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SUPERIOR COURT OF NEW JERSEY  
CHANCERY DIVISION, MERCER COUNTY  
DOCKET NO. \_\_\_\_\_

GURBIR S. GREWAL, Attorney General of the  
State of New Jersey, and PAUL R.  
RODRÍGUEZ, Acting Director of the New  
Jersey Division of Consumer Affairs,

Plaintiffs,

v.

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

Defendants.

Civil Action

**COMPLAINT**

1. Plaintiffs Gurbir S. Grewal, Attorney General of the State of New Jersey (“Attorney General”), with offices located at 124 Halsey Street, Fifth Floor, Newark, New Jersey, and Paul R. Rodríguez, Acting Director of the New Jersey Division of Consumer Affairs (“Director”), with offices located at 124 Halsey Street, Seventh Floor, Newark, New Jersey (collectively, “Plaintiffs”) by way of Complaint state:

## **JURISDICTION AND VENUE**

2. This Court has jurisdiction over American Honda Motor Co., Inc. and Honda of America Mfg., Inc. (collectively, “Honda” or “Defendants”) pursuant to N.J.S.A. 56:8-1 to -224 because Defendants have transacted business within the State of New Jersey (“New Jersey”) at all times relevant to this Complaint.

3. Venue for this action properly lies in Mercer County, New Jersey, pursuant to R. 4:3-2(b) because Defendants transact business in Mercer County, New Jersey and/or some of the transactions out of which this action arose occurred in Mercer County, New Jersey.

## **PARTIES**

4. The Attorney General, is charged with enforcing the CFA. The Director is charged with administering the CFA on behalf of the Attorney General. By this action, the Attorney General and Director seek injunctive and other relief for violations of the CFA, pursuant to N.J.S.A. 56:8-8, 8-11, 8-13 and 8-19.

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

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

7. Defendants were, at all times relative hereto, engaged in the advertisement and sale of merchandise in New Jersey by advertising, marketing, distributing, selling, delivering, leasing, warranting, and/or financing motor vehicles.

## **BACKGROUND**

8. 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 Gurbir S. Grewal on behalf of Plaintiffs is a member of the Multistate Working Group.<sup>1</sup>

9. 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. Plaintiffs 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 CFA, N.J.S.A. 56:8-1 to -224 or any other law as alleged by Plaintiffs. Upon the entry of the Consent Judgment by this Court, no Answer is required and no additional discovery will be conducted.

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

### **ALLEGATIONS**

11. 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.

12. Honda private passenger vehicles include critical safety features, such as seatbelts and airbags. Airbags are strategically installed in locations throughout the passenger compartment

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<sup>1</sup> “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.

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.

13. 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, when a watermelon is dropped on a non-Honda airbag, the watermelon shattered when the airbag did not deploy properly.

14. 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.

15. 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.

16. 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).

17. 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 to a rupture in May 2004 involving an Airbag installed in a Honda Accord.

18. 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"). 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.

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

20. 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.

21. 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.

22. 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.

23. In the United States, over 12.9 million vehicles containing the Airbags, including 504,321 in the State of New Jersey, have been recalled. Repairs performed pursuant to these recalls are still being performed today.

24. 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.

25. 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.

## **COUNT I**

### **VIOLATION OF THE CFA BY DEFENDANTS (UNCONSCIONABLE COMMERCIAL PRACTICES AND DECEPTION)**

26. Plaintiffs repeat and reallege the allegations contained in Paragraphs 1 through 25.

27. The CFA, N.J.S.A. 56:8-2, prohibits:

The act, use or employment by any person of any unconscionable commercial practice, deception, fraud, false pretense, false promise, misrepresentation, or the knowing[] concealment, suppression, or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale or advertisement of merchandise. . .

28. Honda has engaged in the advertisement, offer for sale and/or sale of merchandise through unconscionable commercial practices and deception in violation of the CFA, specifically, by advertising, promoting, communicating or otherwise representing in a way that is unfair, false, misleading, and/or deceptive (a) its Airbags, (b) the safety of its Airbags, (c) the safety of any components of its Airbags, including, but not limited to, ammonium nitrate, and (d) the overall safety of its vehicles.

29. Honda has engaged in the advertisement, offer for sale and/or sale of merchandise through unconscionable commercial practices and deception in violation of the CFA, specifically 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.

30. Honda has engaged in the advertisement, offer for sale and/or sale of merchandise through unconscionable commercial practices and deception in violation of the CFA, specifically 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.

31. Each unconscionable commercial practice and act of deception by Honda constitutes a separate violation of the CFA, N.J.S.A. 56:8-2.

**COUNT II**

**VIOLATION OF THE CFA BY DEFENDANTS  
(FALSE PROMISES AND/OR MISREPRESENTATIONS)**

32. Plaintiffs repeat and reallege the allegations contained in Paragraphs 1 through 31.

33. Honda has engaged in the advertisement, offer for sale and/or sale of merchandise through false promises and/or misrepresentations in violation of the CFA, specifically 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.

34. Honda has engaged in the advertisement, offer for sale and/or sale of merchandise through false promises and/or misrepresentations in violation of the CFA, specifically 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 standard, quality or grade.

35. Each false promise and/or misrepresentation by Honda constitutes a separate violation of the CFA, N.J.S.A. 56:8-2.

**PRAYER FOR RELIEF**

WHEREFORE, based on the foregoing allegations, Plaintiffs respectfully request that the Court enter judgment against Defendants:

- (a) Finding that the acts and practices of Defendants constitute multiple instances of unlawful practices in violation of the CFA, N.J.S.A. 56:8-1 to -224;
- (b) Permanently enjoining Defendants and their owners, officers, directors, shareholders, founders, members, managers, agents, servants, employees, representatives, independent contractors and all other persons or entities directly under their control from engaging in, continuing to engage in or doing any acts or practices in violation of the CFA, N.J.S.A. 56:8-1 to -224, including but not limited to, the practices alleged in this Complaint;



- (c) Directing Defendants, jointly and severally, to pay restitution to restore to any affected person, whether or not named in this Complaint, any money or real or personal property acquired by means of any practice alleged herein to be unlawful and found to be unlawful, as authorized by N.J.S.A. 56:8-8;
- (d) Directing Defendants, jointly and severally, to disgorge all profits unlawfully acquired or retained as authorized by the CFA, N.J.S.A. 56:8-8;
- (e) Assessing the maximum statutory civil penalties against Defendants, jointly and severally for each and every violation of the CFA, in accordance with N.J.S.A. 56:8-13;
- (f) Directing Defendants, jointly and severally, to pay costs and fees, including attorneys' fees, for the use of the State of New Jersey, as authorized by the CFA, N.J.S.A. 56:8-11 and N.J.S.A. 56:8-19; and
- (g) Granting such other relief as the interests of justice may require.

GURBIR S. GREWAL  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for Plaintiffs

By: /s/ Robert N. Holup

Robert N. Holup  
Deputy Attorney General  
Consumer Fraud Prosecution Section

Dated: August 25, 2020  
Newark, New Jersey

**RULE 4:5-1 CERTIFICATION**

I certify, to the best of my information and belief, that the matter in this action involving the aforementioned violations of the CFA, N.J.S.A. 56:8-1 to -224, is not the subject of any other action pending in any other court of this State. I am aware that private actions have been brought against Defendants, but have no direct information that any such actions involve consumer fraud allegations. I further certify that the matter in controversy in this action is not the subject of a pending arbitration proceeding in this State, nor is any other action or arbitration proceeding contemplated. I certify that there is no other party who should be joined in this action at this time.

GURBIR S. GREWAL  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for Plaintiffs

By: /s/ Robert N. Holup  
Robert N. Holup  
Deputy Attorney General  
Consumer Fraud Prosecution Section

Dated: August 25, 2020  
Newark, New Jersey

**RULE 1:38-7(c) CERTIFICATION OF COMPLIANCE**

I certify that confidential personal identifiers have been redacted from documents now submitted to the court, and will be redacted from all documents submitted in the future in accordance with Rule 1:38-7(b).

GURBIR S. GREWAL  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for Plaintiffs

By: /s/ Robert N. Holup  
Robert N. Holup  
Deputy Attorney General  
Consumer Fraud Prosecution Section

Dated: August 25, 2020  
Newark, New Jersey

**DESIGNATION OF TRIAL COUNSEL**

Pursuant to R. 4:25-4, Deputy Attorney General Robert N. Holup is hereby designated as trial counsel for Plaintiffs in this action.

GURBIR S. GREWAL  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for Plaintiffs

By: /s/ Robert N. Holup  
Robert N. Holup  
Deputy Attorney General  
Consumer Fraud Prosecution Section

Dated: August 25, 2020  
Newark, New Jersey