



U.S. Department
of Transportation

**National Highway
Traffic Safety
Administration**

1200 New Jersey Avenue SE.
Washington, DC 20590

February 20, 2015

Steven G. Bradbury
Dechert LLP
1900 K Street, NW
Washington D.C. 20006

Re: Failure to Fully Respond to Special Orders in NHTSA's Investigation in PE14-016,
Takata Airbag Inflator Rupture

Dear Mr. Bradbury:

The purpose of this letter is to inform you that TK Holdings, Inc. ("Takata") is in violation of the Special Orders issued by the National Highway Traffic Safety Administration ("NHTSA"). On October 30, 2014, and November 18, 2014, the U.S. Secretary of Transportation, pursuant to a delegation of authority to the Chief Counsel of NHTSA directed two Special Orders to Takata in connection with the above listed agency investigation. Takata has not fully responded and therefore is in violation of the Special Orders. As stated in each of the Special Orders, failure to respond fully or truthfully to a Special Order is subject to a civil penalty of up to \$7,000 per day. *See* 49 U.S.C. § 30165(a)(3); 49 C.F.R. § 578.6(a)(3).

Specifically, Takata has violated Instruction No. 4 of the Special Orders which states "[w]hen documents are produced and the documents would not, standing alone, be self-explanatory, the production of documents shall be supplemented and accompanied by [an] explanation." Takata has now produced over 2.4 million pages of documents to NHTSA. As you are well aware, NHTSA has repeatedly engaged Takata and asked for the company's explanation of the content of the deluge of documents that it has produced thus far. In fact, on December 18, 2014, counsel for Takata met with NHTSA's Assistant Chief Counsel for Litigation and Enforcement to discuss Takata conducting a "walk-through" of the documents. Further, in late January 2015, the agency conferred with your office regarding conducting a meeting that would provide us with an explanation of the document production. On February 4, 2015, counsel for Takata met with the agency's lawyers and technical staff. At that meeting, the agency expected to receive the overdue explanation of the documents that is required under Instruction No. 4 of the Special Orders. However, you failed to provide any substantive information that would provide such an explanation. As a result, the meeting was unproductive and a waste of agency time and resources. At this point, Takata has still not taken any steps to provide the agency with an explanation of the documents it has produced.

Initially, as a matter of our enforcement discretion, NHTSA permitted Takata to take a reasonable period of time to collect additional documents and information responsive to the Special Orders. However, given the above facts, coupled with Takata's conduct earlier this week on a separate matter related to the agency's ongoing investigation, we have concluded that



Takata is neither being forthcoming with the information that it is legally obligated to supply, nor is it being cooperative in aiding NHTSA's ongoing investigation of a potentially serious safety defect.

Takata has failed to fully respond to each of the Special Orders. NHTSA hereby demands a civil penalty of \$14,000 per day, starting today, for each day that Takata remains delinquent in meeting its obligations under the Special Orders dated October 30, 2014, and November 18, 2014. This penalty demand will continue to accrue by \$14,000 for each additional day in which NHTSA does not receive a complete response. To be clear, a complete response by Takata means that Takata fully and substantively provides the explanation of the documents that is mandated in Instruction No. 4. Until such time as Takata complies with Instruction No. 4 to the Special Orders and meets with NHTSA, to our satisfaction, civil penalties will continue to accrue.

If we do not obtain resolution of this matter in short order, Takata should be aware that NHTSA intends to begin noticing the depositions of Takata employees located in both the U.S. and in Japan.

Further, if Takata does not fully respond to the Special Order immediately as described above and pay all civil penalties accrued, NHTSA may refer this matter to the U.S. Department of Justice to commence a civil action in Federal court to compel Takata to fully respond to the Special Order and for civil penalties. *See* 49 U.S.C. §§ 30163(a)(1); 30166(h).

Sincerely,

A handwritten signature in black ink, appearing to read "O. Kevin Vincent". The signature is fluid and cursive, with a prominent loop at the end.

O. Kevin Vincent
Chief Counsel

cc: Bruce Angiolillo
General Counsel, TK Holdings, Inc.
One Stamford Landing
Suite 124
62 Southfield Avenue
Stamford, CT 06902