



**Hagens Berman**  
**GM – FINAL Release**  
**June 12, 2015**

**Hagens Berman: General Motors Consumer Lawsuit Alleges Mail and Wire Fraud in GM's Concealment of Ignition Switch Defect**

*Class-action lawsuit cites new information found in discovery phase and targets New GM's misconduct after it took over "Old GM" in July 2009*

**SEATTLE** – Consumers represented by co-lead counsel Hagens Berman and Lief Cabraser today filed an expanded class-action complaint against General Motors (NYSE: GM), bringing RICO (Racketeer Influenced and Corrupt Organizations) claims against New GM based on new information from the lawsuit's discovery phase that indicates New GM committed mail and wire fraud in connection with the ignition switch defect that causes cars to stall unexpectedly and disables the cars' airbags.

Attorneys from the consumer-rights law firms allege that New GM's outside counsel, King and Spaulding, and its retained risk-assessment and claims management company, ESIS, were complicit in New GM's scheme to conceal the ignition switch defect that has been linked to hundreds of crashes and more than 100 fatalities. Neither ESIS nor King and Spaulding are defendants in the complaint.

The amended lawsuit claims that, in part as the result of information New GM learned in defending personal injury claims resulting from the ignition switch defect, New GM was well aware of the defect and its deadly consequences many years before finally instituting a recall in February and March of 2014.

The February and March ignition switch recalls were the first in a never-ending series of recalls affecting roughly 27 million vehicles. Some 12 million of the affected cars had ignition switch defects, and the remainder of the cars had many other defects, including serious safety defects affecting power steering, brakes, seatbelts, airbags and virtually every safety system in GM vehicles.

The suit affects more than 20 million vehicle owners and seeks damages estimated in excess of \$10 billion against GM, which factors damages at \$500 per car – a conservative estimate considering diminution of value has reached as high as \$4,000 for certain vehicles, according to attorneys.

The new information is the basis for the complaint's RICO charges, brought on behalf of a nationwide class of all persons who owned or leased a GM vehicle at the time New GM took over in July of 2009 and held onto their vehicles through 2014, and all persons who purchased GM-branded vehicles after the date New GM took over. The suit also alleges state law claims for the same class of owners.

"This complaint shines a spotlight on New GM's deplorable conduct," said Steve Berman, managing partner of Hagens Berman. "In 2014, GM CEO Mary Barra stated that no one at GM knew of a safety defect related to the ignition switch – which is false. Senior executives at GM, along with its outside lawyers and others, knew of safety issues and concealed them."

"New GM knew the day it was created that contrary to its promises of safety and reliability, its manufacturing process and company culture meant that GM could not produce safe and reliable cars, and that in fact GM was actively concealing safety defects," Berman added.

Based on this new information, the suit states that New GM's responsibility upon its inception was to immediately issue a recall for the cars with defective ignition switches.

"By delaying a recall concerning the ignition switch defect, New GM placed millions of owners at ongoing risk of crashes and injuries for years, and effectively barred millions of vehicle owners from making claims in Old GM's bankruptcy for billions of dollars in reimbursement they rightfully deserve. Those consumers would

have still had time to make claims in the bankruptcy, as the deadline for filing bankruptcy claims had not yet passed,” noted Elizabeth Cabraser, co-lead counsel.

The lawsuit also states that New GM promised in the sale agreement it signed in taking over Old GM that it would comply with the federal Safety Act with respect to Old GM vehicles – a promise the suit says New GM broke by failing to conduct timely, effective or comprehensive recalls.

The suit affects owners of all GM models regardless of their having a defect, due to the brand’s diminished value, according to the complaint. The complaint includes multiple examples of GM-branded vehicles that have suffered loss in value, including the 2011 GMC Denali that has a diminished value of \$2,965 as of April 2015. Additional models named in the complaint include 2010 and 2011 Chevrolet Camaro, 2009 Pontiac Solstice and 2010 Cadillac STS, among others, which have diminished values ranging from \$1,235 to \$2,900.

Attorneys state that a protective order requires the new complaint to be filed under seal with a redacted version being filed in public.

“We believe that the public deserves to see what has been redacted in the filed complaint, but have abided by the requirement that it be filed under seal,” Berman stated. “We believe the Court will require GM to explain its reasoning as to why this important information should be withheld from public eye.”

The Second Consolidated Amended Class Action Complaint will be filed on June 12, 2015 and posted on the GM Ignition Switch Litigation official website, [gmignitionmdl.com](http://gmignitionmdl.com).

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#### **About Hagens Berman**

Hagens Berman Sobol Shapiro LLP is a consumer-rights class-action law firm with offices in nine cities. The firm has been named to the National Law Journal’s Plaintiffs’ Hot List eight times. More about the law firm and its successes can be found at [www.hbsslaw.com](http://www.hbsslaw.com). Follow the firm for updates and news at [@ClassActionLaw](https://twitter.com/ClassActionLaw).

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#### **About Lieff Cabraser**

Described by *The American Lawyer* as “one of the nation’s premier plaintiffs’ firms,” Lieff Cabraser Heimann & Bernstein, LLP is a national plaintiffs’ law firm with offices in San Francisco, New York and Nashville. *U.S. News and Best Lawyers* have selected Lieff Cabraser as their national “Law Firm of the Year” in the category of plaintiffs’ mass torts and class actions for 2015. Learn more about Lieff Cabraser at [www.lieffcabraser.com](http://www.lieffcabraser.com) and follow firm news and case developments [@lieffcabraser](https://twitter.com/lieffcabraser).

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