

# Takata, 3 ex-workers charged with concealing faulty air bags

By Associated Press (<http://nbc4i.com/author/associated-press/>)

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DETROIT (AP) —Takata Corp. and three former employees were charged by federal prosecutors with concealing deadly defects in automotive air bag inflators. The inflators are linked to at least 16 deaths worldwide, 11 in the U.S.

A federal grand jury indicted the former employees — Shinichi Tanaka, Hideo Nakajima and Tsuneo Chikaraishi. Prosecutors also charged the company.

According to an indictment, as early as 2000 the trio of workers falsified and altered reports to hide from customers tests that showed the inflators could rupture or otherwise fail to meet specifications. They were charged with six counts of conspiracy and wire fraud, while the company faces one count of wire fraud.



The indictments were unsealed Friday, just ahead of a Justice Department news conference to announce a corporate penalty against the Japanese company.

Takata air bag inflators can explode with too much force, spewing metal shrapnel into drivers and passengers. At least 16 people have been killed worldwide and more than 180 injured. The faulty inflators have touched off the largest automotive recall in U.S. history involving 42 million vehicles and 69 million inflators.

The three former employees worked in Japan and the U.S. Takata's U.S. operations are headquartered in the Detroit suburb of Auburn Hills, Michigan.

"Defendants commonly referred to the removal or alteration of unfavorable test data that was to be provided to Takata

customers as 'XX-ing' the data," the indictment says. In June 2005, Nakajima said in an email that "they had no choice but to manipulate test data, and that they needed to 'cross the bridge together.'"

Multiple news outlets have reported that Takata will pay around a \$1 billion penalty due to a scheme to deceive federal regulators and cover up the air bag problems.

Unlike most other air bag makers, Takata's inflators use explosive ammonium nitrate to fill air bags in a crash. But the chemical can deteriorate over time and burn too fast, blowing apart a metal canister.

Honda Motor Co., Toyota Motor Corp. and Fiat Chrysler are among the biggest customers for Takata inflators. In all, 17 automakers are affected by the recalls.

Takata began developing ammonium nitrate inflators in the late 1990s. From 2000 on, the indictment says, the three executives knew that the inflators weren't meeting automakers' specifications and were rupturing during tests. They routinely fabricated test data or removed unfavorable information from data they supplied to automakers, the indictment said.

In 2008, when Takata's inflators began experiencing ruptures on the road, the three executives and others continued to withhold information from customers. As a result, automakers paid Takata more than \$1 billion for tens of millions of faulty air bags, the indictment says.

The indictments come as Takata faces overwhelming recall and legal costs due to the widespread inflator problems. Analysts expect the company's North American unit to seek bankruptcy protection.

Takata has been fined \$70 million by U.S. safety regulators for delays in disclosing the inflator defect, and the National Highway Traffic Safety Administration has warned that the company could face an additional \$130 million penalty if it doesn't fulfill the terms of a consent order agreed to in November of 2015.

Takata has agreed to recall all original equipment inflators that lack a chemical drying agent in phases by the end of 2018. So far, the recall affects vehicles going back to the 2000 model year.