



Department of Justice

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TAKATA CORPORATION PLEADS GUILTY, SENTENCED TO PAY \$1 BILLION IN CRIMINAL PENALTIES FOR AIRBAG SCHEME

WASHINGTON – Tokyo-based Takata Corporation, one of the world’s largest suppliers of automotive safety-related equipment, pleaded guilty to one count of wire fraud and was sentenced to pay a total of \$1 billion in criminal penalties stemming from the company’s conduct in relation to sales of defective airbag inflators.

Acting Assistant Attorney General Kenneth A. Blanco of the Justice Department’s Criminal Division, U.S. Attorney Barbara McQuade of the Eastern District of Michigan, Special Agent in Charge David Gelios of the FBI’s Detroit Field Office and Regional Special Agent in Charge Thomas J. Ullom of the U.S. Department of Transportation Office of Inspector General’s (OIG) Chicago Field Office made the announcement.

“For over a decade, Takata lied to its customers about the safety and reliability of its ammonium nitrate-based airbag inflators,” said Acting Assistant Attorney General Blanco. “Takata abused the trust of both its customers and the public by allowing airbag inflators to be put in vehicles knowing that the inflators did not meet the required specifications. Today’s sentence shows that the department will work tirelessly to hold responsible those who engage in this type of criminal conduct.”

“We hope that today's guilty plea and sentence will send a message to suppliers of consumer safety products that they must put safety ahead of profits,” said U.S. Attorney McQuade.

“The commission of fraudulent activity by the Takata Corporation to generate corporate profits jeopardized the safety of American consumers,” said Special Agent in Charge Gelios. “Today's guilty plea should reassure American consumers that the FBI and its federal law enforcement partners will aggressively pursue corporations and their employees when they violate federal laws.”

“Today’s sentencing of Takata Corporation for wire fraud related to sales of defective airbag inflators is a clear signal to all whose duty it is to protect the public: your most solemn obligation is to public safety,” said Regional Special Agent in Charge Ullom. “As is true for

Secretary Chao and the Department of Transportation, safety is and will remain the highest priority for OIG, and we remain committed to working with our law enforcement and prosecutorial partners in pursuing those who commit criminal violations of transportation-related laws and regulations.”

Takata pleaded guilty before U.S. District Judge George Caram Steeh of the Eastern District of Michigan to a one count criminal information charging the company with wire fraud. After accepting Takata’s guilty plea, Judge Steeh, consistent with the terms of the plea agreement, sentenced Takata to pay a total criminal penalty of \$1 billion, including \$975 million in restitution and a \$25 million fine, and three years’ probation. Under a joint restitution order entered at the time of sentencing, two restitution funds will be established: a \$125 million fund for those individuals who have been physically injured by Takata’s airbags and who have not already reached a settlement with the company, and a \$850 million fund for airbag recall and replacement costs incurred by those auto manufacturers who were victims of Takata’s fraud scheme. A court-appointed special master will oversee administration of the restitution funds. Takata will also implement rigorous internal controls, retain an independent compliance monitor for a term of three years and cooperate fully with the department’s ongoing investigation, including its investigation of individuals.

According to admissions made during the course of the guilty plea, from 2000 through and including 2015, Takata carried out a scheme to defraud its customers and auto manufacturers by providing false and manipulated airbag inflator test data that made the performance of the company’s airbag inflators appear better than it actually was. Even after the inflators began to experience repeated problems in the field – including ruptures causing injuries and deaths – Takata executives continued to withhold the true and accurate inflator test information and data from their customers.

The FBI and the U.S. Department of Transportation’s Office of Inspector General investigated the case. Trial Attorneys Brian K. Kidd, Christopher D. Jackson and Andrew R. Tyler of the Criminal Division’s Fraud Section and Assistant U.S. Attorneys John K. Neal, Erin S. Shaw and Andrew J. Yahkind of the Eastern District of Michigan prosecuted the case. The Criminal Division’s Office of International Affairs also provided assistance.

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