

Senate approves auto industry whistle-blower bill

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(Photo: TORU YAMANAKA / Getty Images)

Washington — The U.S. Senate approved the first piece of auto safety legislation, a bill to incentivize auto industry whistle-blowers, in the wake of recalls by General Motors Co. and Takata Corp. of tens of millions of vehicles and air bags.

The fate of the measure in the House is not known and other sweeping proposals to reform auto safety laws haven't yet had a hearing.

The legislation — first proposed in November — allows auto industry employee whistle-blowers to be paid millions if they reveal hidden dangers.

Senate Commerce chairman John Thune, R-S.D., and the panel's top Democrat, Bill Nelson of Florida, praised the Senate's unanimous passage of the Motor Vehicle Safety Whistleblower Act.

"This bill provides important incentives for whistle-blowers in the auto industry to bring safety concerns to the attention of federal regulators when harmful safety defects are not reported," said Thune. "While laws and regulations currently provide certain penalties for unaddressed safety failures, this legislation seeks to help identify and stop problems before anyone is killed or seriously injured."

The bill would grant the U.S. transportation secretary discretion to award up to 30 percent of the total monetary penalties resulting from Department of Transportation or Justice Department enforcement actions that total more than \$1 million. The bill covers employees or contractors of motor vehicle manufacturers, parts suppliers and dealerships.

"We've learned from recent events that the auto industry was not forthcoming about defective products or risks to consumers," said Nelson. "This bill would reward insiders who become whistle-blowers."

The bill goes to the House, where Rep. Fred Upton, R-St. Joseph, chairman of the Energy and Commerce Committee, has repeatedly said he hasn't yet focused on auto safety legislation this year.

General Motors Co. in May 2014 paid a record \$35 million fine to NHTSA. That means if a whistle-blower had alerted NHTSA, he or she could have received up to \$10.5 million under the bill.

Toyota Motor Corp. in March paid a \$1.2 billion fine for delayed recalls. A whistle-blower could have collected a staggering \$360 million.

The bill would cover "original information" that wasn't previously known to NHTSA about motor vehicle defects, noncompliance or violation of any reporting requirement that is likely to cause risk of death or serious injury.

The bill takes into account whether the whistle-blower had the opportunity to report the problems internally, as well as the significance of the information. It will also protect whistle-blowers' identities. The legislation, which was first introduced last November, is modeled after existing statutory whistle-blower protections that encourage individuals to share information with the Internal Revenue Service and the Securities and Exchange Commission.

The Obama administration has proposed sweeping auto safety reform designed to get vehicles that are not fixed off the roads faster — including seeking to require all new car dealers to check for uncompleted recalls when owners take their vehicles in for service.

In April 2014, the Obama administration called for boosting the maximum fine for delaying a vehicle recall to \$300 million, up from the current \$35 million — and require car dealers to fix used, recalled vehicles before selling them as part of \$302 billion, four-year proposal.

Congress last year appeared eager to approve auto safety reforms in the wake of General Motors' record-setting recall of more than 30 million vehicles and a string of death and injuries from 10 automakers with potentially defective Takata air bags.

The Obama administration wants to more than triple NHTSA's defects budget and more than double staffing, but it has received mixed reviews on Capitol Hill.

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