

STATE OF VERMONT
SUPERIOR COURT
WASHINGTON UNIT

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VT SUPERIOR COURT
WASHINGTON UNIT
Docket

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| <p>STATE OF VERMONT</p> <p>Plaintiff,</p> <p>v.</p> <p>GENERAL MOTORS COMPANY,</p> <p>Defendant.</p> | <p>CIVIL DIVISION Docket No. <u>617-10-17</u> Wncv.</p> |
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CONSUMER PROTECTION COMPLAINT

The Vermont Attorney General brings this action against Defendant General Motors Company (“Defendant”) for violating Vermont’s Consumer Protection Act, and seeks civil penalties, injunctive relief, costs and fees, and other appropriate relief.

PARTIES, JURISDICTION AND VENUE

1. Defendant is automotive manufacturer General Motors Company and its present parents, subsidiaries (whether or not wholly owned), and affiliates (“GM”). GM’s headquarters are located in Detroit, Michigan.

2. The Vermont Attorney General is authorized, under the Vermont Consumer Protection Act, 9 V.S.A. § 2458(b), to sue to enforce the Act’s prohibitions on unfair and deceptive acts and practices in commerce.

3. This Court has personal jurisdiction over Defendant and is the proper venue for this action because Defendant transacts business in Vermont, including in Washington county

STATUTORY FRAMEWORK

4. The Vermont Consumer Protection Act, 9 V.S.A. § 2453(a), prohibits unfair and deceptive acts and practices in commerce.

5. Deceptive advertising and marketing, including the misrepresentation of material facts, violates the Vermont Consumer Protection Act's prohibition on unfair and deceptive acts and practices in commerce, 9 V.S.A. § 2453.

STATEMENT OF FACTS

6. GM manufactures, assembles, advertises, markets, promotes, sells, and distributes motor vehicles nationally and advertises, markets, promotes, and sells motor vehicles in Vermont. GM came into existence following the June 1, 2009 bankruptcy filing of General Motors Corporation. Prior to this date, General Motors Corporation manufactured and sold the motor vehicles at issue herein. Pursuant to the court-approved bankruptcy sale of substantially all of General Motors Corporation's assets and related transfer of personnel, GM became the entity manufacturing and selling motor vehicles under the General Motors brand. As a successor entity to General Motors Corporation, GM has the same knowledge of the defect as General Motors Corporation.

7. GM, like General Motors Corporation before it, consistently represented in advertising and public statements that its vehicles provided safe and reliable transportation.

8. Prior to early 2014, GM was fully aware of widespread reports of unintended key rotation-related and/or ignition-switch-related issues in several models and model years of GM vehicles.

9. Between February 2014 and September 2014, GM issued seven vehicle recalls in response to the ignition switch problem. Those recalls have affected over 9 million vehicles in the United States: including but not limited to: Model Year 2003-2007 Saturn Ion, Model Year 2005-2010 Chevrolet Cobalt, Model Year 2006-2010 Pontiac Solstice, Model Year 2007-2010 Pontiac G5, Model Year 2007-2010 Saturn Sky, Model Year 2006-2011 Chevrolet HHR, Model Year 2010-2014 Chevrolet Camaro, Model Year 2005-2009 Buick Lacrosse, Model Year 2006-2011 Buick

Lucerne, Model Year 2000-2005 Cadillac Deville, Model Year 2006-2011 Cadillac DTS, Model Year 2006-2014 Chevrolet Impala, Model Year 2006-2007 Chevrolet Monte Carlo, Model Year 2003-2014 Cadillac CTS, Model Year 2004-2006 Cadillac SRX, Model Year 2000-2005 Chevrolet Impala, Model Year 1997-2003 Chevrolet Malibu, Model Year 2004-2005 Chevrolet Malibu Classic, Model Year 2000-2005 Chevrolet Monte Carlo, Model Year 1999-2004 Oldsmobile Alero, Model Year 1998-2002 Oldsmobile Intrigue, Model Year 1999-2005 Pontiac Grand Am, Model Year 2004-2008 Pontiac Grand Prix, Model Year 2002-2004 Saturn VUE, Model Year 2008-2009 Pontiac G8.

10. National Highway Traffic Safety Administration (“NHTSA”) campaign numbers for the seven recalls were: 14V-047000 (“ignition switch may turn off”), 14V-346000 (“knee contact may turn ignition switch off”), 14V-35500 (“ignition switch may turn off”), 14V-394000 (“ignition switch may turn off”), 14V-400000 (“ignition switch may turn off”), 14V-490000 (“ignition key can be removed when in on position”), and 14V-540000 (“knee contact may turn ignition switch off”).

LOW TORQUE IGNITION SWITCH

11. In the early 2000s, General Motors Corporation launched a line of motor vehicles that were marketed to the public as affordable, safe, and fuel-efficient. Two of these vehicles, the Saturn Ion and the Chevrolet Cobalt, were equipped with the same ignition switch (hereinafter, the “Ignition Switch”). That Ignition Switch would later be installed in additional models in 2004 through late 2006.

12. This Ignition Switch was defective. The defect involves a low-torque Ignition Switch, which, under certain conditions, may move out of the “Run” position to the “Accessory” or “Off” position. If this occurs, the driver experiences a loss of electrical systems, including power

steering, power brakes, and a loss of power to the sensing diagnostic module, which controls safety airbag deployment. If a collision occurs while the Ignition Switch is in the "Accessory" or "Off" position, the motor vehicle's safety airbags may fail to deploy, increasing the risk of serious injury or death.

13. Prior to the Ignition Switch going into production in 2002, certain General Motors Corporation engineers knew that it was prone to movement out of the "Run" position, but the production was approved regardless.

14. General Motors Corporation customers immediately began to report problems with motor vehicles equipped with the Ignition Switch.

15. In 2004 and 2005, other General Motors Corporation employees and General Motors Corporation customers began to experience sudden stalls and engine shutoffs caused by the Ignition Switch.

16. General Motors Corporation considered fixing the problem, but ultimately rejected a simple improvement to the key head that would have significantly reduced unexpected shutoffs. Instead, General Motors Corporation chose to leave the switch as it was, while promulgating an advisory to dealerships with tips on how to minimize the risk of unexpected movement out of the "Run" position.

17. General Motors Corporation decided, incorrectly, that the Ignition Switch problem was not a safety concern.

18. In November 2004, General Motors Corporation opened the first of six engineering inquiries that would be initiated in the next five years to consider engineering changes for new motor vehicles coming off the production line. The first inquiry was closed "with no action." Proposed fixes, such as improving torque performance of the Ignition Switch and changing the

head of the key to reduce the likelihood of inadvertent movement from the “Run” to “Accessory” position, were rejected.

19. Because General Motors Corporation had determined that the Ignition Switch did not pose a safety concern, General Motors Corporation determined that each proposed solution would cost too much, take too long to implement, or would not fully fix the problem.

20. In 2005 through 2009, General Motors Corporation issued various publications to their dealers to assist them in dealing with the Ignition Switch problem. General Motors Corporation also opened additional inquiries to consider fixes for the Ignition Switch problem. However, General Motors Corporation continued to state publicly that the Ignition Switch problem was not a safety issue.

21. During this time, General Motors Corporation replaced the Ignition Switch with a different one that had significantly greater torque; however, this part change to the Ignition Switch did not include a corresponding part number change, as was General Motors Corporation's practice.

22. From 2004 to 2011, both prior to and following General Motors Corporation's bankruptcy, numerous vehicles equipped with the defective Ignition Switch were involved in crashes in which the safety airbags did not deploy.

23. GM employees responsible for dealing with the Ignition Switch and who had knowledge of the true nature of the problem, had transferred to GM as part of the bankruptcy sale. Thus by early 2011, if not earlier, GM knew or should have known that these non-deployment cases involved an “anomaly” with the Ignition Switch.

24. From early 2012, certain GM employees knew the Ignition Switch posed a safety defect because it could cause airbag non-deployment.

FAILURE TO INITIATE A SAFETY RECALL

25. Despite this knowledge, GM personnel responsible for GM's internal safety recall process delayed making any recalls, and instead, took affirmative steps to keep the Ignition Switch problem outside the normal GM recall process.

26. From the spring of 2012 through the spring of 2013, GM sold no new motor vehicles that were equipped with the Ignition Switch. However, GM dealers continued to sell pre-owned Chevrolet, Pontiac, and Saturn brand motor vehicles that would later become the subject of the February 2014 recalls. These sales included certifications from GM, assuring the consumer purchaser that the motor vehicles' components, which would include their ignition systems and keys, met all safety standards.

27. GM first notified NHTSA and the public of the known connection between the Ignition Switch and fatal airbag non-deployment on February 7, 2014. Up to and including this time, GM was aware of at least 15 individuals who had died as a result of the ignition switch. In fact, GM was aware of some of these deaths as early as 2004, yet continued to market the reliability and safety of its motor vehicles which were equipped with the ignition switch.

28. Between February 2014 and September 2014, GM issued seven vehicle recalls in response to the ignition switch problem. Those recalls have affected over 9 million vehicles in the United States.

VIOLATIONS OF LAW

Unfair and Deceptive Trade Practices

29. The State incorporates by reference and re-alleges each allegation contained in paragraphs 1-28.

30. GM engaged in unfair and deceptive trade practices in commerce, in violation of Vermont Consumer Protection Act, 9 V.S.A. §2453(a) as follows:

- a. **Failed to warn of a known danger:** Defendant failed to disclose to consumers and regulators known safety risks associated with operation of GM motor vehicles and motor vehicle equipment;
- b. **Misrepresented safety and reliability:** Defendant misrepresented, directly or by implication, GM motor vehicles and motor vehicle equipment as safe and reliable;
- c. **Sold unsafe Motor Vehicles:** Defendant sold unsafe motor vehicles and unsafe motor vehicle components, in violation of 49 U.S.C. Section 30120(i).
- d. **Failed to perform consistent with contract obligations imposed by express and implied warranties:** Defendant failed to timely diagnose and repair motor vehicles and motor vehicle equipment that were the subject of consumer complaints related to the defective ignition switch as required pursuant to express and implied warranty representations and terms and as required by state warranty and Lemon Laws; and
- e. **Failed to communicate critical safety related information and decision making:** Defendant withheld safety related decision making authority and critical safety data, information, engineering/design changes and safety repairs from appropriate members of GM management.

31. Each and every unfair or deceptive act or practice engaged in by Defendant, as recited above constitutes a separate violation of 9 V.S.A. §2453(a).

PRAYER FOR RELIEF

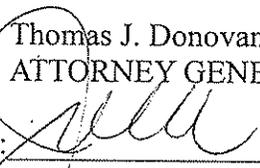
WHEREFORE, Plaintiff State of Vermont respectfully requests judgment in its favor and the following relief:

- A. A judgment determining that Defendant has violated the Vermont Consumer Protection Act;
- B. A permanent injunction prohibiting Defendant, its agents, employees, and all other persons and entities, corporate or otherwise, in active concert or participation with any of them, from engaging in unfair, unconscionable, deceptive, or misleading conduct;
- C. Civil penalties of up to \$10,000 for each violation of the Vermont Consumer Protection Act;
- D. The award of investigative and litigation costs and fees to the state of Vermont; and
- E. Granting such other and further relief as the Court deems equitable and proper.

Dated: October 23, 2017.

STATE OF VERMONT

Thomas J. Donovan, Jr.
ATTORNEY GENERAL

By: 

Jill S. Abrams
Assistant Attorney General
109 State Street
Montpelier, Vermont 05609
Tel. 802-828-1106
Jill.Abrams@vermont.gov