

IN THE COURT OF COMMON PLEAS
FRANKLIN COUNTY, OHIO

STATE OF OHIO, *ex rel.*
DAVE YOST
ATTORNEY GENERAL
30 E. Broad St., 14th Floor
Columbus, Ohio 43215

Plaintiff,

v.

AMERICAN HONDA MOTOR CO., INC. and
HONDA OF AMERICA MFG., INC.,

Defendants.

Case No.:

Judge:

**COMPLAINT FOR DECLARATORY
JUDGMENT, INJUNCTIVE RELIEF, CIVIL
PENALTIES, AND COSTS**

COMPLAINT

1. Plaintiff, State of Ohio, by and through Attorney General Dave Yost and his Consumer Protection Section, brings this action to enjoin American Honda Motor Co., Inc. and Honda of America Mfg., Inc. (hereafter referred to collectively as “Honda” or “Defendants”) from engaging in unfair or deceptive acts and practices in the course of offering and selling consumer goods and services and to obtain other relief as a result of Defendants’ unfair or deceptive acts or practices.

PARTIES

2. Plaintiff is the State of Ohio, by and through the Attorney General of Ohio, Dave Yost and his Consumer Protection Section, who brings this action in the public interest and on behalf of the State of Ohio under the authority vested in him pursuant to R.C. 1345.07 of the Consumer Sales Practices Act (“CSPA”).

3. Defendant American Honda Motor Co., Inc. is a corporation located at 1919 Torrance Boulevard, Torrance, California 90501.

4. Defendant Honda of America Mfg., Inc., is a corporation located at 24000 Honda Parkway, Marysville, Ohio 43040.

JURISDICTION AND VENUE

5. Plaintiff, State of Ohio, by and through the Attorney General of Ohio, Dave Yost and his Consumer Protection Section, having reasonable cause to believe that violations of Ohio's consumer laws have occurred, brings this action in the public interest and on behalf of the State of Ohio under the authority vested in him pursuant to R.C. 1345.07 of the CSPA.

6. The actions of Defendants, hereinafter described, have occurred in the State of Ohio, County of Franklin and various other counties, and as set forth below, are in violation of the CSPA, R.C. 1345.01 *et seq.*

7. Defendants are "suppliers" as that term is defined in R.C. 1345.01(C) as Defendants were, at all times relevant herein, engaged in the business of effecting "consumer transactions" by advertising, marketing, distributing, selling, delivering, leasing, warranting, and/or financing motor vehicles manufactured by Honda in the State of Ohio for purposes that were primarily for personal, family or household use within the meaning specified in R.C. 1345.01(A) and (D).

8. Jurisdiction over the subject matter of this action lies with this Court pursuant to R.C. 1345.04 of the CSPA.

9. This Court has venue to hear this case pursuant to Ohio Civ. R. 3(C), in that some of the transactions complained of herein and out of which this action arose, occurred in Franklin County.

ACTS OF AGENTS

10. Whenever in this Complaint it is alleged that Honda did any act, it is meant that:
- a. Honda performed or participated in the act, or
 - b. Honda's officers, agents, employees, affiliates, or subsidiaries performed or participated in the act on behalf of and under the authority of Honda.

BACKGROUND

11. Since December 2015, an Attorneys General Multistate Working Group has been engaged in an investigation of Honda's use and installation of frontal Takata Airbags in the passenger compartment of its motor vehicles. Attorney General Dave Yost on behalf of Plaintiff, the State of Ohio, is a member of the Multistate Working Group.¹

12. Contemporaneously filed with this Complaint is a Consent Judgment that the Parties hereto respectfully request that this Court sign and enter as the final resolution of this action. Plaintiff and Defendants, by their respective counsel, have agreed to resolve the issues raised in the investigation without trial or adjudication of any issue of fact or law and without admission of any wrongdoing or admission of any violations of the CSPA, R.C. 1345.01 *et seq.* or any other law as alleged by Plaintiff. Upon the entry of Consent Judgment by this Court, no Answer is required and no additional discovery will be conducted.

¹ "Multistate Working Group" shall mean the Attorneys General of Alabama, Alaska, Arkansas, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Guam, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Northern Mariana Islands, Ohio, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin and Wyoming. With regard to Maryland, any references to the Attorney General or Attorneys General shall mean the Consumer Protection Division, Office of the Attorney General of Maryland.

13. Judgments taken by Multistate Working Group members against the Defendants will be filed in the respective courts of each state.

ALLEGATIONS

14. At all times relevant to the allegations made in this Complaint Honda has been in the business of manufacturing private passenger vehicles, among other motor vehicles, for sale and lease in the United States. Honda effectuates the sale and lease of these vehicles through an extensive network of dealerships. As part of its business, Honda engages in nationwide advertising and marketing efforts in order to promote the sale or lease of its products to consumers.

15. Honda private passenger vehicles include critical safety features, such as seatbelts and airbags. Airbags are strategically installed in locations throughout the passenger compartment of the vehicle to maximize their safety effectiveness. Each airbag's design depends on its location within the passenger compartment. Frontal airbags can be the most critical airbag in circumstances that result in deployment.

16. Honda has advertised, promoted, and represented, in the media and in communications to consumers, the performance of its airbags, the safety benefits of its airbags, and the overall safety of its vehicles. For example, Honda created a video commercial featuring a demonstration involving a watermelon. In that advertisement, airbags are set up in a way that objects could be dropped on them from overhead while the airbags simultaneously deployed. In the first segment of the video, a watermelon is dropped on a Honda airbag, and it deployed in such a way that the watermelon was cushioned and did not shatter. In the second segment, the watermelon shattered when the airbag did not deploy properly.

17. At all times relevant hereto, Honda purchased frontal airbag assemblies from Takata Corporation (“Takata”), a Tokyo, Japan-based corporation, for installation by Honda in various Honda and Acura model vehicles. During the time that Honda was purchasing airbags from Takata, Honda was a fractional owner of Takata.

18. At some point in 2000, Takata began manufacturing the airbags utilizing ammonium nitrate, a highly volatile and unstable substance, as the propellant. At the time that Takata began using ammonium nitrate, there was little to no industry experience with using it as a propellant in airbags, although it was widely understood that ammonium nitrate was unstable and could degrade because of environmental conditions, such as heat and humidity. As evidenced by later airbag ruptures, degraded ammonium nitrate ignited more quickly and forcefully than non-degraded ammonium nitrate, creating so much excess pressure that the airbags ruptured, sending metal fragments into a vehicle’s passenger compartment.

19. Even before Takata began manufacturing airbags utilizing ammonium nitrate, Takata had revealed its then-new ammonium nitrate-based propellant formula to Honda on September 7, 1999. Honda was Takata’s first customer of the Airbags, installing them in model year 2001 vehicles. (The term “Airbags” shall hereafter refer to frontal airbag assemblies, which utilized ammonium nitrate as a propellant and that Honda purchased from Takata).

20. From the outset, Honda was aware of information indicating that the Airbags were problematic and posed an unreasonable safety risk as demonstrated by explosive failures during testing in October 1999 and January 2000, one of which was powerful enough that the force of the blast injured an observer from Honda. Honda had other indications of problems, as well, including but not limited a rupture in May 2004 involving an Airbag installed in a Honda Accord.

21. In 2007, Honda became aware of at least three other field ruptures but failed to timely report these ruptures to the National Highway Traffic Safety Administration (“NHTSA”).

22. Concerned that the Airbags were incurring a larger number of field ruptures than other types of airbags, that same year, Honda and Takata formed a joint committee to identify the root cause(s) of the ruptures. This committee ultimately determined that Honda should initiate a recall for the Airbags.

23. In 2008, Honda initiated a recall of only a small set of Airbags that were manufactured during a narrow time period.

24. In 2009, Honda reported the 2007 field ruptures to NHTSA. Following a larger recall that same year, a Honda engineer identified serious concerns with the Airbags: In July 2009, he informed his colleagues and superiors that the Airbags’ inflator modules contained serious safety deficiencies. In response to the engineer’s concerns, Honda and Takata redesigned the Airbags’ inflator modules and began installing the redesigned Airbags in MY2010 Honda vehicles. Honda did not, however, inform regulators, including NHTSA, of the change, nor did it warn owners of vehicles with the original, deficiently designed Airbags of these safety concerns.

25. From 2009 on, the original Airbags continued to rupture in the field, and passengers continued to be killed or seriously injured by the shrapnel thrown off by the shattered inflator modules.

26. The mounting and recurrent rupture incidents culminated in the repeated, separate recalls of Honda vehicles in discrete sets over the course of seven years until, eventually, in 2015, widespread recalls of the Airbags were initiated.

27. In the United States, over 12.9 million vehicles containing the Airbags, including 522,329 in the State of Ohio, have been recalled. Repairs performed pursuant to these recalls are still being performed today.

28. Ultimately, on January 13, 2017, Takata pled guilty to wire fraud in a federal court case brought by the United States Department of Justice in relation to it falsifying test data.

29. Despite the early and continuing indications that the Airbags posed an unreasonable safety risk, including such indications as the concerns of Honda's own engineers, the ever-increasing number of recalled Airbags, and the mounting human cost, Honda did not break with Takata and failed to adequately warn its consumers of the dangers posed by the Airbags until it learned of the misconduct that formed the basis of the criminal allegations against Takata.

CAUSE OF ACTION

VIOLATIONS OF THE CONSUMER SALES PRACTICES ACT

30. Plaintiff incorporates by reference and re-alleges the facts contained in paragraphs 1-29.

31. All of the acts and practices engaged in and employed by the Defendants as alleged herein, are unfair or deceptive acts or practices affecting the conduct of any trade or commerce in Ohio, which are declared unlawful by R.C. 1345.02(A), R.C. 1345.02(B)(1), and R.C. 1345.02(B)(2). Specifically, Honda:

- a. Committed unfair and deceptive acts and practices by advertising, promoting, communicating or otherwise representing in a way that is unfair, false, misleading, and/or deceptive (i) its Airbags, (ii) the safety of its Airbags, (iii) the safety of any components of its Airbags, including, but not limited to,

ammonium nitrate, and (iv) the overall safety of its vehicles, in trade or commerce;

- b. Committed unfair and deceptive acts and practices by representing that its Airbags or any components of its Airbags, including, but not limited to, ammonium nitrate, have uses, benefits and characteristics which they do not have;
- c. Committed unfair and deceptive acts and practices by representing that its Airbags or any components of its Airbags, including, but not limited to, ammonium nitrate, are of a particular standard, quality, or grade, when they are of another.
- d. Committed unfair and deceptive acts and practices by failing to disclose information concerning its Airbags or any components of its Airbags, including, but not limited to, ammonium nitrate, which was known at the time of the offer and sale of its vehicles, when the failure was intended to induce the consumer into the transaction into which the consumer would not have entered had the information been disclosed;
- e. Committed unfair and deceptive acts and practices by failing to timely notify or warn consumers who owned or were considering the purchase of a Honda vehicle that the Airbags could rupture and possibly cause injury or death, when such information became known to, or should have been known to, Honda.

32. Such acts and practices have been previously determined by Ohio courts to violate the CSPA, R.C. 1345.01 et seq. Defendant committed said violations after such decisions were available for public inspection pursuant to R.C. 1345.05(A)(3).

PRAYER FOR RELIEF

WHEREFORE, Plaintiff respectfully requests that this Court:

1. Adjudge and decree that Defendants have engaged in acts or practices in violation of the CSPA, R. C. 1345.01 *et seq.*, as previously set forth.
2. Permanently enjoin and restrain the Defendants from engaging in unfair or deceptive consumer sales practices set forth herein and from violating the CSPA.
3. Adjudge and decree that the Defendants are liable to the State for the reasonable costs and expenses of the investigation and prosecution of the Defendants' actions.
4. Assess, fine and impose upon Defendants a civil penalty pursuant to R.C. 1345.07(D) of Twenty-Five Thousand Dollars (\$25,000.00) for each unfair or deceptive act or practice alleged herein.
5. Order that all costs in this cause be taxed against Defendants.
6. Grant Plaintiff such other and further relief as this Court deems just, equitable and appropriate.

Respectfully submitted,

DAVE YOST
Attorney General

/s/ Teresa A. Heffernan

TERESA A. HEFFERNAN (0080732)
Principal Assistant Attorney General
Counsel for Plaintiff, State of Ohio
Consumer Protection Section
30 East Broad Street, 14th Floor

Columbus, Ohio 43215614-644-9636
Teresa.Heffernan@OhioAttorneyGeneral.go

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