

Toyota To Pay Record \$16 Million Fine

Ken Thomas, Associated Press Writer

WASHINGTON (AP) — The government says Toyota has agreed to pay a record \$16.4 million fine for failing to properly notify federal authorities about a dangerous pedal defect.

The fine is the largest-ever penalty paid by an automaker to the U.S. government. Transportation Secretary Ray LaHood says that by failing to report safety problems, Toyota put consumers at risk.

The penalty is connected to a January recall of 2.3 million vehicles with sticking accelerator pedals. The government says Toyota knew about the problem in late September and failed to report the defect within five business days, as required by law.

WASHINGTON (AP) — Toyota Motor Corp. is expected to agree to a fine of more than \$16 million for failing to promptly report to the government problems with sticking gas pedals on its vehicles, a Transportation Department official said.

Toyota faces a Monday deadline to accept or contest the \$16.4 million fine, the largest ever assessed by the government against an automaker, over evidence it knew about the defective gas pedals in September but did not issue a recall until January.

Under federal law, automakers are required to notify the government within five business days when they find a potential safety defect.

The Transportation official said Toyota is expected to pay the full amount of the fine within 30 days as a way of avoiding going to court against the government. The official was not authorized to speak publicly and spoke only on condition of anonymity.

The official said Toyota did not intend to admit wrongdoing explicitly but the company still faces dozens of personal injury and wrongful death lawsuits in federal courts. Federal prosecutors and the Securities and Exchange Commission are conducting investigations related to the recalls.

From the government's viewpoint, the official said, the agreement to pay the full fine constituted an acceptance of responsibility for hiding the safety defect in violation of the law.

Toyota declined comment on the fine.

Toyota To Pay Record \$16 Million Fine

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

Toyota announced it would recall 2.3 million vehicles in January to address sticking pedals on popular vehicles such as the Camry and Corolla. The Japanese automaker has recalled more than 8 million vehicles worldwide because of acceleration problems in multiple models and braking issues in the Prius hybrid.

The fine was based upon timelines provided by Toyota that showed it had known about the sticky pedal defect at least since Sept. 29, 2009, when it issued repair procedures to distributors in 31 European countries to address complaints of sticking pedals, sudden increases in engine RPM and unexpected vehicle acceleration.

The documents also indicated that Toyota knew that owners in the U.S. had experienced the same problems.

The Japanese automaker has been weighing its options since the fine was announced in early April but analysts expected it to pay the penalty.

"When you look at the toll it's taken on Toyota's reputation, when you look at the number of vehicles involved, when you look at the hardship it's placed on Toyota's customer base, it's only right for Toyota to take this fine," said Dennis Virag, president of Automotive Consulting Group based in Ann Arbor, Mich.

The penalty is the largest the government can assess under law. Without the cap, government lawyers said Toyota could have faced fines of \$13.8 billion, or \$6,000 for each of 2.3 million vehicles that were sold with defective pedals.

Transportation officials have not ruled out additional fines. The department is reviewing whether Toyota delayed for six weeks the late January recall of the 2009-2010 Venza in the United States to address floor mats that could entrap the accelerator pedal after making a similar recall in Canada.

Toyota recalled the Venza in Canada in December and reported to the U.S. government on Dec. 16 that the floor mats could move forward and interfere with the pedal. Toyota told U.S. authorities at the time that the floor mats in question were not imported into the U.S. but the Venza was added to the floor mat recall in late January.

Source URL (retrieved on 07/25/2014 - 5:20pm):

http://www.impomag.com/news/2010/04/toyota-pay-record-16-million-fine?qt-most_popular=0