herself and a Class initially defined as follows (the "Nationwide Class"):

During the fullest period allowed by law, all persons in the United States who either (i) own or lease a new or used GM-branded vehicle sold between July 10, 2009, and April 1, 2014 (the "Affected Vehicles"), or (ii) sold an

Affected Vehicle at a diminished price on or after April 1, 2014. Excluded from the Class are owners and lessors of model year 2005-2010 Chevrolet Cobalts, 2005-2011 Chevrolet HHRs, 2007-2010 Pontiac G5s, 2003-2007 Saturn Ions, and 2007-2010 Saturn Skys.

227. The following vehicles, if sold between July 10, 2009 and April 1, 2014, are Affected Vehicles:

MY 2009							
CHEVROLET	BUICK	GMC	CADILLAC	SATURN	PONTIAC	HUMMER	SAAB
Avalanche	Enclave	Acadia	CTS	Aura	G3	H2	9-3
Aveo	LaCrosse	Canyon	CTS-V	Aura Hybrid	G6	H3	9-5
Colorado	Lucerne	Envoy	DTS	Outlook	G8		9-7X
Corvette		Savana Cargo Van	Escalade	VUE	Solstice		
Equinox		Sierra 1500	Escalade ESV	VUE Hybrid	Torrent		
Express Cargo Van		Sierra 2500HD	Escalade EXT		Vibe		
Express Passenger		Sierra 3500HD	Escalade Hybrid				
Impala		Yukon	SRX				
Malibu		Yukon XL	STS				
Silverado 1500			STS-V				
Silverado 1500 Hybrid			XLR				
Silverado 3500HD			XLR-V				
Suburban							
Tahoe							
Tahoe Hybrid							
Trailblazer							
Traverse							
Impala Police							
MY 2010							
CHEVROLET	BUICK	GMC	CADILLAC	SATURN	PONTIAC	HUMMER	SAAB
Avalanche	Enclave	Acadia	CTS Sedan	Aura	G6	H2	9-3
Aveo	LaCrosse	Canyon	CTS-V	Outlook	Vibe	H3 SUV	9-5
Camaro	Lucerne	Savana Cargo Van	CTS Wagon	VUE		H3T	
Colorado		Sierra 1500	DTS				
Corvette		Sierra 2500HD	Escalade				
Equinox		Sierra 3500HD	Escalade ESV				
Express Cargo Van		Terrain	Escalade EXT				
Express Passenger		Yukon	Escalade Hybrid				

1	Impala		Yukon XL	SRX				
2	Malibu			STS				
3	Malibu Hybrid							
4	Silverado 1500							
5	Silverado 1500 Hybrid							
6	Silverado 2500HD							
7	Silverado 3500HD							
8	Suburban							
9	Tahoe							
10	Tahoe Hybrid							
11	Traverse							
12	MY 2011							
13	CHEVROLET	BUICK	GMC	CADILLAC	SATURN	PONTIAC	HUMMER	SAAB
14	Avalanche	Enclave	Acadia	CTS Coupe	N/A	N/A	N/A	N/A
15	Aveo	LaCrosse	Canyon	CTS Sedan				
16	Camaro	Lucerne	Savana Cargo Van	CTS Wagon				
17	Caprice Police Patrol Vehicle	Regal	Sierra 1500	CTS-V Coupe				
18	Colorado		Sierra 2500HD	CTS-V Sedan				
19	Corvette		Sierra 3500HD	CTS-V Wagon				
20	Cruze		Terrain	DTS				
21	Equinox		Yukon	Escalade				
22	Express Cargo Van		Yukon XL	Escalade ESV				
23	Express Passenger			Escalade EXT				
24	Impala			Escalade Hybrid				
25	Malibu			SRX				
26	Silverado 1500			STS				
27	Silverado 1500 Hybrid							
28	Silverado 2500HD							
	Silverado 3500HD							
	Suburban							
	Tahoe							
	Tahoe Hybrid							
	Traverse							
	Volt							
	Impala Police							

MY 2012							
CHEVROLET	BUICK	GMC	CADILLAC	SATURN	PONTIAC	HUMMER	SAAB
Avalanche	Enclave	Acadia	CTS Coupe	N/A	N/A	N/A	N/A
Camaro	LaCrosse	Canyon	CTS Sedan				
Captiva Sport Fleet	Regal	Savana Cargo Van	CTS Wagon				
Colorado	Verano	Sierra 1500	CTS-V Coupe				
Corvette		Sierra 2500HD	CTS-V Sedan				
Cruze		Sierra 3500HD	CTS-V Wagon				
Equinox		Terrain	Escalade				
Express Cargo Van		Yukon	Escalade ESV				
Express Passenger		Yukon XL	Escalade EXT				
Impala			Escalade Hybrid				
Malibu			SRX				
Silverado 1500							
Silverado 1500 Hybrid							
Silverado 2500HD							
Silverado 3500HD							
Sonic							
Suburban							
Tahoe							
Tahoe Hybrid							
Traverse							
Volt							
MY 2013							
CHEVROLET	BUICK	GMC	CADILLAC	SATURN	PONTIAC	HUMMER	SAAB
Avalanche	Enclave	Acadia	ATS	N/A	N/A	N/A	N/A
Camaro	Encore	Savana Cargo Van	CTS Coupe				
Captiva Sport Fleet	LaCrosse	Sierra 1500	CTS Sedan				
Corvette	Regal	Sierra 2500HD	CTS Wagon				
Cruze	Verano	Sierra 3500HD	CTS-V Coupe				
Equinox		Terrain	CTS-V Sedan				
Express Cargo Van		Yukon	CTS-V Wagon				
Express Passenger		Yukon XL	Escalade				
Impala			Escalade ESV				
Malibu			Escalade EXT				
Silverado 1500			Escalade Hybrid				

1	Silverado 1500 Hybrid			SRX				
2	Silverado 2500HD			XTS				
3	Silverado 3500HD							
4	Sonic							
5	Spark							
6	Suburban							
7	Tahoe							
8	Tahoe Hybrid							
9	Traverse							
10	Volt							
11	MY 2014							
12	CHEVROLET	BUICK	GMC	CADILLAC	SATURN	PONTIAC	HUMMER	SAAB
13	Camaro	Enclave	Acadia	ATS	N/A	N/A	N/A	N/A
14	Captiva Sport Fleet	Encore	Savana Cargo Van	CTS Coupe				
15	Corvette Stingray	LaCrosse	Sierra 1500	CTS Sedan				
16	Cruze	Regal	Sierra 2500HD	CTS Wagon				
17	Equinox	Verano	Sierra 3500HD	CTS-V Coupe				
18	Express Cargo Van		Terrain	CTS-V Sedan				
19	Express Passenger		Yukon	CTS-V Wagon				
20	Impala		Yukon XL	ELR				
21	Impala Limited			Escalade				
22	Malibu			Escalade ESV				
23	Silverado 1500			SRX				
24	Silverado 2500HD			XTS				
25	Silverado 3500HD							
26	Sonic							
27	Spark							
28	Spark EV							
	SS							
	Suburban							
	Tahoe							
	Traverse							
	Volt							
	MY 2015							
	CHEVROLET	BUICK	GMC	CADILLAC	SATURN	PONTIAC	HUMMER	SAAB
	Camaro	Enclave	Acadia	ATS Coupe	N/A	N/A	N/A	N/A

Captiva Sport Fleet	LaCrosse	Savana Cargo Van	ATS Sedan				
City Express Cargo Van	Regal	Sierra 2500HD	CTS Sedan				
Equinox		Sierra 3500HD	CTS-V Coupe				
Express Cargo Van		Terrain	ELR				
Express Passenger		Yukon	Escalade				
Impala		Yukon XL	Escalade ESV				
Impala Limited			SRX				
Malibu			XTS				
Silverado 2500HD							
Silverado 3500HD							
Spark							
Spark EV							
Suburban							
Tahoe							
Traverse							
Volt							

B. California Class

228. Plaintiff also alleges claims under California state law on behalf of a Class of California State residents (the “California Class”), initially defined as follows:

During the fullest period allowed by law all persons or entities in the State of California who either (i) own or lease one or more Affected Vehicle(s) or (ii) sold an Affected Vehicle on or after April 1, 2014. Excluded from the Class are owners and lessors of model year 2005 -2010 Chevrolet Cobalts, 2005-2011 Chevrolet HHRs, 2007-2010 Pontiac G5s, 2003-2007 Saturn Ions, and 2007-2010 Saturn Skys.

229. Excluded from each Class are Old GM and GM, their employees, co-conspirators, officers, directors, legal representatives, heirs, successors and wholly or partly owned subsidiaries or affiliates of GM; class counsel and their employees; and

1 the judicial officers and their immediate family members and associated court staff
2 assigned to this case, and all persons within the third degree of relationship to any
3 such persons.

4 230. Plaintiff is informed and believes that there are at least millions of
5 Affected Vehicles nationwide and hundreds of thousands of Affected Vehicles in
6 California. Individual joinder of all Class members is impracticable.

7 231. The Class can be readily identified using registration records, sales
8 records, production records, and other information kept by GM or third parties in the
9 usual course of business and within their control.

10 232. Questions of law and fact are common to the Class and predominate over
11 questions affecting only individual members, including the following:

- 12 a. Whether numerous GM vehicles suffer from serious defects;
- 13 b. Whether GM was aware of many or all of the defects, and
14 concealed the defects from regulators, Plaintiff, and the Class;
- 15 c. Whether GM misrepresented to Affected Vehicle purchasers that
16 GM vehicles are safe, reliable, and of high quality;
- 17 d. Whether GM misrepresented itself as a reputable manufacturer
18 that values safety and stands behind its vehicles after they are sold;
- 19 e. Whether GM actively encouraged the concealment of known
20 defects from regulators and consumers;
- 21 f. Whether GM engaged in fraudulent concealment;
- 22 g. Whether GM engaged in unfair, deceptive, unlawful, and/or
23 fraudulent acts or practices in trade or commerce by failing to disclose that many
24 GM-branded vehicles had serious defects;
- 25 h. Whether the alleged conduct by GM violated laws as Plaintiff
26 alleges;
- 27 i. Whether GM's unlawful, unfair, fraudulent, and/or deceptive
28 practices harmed Plaintiff and the members of the Class;

1 j. Whether Plaintiff and the members of the Class are entitled to
2 equitable and/or injunctive relief; and

3 k. Whether any or all applicable limitations periods are tolled by acts
4 of fraudulent concealment.

5 233. Plaintiff's claims are typical of the claims of the Class members, and
6 arise from the same course of conduct by GM. The relief Plaintiff seeks is typical of
7 the relief sought for the absent Class members.

8 234. Plaintiff will fairly and adequately represent and protect the interests of
9 all absent Class members. Plaintiff is represented by counsel competent and
10 experienced in product liability, consumer protection, and class action litigation.

11 235. A class action is superior to other available methods for the fair and
12 efficient adjudication of this controversy, since joinder of all the individual Class
13 members is impracticable. Because the damages suffered by each individual Class
14 member may be relatively small, the expense and burden of individual litigation
15 would make it very difficult or impossible for individual Class members to redress the
16 wrongs done to each of them individually, and the burden imposed on the judicial
17 system would be enormous.

18 236. The prosecution of separate actions by the individual Class members
19 would create a risk of inconsistent or varying adjudications for individual Class
20 members, which would establish incompatible standards of conduct for GM. The
21 conduct of this action as a class action presents far fewer management difficulties,
22 conserves judicial resources and the parties' resources, and protects the rights of each
23 Class member.

24 237. Plaintiff is not aware of any obstacles likely to be encountered in the
25 management of this action that would preclude its maintenance as a class action.
26 Plaintiff anticipates providing appropriate notice to be approved by the Court after
27 discovery into the size and nature of the Class.
28

VII. CAUSES OF ACTION

A. Nationwide Class Claim

COUNT I

FRAUDULENT CONCEALMENT

238. Plaintiff and the Class incorporate by reference each preceding and following paragraph as though fully set forth at length herein.

239. This claim is brought on behalf of the Nationwide Class.

240. GM concealed and suppressed material facts concerning the quality of its vehicles and the GM brand.

241. GM concealed and suppressed material facts concerning the culture of GM – a culture that emphasized cost-cutting, avoidance of dealing with safety issues and a shoddy design process.

242. GM concealed and suppressed material facts concerning the many serious defects plaguing GM-branded vehicles, and that it valued cost-cutting over safety and took steps to ensure that its employees did not reveal known safety defects to regulators or consumers.

243. GM did so in order to boost confidence in its vehicles and falsely assure purchasers and lessors of its vehicles that GM was a reputable manufacturer that stands behind its vehicles after they are sold and that its vehicles are safe and reliable. The false representations were material to consumers, both because they concerned the quality and safety of the Affected Vehicles and because they played a significant role in the value of the vehicles.

244. GM had a duty to disclose the many defects in GM-branded vehicles because they were known and/or accessible only to GM who had superior knowledge and access to the facts, and GM knew the facts were not known to or reasonably discoverable by Plaintiff and the Class. These omitted and concealed facts were material because they directly impact the value of the Affected Vehicles purchased or leased by Plaintiff and the Class. Whether a manufacturer's products are safe and

1 reliable, and whether that manufacturer stands behind its products, is a material
2 concern to a consumer.

3 245. GM actively concealed and/or suppressed these material facts, in whole
4 or in part, to protect its profits and avoid recalls that would hurt the brand's image and
5 cost GM money, and it did so at the expense of Plaintiff and the Class.

6 246. On information and belief, GM has still not made full and adequate
7 disclosure and continues to defraud Plaintiff and the Class and conceal material
8 information regarding defects that exist in GM-branded vehicles.

9 247. Plaintiff and the Class were unaware of these omitted material facts and
10 would not have acted as they did if they had known of the concealed and/or
11 suppressed facts. Plaintiff's and the Class's actions were justified. GM was in
12 exclusive control of the material facts and such facts were not known to the public,
13 Plaintiff, or the Class.

14 248. Because of the concealment and/or suppression of the facts, Plaintiff and
15 the Class sustained damage because they own vehicles that diminished in value as a
16 result of GM's concealment of, and failure to timely disclose, the serious defects in
17 millions of GM-branded vehicles and the serious safety and quality issues engendered
18 by GM's corporate policies. Had they been aware of the many defects that existed in
19 GM-branded vehicles, the Company's disregard for safety, Plaintiff either would have
20 paid less for her vehicle or would not have purchased it at all. She did not receive the
21 benefit of her bargain as a result of the fraudulent concealment of GM.

22 249. The value of all Class members' vehicles has diminished as a result of
23 GM's fraudulent concealment of the many defects which has greatly tarnished the
24 GM brand and made any reasonable consumer reluctant to purchase any of the
25 Affected Vehicles, let alone pay what otherwise would have been fair market value
26 for the vehicles.

27 250. GM's acts were done maliciously, oppressively, deliberately, with intent
28 to defraud, and in reckless disregard of Plaintiff's and the Class's rights and well-

1 being to enrich GM. GM's conduct warrants an assessment of punitive damages in an
 2 amount sufficient to deter such conduct in the future, which amount is to be
 3 determined according to proof.

4 **B. California Class Claims**

5 **COUNT II**

6 **VIOLATIONS OF THE CONSUMER LEGAL REMEDIES ACT**

7 **(CAL. CIV. CODE § 1750, *et seq.*)**

8 251. Plaintiff Anna Andrews (in this Count referred to as "Plaintiff") brings
 9 this claim solely on behalf of Class members who are residents of California (the
 10 "California Class," in this Count referred to as the "Class").

11 252. Plaintiff realleges and incorporates by reference all paragraphs as though
 12 fully set forth herein.

13 253. GM is a "person" under CAL. CIV. CODE § 1761(c).

14 254. Plaintiff and the Class are "consumers," as defined by CAL. CIV. CODE
 15 § 1761(d), who purchased or leased one or more Affected Vehicles.

16 255. GM engaged in unfair or deceptive acts or practices that violated CAL.
 17 CIV. CODE § 1750, *et seq.*, as described above and below.

18 256. Under the TREAD Act, 49 U.S.C. §§ 30101, *et seq.*, and its
 19 accompanying regulations, if a manufacturer learns that a vehicle contains a defect
 20 and that defect is related to motor vehicle safety, the manufacturer must disclose the
 21 defect. 49 U.S.C. § 30118(c)(1) & (2).

22 257. In acquiring Old GM, GM expressly assumed the obligations to make all
 23 required disclosures under the TREAD Act with respect to all GM-branded vehicles
 24 manufactured by Old GM.

25 258. Under the TREAD Act, if it is determined that a vehicle has a safety
 26 defect, the manufacturer must promptly notify vehicle owners, purchasers, and
 27 dealers of the defect, and may be ordered to remedy the defect. 49 U.S.C.
 28 § 30118(b)(2)(A) & (B).

1 259. Under the TREAD Act, manufacturers must also file a report with
2 NHTSA within five working days of discovering “a defect in a vehicle or item of
3 equipment has been determined to be safety related, or a noncompliance with a motor
4 vehicle safety standard has been determined to exist.” 49 C.F.R. § 573.6(a) & (b). At
5 a minimum, the report to NHTSA must include: the manufacturer’s name; the
6 identification of the vehicles or equipment containing the defect, including the make,
7 line, model year and years of manufacturing; a description of the basis for
8 determining the recall population; how those vehicles differ from similar vehicles that
9 the manufacturer excluded from the recall; and a description of the defect. 49 C.F.R.
10 § 276.6(b), (c)(1), (c)(2), & (c)(5).

11 260. The manufacturer must also promptly inform NHTSA regarding: the
12 total number of vehicles or equipment potentially containing the defect; the
13 percentage of vehicles estimated to contain the defect; a chronology of all principal
14 events that were the basis for the determination that the defect related to motor
15 vehicle safety, including a summary of all warranty claims, field or service reports,
16 and other information, with its dates of receipt; and a description of the plan to
17 remedy the defect. 49 C.F.R. § 276.6(b) & (c).

18 261. From the date of its inception on July 10, 2009, GM knew of many
19 serious defects affecting many models and years of GM-branded vehicles, both
20 because of the knowledge of Old GM personnel who remained at GM and continuous
21 reports, investigations, and notifications from regulatory authorities. GM became
22 aware of other serious defects years ago, but concealed all of them until recently.

23 262. GM was also aware that it valued cost-cutting over safety, selected parts
24 from the cheapest supplier regardless of quality, and actively discouraged employees
25 from finding and flagging known safety defects, and that this approach would
26 necessarily cause the existence of more defects in the vehicles it designed and
27 manufactured and the failure to disclose and remedy defects in all GM-branded
28 vehicles.

1 263. According to a recent report from the Center for Auto Safety, some
2 2,004 deaths and injuries are connected with recently recalled GM-branded vehicles,
3 and GM should have recalled the vehicles years ago.

4 264. By failing to disclose and by actively concealing the many defects in
5 GM-branded vehicles, by marketing its vehicles as safe, reliable, and of high quality,
6 and by claiming to be a reputable manufacturer that valued safety and stood behind its
7 vehicles after they were sold, GM engaged in deceptive business practices prohibited
8 by the CLRA, CAL. CIV. CODE § 1750, *et seq.*

9 265. Though required to by the TREAD Act, GM failed for many years to
10 inform NHTSA about known defects in GM-branded vehicles. Consequently, the
11 public, including Plaintiff and the Class, received no notice of the many defects and
12 their drastic consequences.

13 266. GM owed Plaintiff and the Class a duty to comply with the TREAD Act
14 and disclose the many defects plaguing GM-branded vehicles, because GM:

15 a. Possessed exclusive knowledge of the defects rendering the GM-
16 branded vehicles inherently more dangerous, unreliable and less valuable than
17 otherwise similar vehicles;

18 b. Intentionally concealed the hazards facing GM-branded vehicle
19 owners by failing to comply with the TREAD Act, which required the disclosure of
20 the defects;

21 c. GM marketed all of its vehicles as safe, reliable, and high quality
22 in order to entice Plaintiff and the Class to purchase the Affected Vehicles; and

23 d. Whether or not a manufacture is reputable, makes safe and reliable
24 vehicles, and stands behind its vehicles after they are sold was highly material
25 information to Plaintiff and the Class.

26 267. GM's unfair or deceptive acts or practices were likely to and did in fact
27 deceive reasonable consumers, including Plaintiff, about the true safety and reliability
28

1 of GM-branded vehicles, the quality of the GM brand, the devaluing of safety at GM,
2 and the true value of the Affected Vehicles.

3 268. Because of its violations of the CLRA detailed above, GM caused actual
4 damage to Plaintiff and the Class. GM's violations caused the diminution in value of
5 the Class members' vehicles which are now worth less than they would have been
6 had GM timely disclosed the defects. Because GM fraudulently concealed the many
7 defects in GM-branded vehicles resulting in a raft of negative publicity once the
8 defects finally began to be disclosed, the value of the Affected Vehicles has greatly
9 diminished. In light of the stigma attached to those vehicles by GM's conduct, they
10 are now worth significantly less than they otherwise would be.

11 269. Plaintiff sent a CLRA Notice Letter to GM on June 11, 2014. After
12 thirty days, Plaintiff will, under CAL. CIV. CODE § 1780(a), seek monetary relief
13 against GM measured as the diminution of the value of their vehicles caused by GM's
14 violations of the CLRA as alleged herein.

15 270. Under CAL. CIV. CODE § 1780(b), Plaintiff will seek an additional award
16 against GM of up to \$5,000 for each Class member who qualifies as a "senior citizen"
17 or "disabled person" under the CLRA. GM knew or should have known that its
18 conduct was directed to one or more Class members who are senior citizens or
19 disabled persons. GM's conduct caused one or more of these senior citizens or
20 disabled persons to suffer a substantial loss of property set aside for retirement or for
21 personal or family care and maintenance, or assets essential to the health or welfare of
22 the senior citizen or disabled person. One or more Class members who are senior
23 citizens or disabled persons are substantially more vulnerable to GM's conduct
24 because of age, poor health or infirmity, impaired understanding, restricted mobility,
25 or disability, and each of them suffered substantial physical, emotional, or economic
26 damage resulting from GM's conduct.

27 271. Plaintiff will also seek punitive damages against GM because it carried
28 out reprehensible conduct with willful and conscious disregard of the rights and

1 safety of others, subjecting Plaintiff and the Class to potential cruel and unjust
 2 hardship as a result. GM intentionally and willfully concealed and failed to inform
 3 NHTSA of over 17 million unsafe and unreliable vehicles. Further, GM deceived
 4 Plaintiff by concealing material facts that only it knew concerning its valuation of
 5 cost-cutting over safety and its encouragement to employees to conceal safety issues,
 6 all to boost its sales and avoid the expense and public relations problem of correcting
 7 serious flaws in millions of GM-branded vehicles. GM's unlawful conduct
 8 constitutes malice, oppression, and fraud warranting punitive damages under CAL.
 9 CIV. CODE § 3294.

10 272. Plaintiff further seeks an order enjoining unfair or deceptive acts or
 11 practices, restitution, punitive damages, costs of court, attorneys' fees under CAL.
 12 CIV. CODE § 1780(e), and any other just and proper relief available under the CLRA.

13 273. Plaintiff includes an affidavit with this Complaint that shows that venue
 14 in this District is proper, to the extent such an affidavit is required by CAL. CIV. CODE
 15 § 1780(d).

16 **COUNT III**

17 **VIOLATION OF THE CALIFORNIA UNFAIR COMPETITION LAW** 18 **(CAL. BUS. & PROF. CODE § 17200, *et seq.*)**

19 274. Plaintiff Anna Andrews (in this Count referred to as "Plaintiff") brings
 20 this claim solely on behalf of Class members who are residents of California (the
 21 "California Class," in this Count referred to as the "Class").

22 275. Plaintiff realleges and incorporates by reference all the preceding and
 23 following paragraphs as though fully set forth herein.

24 276. California Business and Professions Code section 17200 prohibits any
 25 "unlawful, unfair, or fraudulent business act or practices." GM has engaged in
 26 unlawful, fraudulent, and unfair business acts and practices in violation of the UCL.
 27
 28

1 277. GM violated the unlawful prong of section 17200 by its violations of the
2 CLRA, CAL. CIV. CODE § 1750, *et seq.*, as set forth in California Class Count II and
3 by the acts and practices set forth in this Complaint.

4 278. GM also violated the unlawful prong because it engaged in business acts
5 or practices that are unlawful because they violate the TREAD Act, 49 U.S.C.
6 §§ 30101, *et seq.*, and its regulations.

7 279. GM violated the TREAD Act when it failed to timely inform NHTSA of
8 the many defects in GM-branded vehicles.

9 280. GM violated the unfair and fraudulent prong of section 17200 because,
10 in failing or refusing to: (i) inform NHTSA and consumers about the myriad serious
11 defects affecting the safety and reliability of more than 17 million GM-branded
12 vehicles; (ii) inform consumers about GM's devaluation of safety, its cost-cutting and
13 discouragement of raising safety issues; while (iii) marketing its vehicles as safe and
14 reliable, GM precluded reasonable consumers from discovering that GM was a
15 disreputable manufacturer of unsafe and unreliable vehicles, and did not stand behind
16 its vehicles once they were purchased. The information that GM was required to
17 disclose concerning the many known and serious defects in GM-branded vehicles was
18 material to a reasonable consumer.

19 281. GM also violated the unfair prong of section 17200 because the acts and
20 practices set forth in the Complaint offend established public policy, and also because
21 the harm GM caused consumers greatly outweighs any benefits associated with those
22 practices. GM's conduct has also impaired competition within the automotive
23 vehicles market and has prevented Plaintiff and the Class from making fully informed
24 decisions about whether to lease or purchase the Affected Vehicles.

25 282. Plaintiff and the Class have suffered an injury, including the loss of
26 money or property, because of GM's unfair, unlawful, and/or deceptive practices.
27 GM failed to inform NHTSA, and therefore failed to inform consumers, that more
28 than 17 million GM-branded vehicles had serious defects, all in violation of Section

1 17200 of the UCL. GM also misrepresented itself as a reputable manufacturer that
2 valued safety when in fact just the opposite was true. These violations caused the
3 diminution in value of Class members' vehicles which are now worth less than they
4 would have been had GM timely disclosed the many defects. Because GM
5 fraudulently concealed the defects and its irresponsible and fraudulent practices
6 concerning safety, resulting in a raft of negative publicity once the defects finally
7 began to be disclosed, the value of the Affected Vehicles has greatly diminished. In
8 light of GM's conduct and the stigma now thereby attached to the Affected Vehicles,
9 their value has plummeted.

10 283. Further, Class members did not receive the benefit of their bargain and
11 overpaid for their vehicles as a result of GM's unfair and deceptive conduct in
12 violation of the TREAD Act, the CLRA, and Section 17200 of the UCL. Had these
13 Class members been aware that GM was concealing serious defects in more than 17
14 million GM-branded vehicles and systematically devalued safety, they would have
15 either paid less for their Affected Vehicles or would not have purchased the vehicles
16 at all.

17 284. All of the wrongful conduct alleged herein occurred, and continues to
18 occur, in the conduct of GM's business. GM's wrongful conduct is part of a pattern
19 or generalized course of conduct that is still perpetuated and repeated, both in
20 California and nationwide.

21 285. Plaintiff and the Class have suffered an injury, including the loss of
22 money or property, due to GM's unfair, unlawful, and/or deceptive practices.

23 286. Plaintiff requests that this Court enter such orders or judgments as may
24 be necessary, including a declaratory judgment that GM has violated the UCL; an
25 order enjoining GM from continuing its unfair, unlawful, and/or deceptive practices;
26 an order and judgment restoring to the Class members any money lost as a result of
27 unfair, unlawful, and deceptive trade practices, including restitution and disgorgement
28 of any profits GM received as a result of its unfair, unlawful, and/or deceptive

1 practices, as provided in CAL. CIV. CODE § 17203, CAL CIV. PROC. § 384 and CAL.
2 CIV. CODE § 3345; and for such other relief as may be just and proper.

3 **VIII. PRAYER FOR RELIEF**

4 WHEREFORE, Plaintiff, individually and on behalf all others similarly
5 situated, respectfully requests that this Court enter a judgment against GM and in
6 favor of Plaintiff and the Class, and grant the following relief:

7 A. Determine that this action may be maintained as a class action and
8 certify it as such under Rule 23(b)(3), or alternatively certify all issues and claims that
9 are appropriately certified; and designate and appoint Plaintiff as Class
10 Representative and Plaintiff's chosen counsel as Class Counsel;

11 B. Declare, adjudge, and decree the conduct of GM as alleged herein to be
12 unlawful, unfair, and/or deceptive, and enjoin any such future conduct;

13 C. Award Plaintiff and Class members actual, compensatory damages or, in
14 the alternative, statutory damages, as proven at trial;

15 D. Award Plaintiff and the Class members exemplary damages in such
16 amount as proven;

17 E. Award damages and other remedies as allowed by the laws of the States
18 as alleged in the State Class counts;

19 F. Award Plaintiff and the Class members their reasonable attorneys' fees,
20 costs, and pre-judgment and post-judgment interest; and

21 G. Award Plaintiff and the Class members such other further and different
22 relief as the case may require or as determined to be just, equitable, and proper by this
23 Court.

24 **IX. JURY TRIAL DEMAND**

25 Plaintiff requests a trial by jury on the legal claims, as set forth herein.
26
27
28

1 DATED: June 18, 2014

HAGENS BERMAN SOBOL SHAPIRO LLP

2 By: /s/ Elaine T. Byszewski

3 Elaine T. Byszewski, Cal. Bar No. 222304

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28
UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

ANNA ANDREWS, individually and on
behalf of all others similarly situated,

Plaintiff,

v.

GENERAL MOTORS LLC,

Defendant.

Case No.:

CLASS ACTION

**ANDREWS DECLARATION
RE: CLRA VENUE**

JURY TRIAL DEMANDED

1 I, Anna Andrews, hereby declare and state as follows:

2 1. I have personal knowledge of the facts stated herein and, if necessary,
3 could competently testify thereto.

4 2. I am a Plaintiff in the above-entitled action.

5 3. Pursuant to Cal. Civ. Code § 1780(d), I make this declaration in support
6 of the Class Action Complaint and the claim therein for relief under Cal. Civ. Code
7 § 1780(a).

8 4. This action for relief under Cal. Civ. Code § 1780(a) has been
9 commenced in a county that is a proper place for trial of this action because
10 Defendant does business in this District (the Central District of California) and
11 throughout the State of California.

12 5. The Complaint filed in this matter contains causes of action for
13 violations of the Consumers Legal Remedies Act against General Motors, LLC
14 ("GM"), a Delaware limited liability company doing business nationwide, including
15 California.

16 6. I own a 2010 Buick LaCrosse which I purchased used in Cathedral City,
17 California on August 25, 2011.

18 I declare under penalty of perjury under the laws of the State of California that
19 the foregoing Declaration is true and correct, and was executed by me in the city of
20 La Quinta, California, on June 11, 2014.

21
22 By Anna M. Andrews
23 Anna Andrews
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