



## #WIGSummerSummitSeries

July 15, 2020

### “Ensuring the Integrity of Auto Parts and Consumer Safety”

#### Featuring:

Lucy Gettman, Executive Director, Women In Government

Washington State Representative Cindy Ryu, Vice Chair, WIG Board of Directors – Moderator

Nebraska State Senator Carol Blood – Moderator

Jennifer Thomas, Vice President of Industry and Government Affairs, Honda North America

Craig Orlan, State Relations Specialist, Honda North America

Ember Brillhart, Manager, State Relations, Honda North America

**Representative Cindy Ryu:** Before we move to the next presentation, I’d like to remind everyone that Women In Government continues to engage legislators and others in multiple ways. We still have spots available for legislators to record a radio Public Service Announcement in time for August’s National Immunization Month! Please contact Women In Government to learn more.

WIG is also happy to announce that [registration](#) is LIVE for our in-person conference in Orlando this November. Please contact Women In Government staff or visit [www.womeningovernment.org](http://www.womeningovernment.org) for more information on these great opportunities!

We’ve got many resources for you from [SEED](#) – the State Exchange for Employment & Disability: you can listen to WIG’s newest podcast [“Increasing Access and Opportunity: 30 Years of the ADA”](#) from [our website](#). While there, also check out additional SEED Resources including [WIG Toolkits](#), the [Work Matters Full Report](#), and much more!

Now I have the pleasure of turning the program over to Nebraska State Senator Carol Blood who will moderate our next segment. Senator Blood is a Nebraska native and was elected to the Nebraska Legislature in 2016. Senator Blood has been a business consultant since 2005 and has helped hundreds of business owners over the years start, maintain, and expand successful startups. Prior to starting her own business, the Senator was the Executive Director of a Sarpy County Chamber of Commerce. Please join me in welcoming Senator Blood to the virtual podium!

**Senator Carol Blood:** Thank you for that kind introduction! I’m delighted to join Women In Government and Honda for the Summer Summit Series. I’m extremely proud to be here with Jennifer Thomas, Craig Orlan, and Ember Brillhart, who are all colleagues at Honda North America.

So, for those of you just recently connecting with Women In Government and its learning opportunities, I really can’t stress enough how the relationships that you form and the contacts that you glean from their events will serve you well throughout your political career. My relationship with Honda is actually a very keen example of this.

Honda continues to be in the forefront of safety technology, protecting not only the vehicle occupants but also those in other vehicles and pedestrians. It’s been my experience working with Honda that they



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are policy driven and willing to travel to your states to advocate on behalf of consumer safety and in support of your legislation that embraces those issues.

With that said, and without further ado, I'd like to welcome Jennifer Thomas, Craig Orlan, and Ember Brillhart of Honda North America, who are going to enlighten us and further educate us on the importance of ensuring the integrity of auto parts and consumer safety. We're going to start with Jennifer Thomas. Jennifer, welcome.

**Jennifer Thomas:** Thank you so much, Senator Blood. Thank you for your kind words, and thank you to Women In Government for having us with you all virtually today to talk about this very important issue. Just briefly a little bit about myself, as Senator Blood noted, my name is Jennifer Thomas and I'm the Vice President of Government and Industry Relations at American Honda. I lead Honda's U.S. Government Relations Office here in Washington D.C. and joined Honda about a year ago. It's been a wild year to say the least, but it's been fun. I'm not new to the auto industry – I've been in the industry for nearly 20 years now, which is hard to believe, but I love it, and I am honored every day to represent Honda, which is such a great company here in our nation's capital and in state capitals across the country.

Let me just begin by talking a little bit about Honda in America. Last year we celebrated our 60th anniversary in the U.S., which most people are unaware of. We have expanded beyond our imagination throughout the country. We started with just a single motorcycle storefront in Southern California, and now we have over 1,300 Honda and Acura dealers nationwide. We have 12 plants throughout the country that manufacture our great products, and we have a full domestic support system, including our finance companies, our R & D facilities, and various corporate offices throughout the U.S. We now proudly employ over 30,000 associates here in the U.S.

Our presence in America is really underscored by the fact that [www.cars.com](http://www.cars.com) has featured more Honda and Acura vehicles on their top 10 American-Made Vehicle Index for 2019 and 2020 than any other automaker, including what you would consider domestic automakers. So, this really demonstrates the massive impact that Honda has on our economy and our U.S. workforce.

These are some of the great products that we manufacture. We're more than just a car company. We manufacture all of these products here in the U.S. – power sports, power equipment, marine engines and even the Honda jet is proudly made in North Carolina.

A key part of our corporate philosophy is actively striving to be a company that society wants to trust. To us, that means more than just building vehicles in the communities where we sell them. It means being active, engaged members of the local communities.

During this unprecedented pandemic we have been working around the clock to support our customers, our associates and our business partners like our suppliers and dealers, as well as communities across



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the country who have really suffered greatly during this crisis. We quickly started manufacturing PPE (Personal Protective Equipment), including ventilator compressors in Ohio and face shields and hand sanitizer in Michigan. We've worked to donate those products into communities in 46 states. We've modified our great Honda Odyssey minivans to be able to safely transport potentially COVID-positive patients to testing facilities, and we've donated more than a million dollars to food banks across the country to help address food insecurity. We're really proud of this great work.

Just like other automakers and other industries and the economy in general, we've suffered greatly as a result of this pandemic. Our production ground to a halt in late March, and we did not produce a single vehicle in North America for nearly eight weeks – really quite unprecedented.

But I am happy to report that we're back to work, and our top priority is the health and safety of our associates. We've implemented extensive countermeasures throughout our facilities. For example, we conduct temperature checks upon arrival. We've also started conducting diagnostic testing for our associates. We've staggered shift times and provide and require face coverings upon entering our facilities. So, we've done a lot of great things, and I'd encourage you, if you'd like to learn more, to visit our [website](#), where we have more information on this.

Our corporate philosophy is also heavily focused on efforts to promote diversity and inclusion, including female empowerment. We've established a Business Resource Group to encourage and support the development of our female associates, and I'm proud to be one of the executives in our company that's been able to engage in candid discussions with my fellow female colleagues about how they can grow their careers at Honda.

Ingrained in our philosophy is the idea that we need to make our vehicles as safe as possible. We've long been a leader in the development and deployment of life saving and vehicle safety technology, and we strongly believe that safety should not be a luxury and have worked to deploy our crash avoidance technology as a standard feature throughout our vehicle fleet in an effort to democratize vehicle safety.

Our ultimate goal, though, is a collision free society, but we know that we can do that alone, and we're going to need help from policymakers like you. This leads me to what we're here to discuss with you today. We've been working on a couple of safety initiatives in states across the country for the past several years. The first is ridding the market of dangerous counterfeit auto parts, and the second is encouraging consumers to take advantage of important safety recalls. Neither problem is unique to Honda, but as industry leaders in safety, we feel the need to be a little bit more proactive in this approach. With that, I'm going to turn it over to my colleague right now, Craig Orlan. Craig, over to you.

**Craig Orlan:** Thanks, Jennifer. I want to thank all of you guys for taking a little time today to talk to us about counterfeit safety parts. This is something that I've been working on personally for a number of years, and I'm really proud of the success we've had with this issue. That's due in large part to policymakers like you guys and Senator Blood. You've really helped us get this bill enacted in 23 states



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and we obviously still have a way to go, but we're very proud of the progress we've made. So, thank you all for that.

When people talk about counterfeit parts or counterfeit products in general, the auto industry isn't necessarily the first thing that comes to people's mind. They're generally thinking about apparel, the music industry, the movie industry, and other things like that – they don't generally think that people are counterfeiting an entire car.

While it's true that our vehicles themselves are not being counterfeited, the replacement parts that we make are. This is incredibly important because in the lifetime of a vehicle, every vehicle is going to need a replacement part. Some of these parts are just part of general routine maintenance - we're talking about things like windshield wiper blades and air filters. There are other parts like wheels and bumpers and airbags that are only going to be needed if the vehicle is involved in a collision.

But what we're seeing is a dramatic rise in the number of cheap and ineffective counterfeits that are entering the country. Nearly every part that goes into a vehicle is being counterfeited, even some of the really fundamental parts like an engine and a wheel.

For the purpose of this conversation, we're primarily going to talk about airbags. We're going to do that for a couple of reasons. First, airbags are a critical safety part in a vehicle. Since their inception, they've saved over tens of thousands of lives. We really think it's a key part of our safety system.

Second, they are among the most commonly counterfeited parts, particularly because of the high cost of airbags. They are also part of a very complex safety system. Every part that goes into that system is essential to making sure it works properly. I could talk about this for quite a while, but if you can click the next video, I think that shows even better than I could explain.

So, that's a properly working airbag with a melon dropped on it, shot with an incredibly fast camera. [Note: The video shows an airbag deploying properly and cushioning a watermelon that was dropped from a high height without breaking it. The video then shows an airbag deploying a hundredth of a second late, and the watermelon explodes]. This video is always incredibly popular in committee rooms and it really just demonstrates the point that there are hundreds of parts that go into an airbag system to make sure it works properly. If even one of those parts isn't working the way it should, it could have catastrophic results.

One of the other real reasons we're focusing on the airbags is that the counterfeiters are not brand or part loyal. The people who are manufacturing and installing a counterfeit airbag in a Honda are also dealing in counterfeit glass for a Toyota. So, if we can get after these guys for the larger products, we can really cut off the entire market. This is also not a product that there's an aftermarket for. There's no state or federal law that prohibits anyone from making an aftermarket airbag, but due to cost and



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liability and other reasons, they've decided not to. That let us get really creative in the way that we look at this problem.

Finally, the airbag installation is not a do-it-yourself project. We're trying to go after the people who are knowingly and intentionally trafficking these goods, not somebody who might buy a counterfeit windshield wiper by mistake. The people who are buying these counterfeit airbags know what they're doing.

While it can be really tough for a consumer to identify the difference between a counterfeit and a genuine airbag, as you can see from those first pictures, there are a number of indicators that are obvious to the trained professionals who are buying and selling these. That could be missing parts, missing labels – those are some of the more obvious tells, and we've provided our dealers and other professionals with some of the things to look for.

Some of it is also the way it's bought and sold. Under state franchise law, we are required to sell all of our airbags, exclusively, to our dealer network. So, we're not listing them on eBay, we're not listing them on Alibaba, and the people who are buying these products know that. Also, airbags are considered a hazmat because of their explosive nature, so we're shipping them individually and carefully in very well packaged boxes. Counterfeiters are shipping these things 15 to 20 at a time in a box. As you can see in that picture up there, one of them decided just to reuse an old JELL-O box. There were about 20 that were just wrapped a newspaper. If a dealer is getting 20 airbags in a JELL-O box, something should be going off – that's a red flag.

You're probably asking how these get into the country. These primarily originate overseas, mainly from China - but not exclusively - where they're manufactured, then shipped over to the United States, or they're listed and sold on various e-commerce websites. Unscrupulous repair shops are then going on these sites buying them and then installing them in the vehicles of unknowing consumers. We've been working really closely with the Department of Homeland Security and some other federal law enforcement agencies, and they've been unbelievably supportive in our efforts to stop these products at the border. But for reasons we'll discuss in a minute, they have really limited authority to act, and despite their best efforts, countless counterfeit airbags are getting into the chain of commerce.

You're probably asking how big a problem this is. It's really hard to gauge the size of an underground, illegal economy, but countless studies have said that about 3% of all international trade is counterfeit goods. That number has doubled as a result of the expansion of e-commerce platforms, and it's expected to double again over the next couple of years. Auto part consumers are really unsuspecting targets here, so that's one of the areas where we're seeing a lot of growth.

More important than the study are the facts that we're seeing on the ground. Honda OEMs (Original Equipment Manufacturers) and other OEMs have done airbag recalls for a number of years now, and in doing that work, we've pulled out a number of counterfeit airbags from the vehicles of unknowing



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consumers. There's a couple of pictures right there where they're filled with trash bags and styrofoam. Those are actual airbags that were pulled out of consumers' cars, and we are aware of a couple of instances where these products have resulted in deaths or serious injuries.

It's important to note that there are two different types of counterfeit airbags. The first type is those that make at least a half-hearted attempt to replicate our technology. This is done to get it through customs or to fool a repair shop.

So, if you play the first video at the top – this is part of a test that was done back in 2012 where we found a whole bunch of these and tested them. Thousands of airbags and counterfeit airbags have been tested, and not a single one has met Federal Motor Vehicle Safety Standards. They just don't deploy properly to provide protection in the crash, as you can see in that video.

If you go to the second video – some of these are just quite literally bombs. There's no other way to put it. They're so dangerous that authorities, when they're found, have had to call in the bomb squad just because they're too dangerous to transport. We were recently made aware of a fatality that involved one of these air bags in Maryland. The driver of a Honda Civic was killed when shrapnel from the counterfeit airbag caused some severe facial trauma. There's zero doubt from our safety experts or law enforcement in the police report that this would have been avoided if there was a proper airbag in the vehicle.

Because our airbag technology is so difficult to replicate, the vast majority of counterfeiters don't even bother to try. We've found countless airbags that are filled with T-shirts, trash bags, newspapers, saw dust, styrofoam, cardboard, and pretty much any debris that you can imagine - and even more that are filled with nothing at all. An airbag that's filled with this type of debris is obviously not going to provide protection in the event of a crash.

As you can see here, we found another CBS news story - we work with them to get the news out there. These airbags can also be fatal. A woman crashed into a tree, and with a working airbag, everyone believes that her life could have been saved. She had an airbag that was filled with a shop rag and putty, and it didn't deploy, and she was killed. That's tragic.

You're probably wondering who the people are who are doing this. It takes a certain kind of depravity to put people's lives at risk by selling these types of product. But it's important to know how lucrative this can be. One man in North Carolina sold about 7,000 counterfeit airbags on eBay in just over a year, and he made over \$1.5 million dollars doing so.

It's important to know that this money is often used to fund other illegal activities. We've worked with the National Intellectual Property Rights Center. They have linked several counterfeiting rings to organized crime and found cases where the proceeds are going to fund things like human trafficking and terrorism.



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So what are we doing about this problem? Honda is taking a really holistic approach. This is something we're very concerned about. These are going into our vehicles with our name on it, and it's our customers that we feel we have an obligation to protect.

First, we're working with the rest of the industry to educate law enforcement and government officials like you guys, the media, consumers, and repair shops about this problem. Second, we're attempting to work with the e-commerce platforms to get these products delisted where we can find them. We've had varying levels of success and cooperation in that effort. While all of the major sites prohibit the sale of counterfeit goods on their platforms, we report things, and they're just not getting taken down. When sellers are banned, we see them pop up again with new names almost instantly, and it really does result in a game of whack-a-mole.

So, over the past several years we've been engaged with other automakers to talk to these e-commerce platforms, but they're really not taking the issue as seriously as we'd like them to. This is why we're taking an active interest in some California legislation that's currently pending that would make California the first state to hold e-commerce sites liable for defective products sold on their platforms. They would be treated exactly the same way that traditional brick and mortar retailers are, and we're really hopeful that this type of legislation might encourage them to take the issue of counterfeit products more seriously. The bill obviously is not perfect - no bill is - but it's a step in the right direction and something we're happy to discuss with folks if they're interested.

Going back to the overall counterfeit strategy, we're working very closely with law enforcement to investigate and prosecute counterfeiters where we can, and we're also working to supplement federal laws with aggressive state laws. This is incredibly important given the limited authority that federal agents have.

When we learned about the severity of this problem, we started working with Customs and Border Protection and Homeland Security, and we made over a dozen arrests and recovered nearly 40,000 counterfeit airbags in states all across the country. But as prosecutors started building the case against these guys, their defense attorneys started to cite a lack of state laws. They presented this as a civil issue between vehicle manufacturers and legitimate aftermarket parts manufacturers. They were not putting this as a criminal case involving consumer fraud that was jeopardizing public safety.

You can see the absurdity of that argument. It takes a real kind of special gall to say that an airbag that's stuffed with styrofoam, or a trash bag, or newspapers is a legitimate aftermarket part that's going to save somebody's life, but that's exactly what these attorneys did, and they had some degree of success in these cases. We had to plead down some to things that we weren't really happy with.

Unfortunately, like I mentioned before, federal authority is limited in this act. Law enforcement is able to enforce federal trademark law, but the vast majority of airbags and airbag components don't have a trademark, so neither do their counterfeits. So, if you go into your car and look at your driver side



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airbag, it generally has a Honda H or a Ford oval. But if you start looking at the side airbags or the passenger side, it's all going to start to say something like SRS or just airbag. There is no logo there to protect. So again, they were forced to let those products go when they found them. There just was no state or federal law that prevented the manufacture or sale of a bad part. So, for parts that would have logos, counterfeiters got really wise to this loophole. They started shipping driver side air bags with the logo separate and then installing them in the country, as you see in this bottom picture.

We started going about trying to create a state law to supplement the federal law and give another tool to law enforcement to use. It allows federal law enforcement agents to work together to seize these products at the border. It also lets them go after the shops who are knowingly and intentionally installing these products.

We came up with a model bill, and it prohibits the knowing and intentional manufacture, importation, installation or reinstallation, distribution, sale or offer for sale of replacement counterfeit safety components and non-functional replacement airbags that don't meet Federal Motor Vehicle Safety Standards. That's regardless of whether or not they violate trademark law or not.

We've built a pretty impressive coalition to try to get this law through. It includes a wide range of interested parties. It's got almost every automaker, dealers, insurers, various local law enforcement agencies, safety advocates like AAA, and other stakeholders like the recycling industry who've helped us enact this legislation in 23 states. It's passed with overwhelming bipartisan support and zero public opposition.

We actually have two bills currently pending in Hawaii - one of them on the governor's desk - so if anyone from Hawaii is here and wants to encourage your governor to sign that, we would greatly appreciate it. We're also nearing the finish line in New Hampshire as well. Below you can see a map of our progress so far, with a couple of states that got derailed due to COVID, but we're hoping to pick those up when the states return.

With the enactment of this law, it gives law enforcement another tool in their toolbox, like I said. Now, in addition to federal law and in addition to trademark law, it allows them to enforce state laws as well. We're also able to go after the bad actors who are knowingly selling these products online and the people who are installing them in vehicles.

We've had some success. We're obviously not plugged into every law enforcement activity that's going on, but there was a big arrest in Los Angeles where there was a man who was arrested for selling these. This arrest was done with the support of automakers, and that's something we're really proud of.

I appreciate your interest in hearing more about this topic, and we hope to work with some of you to get these bills passed in other states. I know we've budgeted time for questions at the end. For now, I'll turn



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it over to Ember to talk about improving recall completion rates. So, thank you very much for your time and attention.

**Ember Brillhart:** Good afternoon, everybody. Thank you for your time today. My name is Ember Brillhart, and I manage Honda state government relations efforts in the United States. As Craig said, I'd like to take a few minutes and speak to you about increasing safety recall completion rates.

To get started, I wanted to go over a few safety recall facts. I won't pick on anybody or test them, but I as that you just test yourself along the way and see if you're aware of these. First of all, vehicle manufacturers have a legal duty to fix safety recalls. Actually, it's required by the federal government, and we are willing and ready to do that. However, there is no actual requirement that people come in and get those recalls fixed. So, it's strange because most repairs are free, they're done at the dealerships with the right parts and the right processes, and the recalls can easily be fixed. It still astounds me that people don't come in.

Some other facts that you should know is that current U.S. safety recall completion rates are only 60% to 70% for vehicles that are under five years old. But when the vehicle becomes five or more years old, we see that those rates drastically decrease, sometimes to as low as 20% to 30%. So if you think about it, that means we've got about a third of the cars on the road that do not have open safety recalls fixed. That could be your car, it could be your taxicab, your mom's car, your kids' carpool, or - let's face it - even the used car you just bought from somebody where they didn't tell you. Sadly, you might not know until you get in an accident, and that's clearly not the time you want to know that your safety recall wasn't fixed.

So, were you surprised? I know I was, and we at Honda do not like that number of 20% to 30% of safety recalls not being fixed. So, we really thought about it and we asked this question - how do we increase these completion rates?

The first thing we did was we looked to ourselves. We looked to make sure that we were doing everything we can in our notifications to owners - in the methods that we use, in the communications itself to make sure we do everything we can to reach out to our customers and notify them. We've changed fonts, we've used different languages, and we've changed methods of delivery. We've done lots of things. We've done door-to-door notifications in some serious cases and yet we still have that 20% to 30% recall completion rate.

We then decided to increase what we call touch points, or anybody who could come into contact with our vehicle owners and remind them of this duty and this fix. We went to inspection companies, inspection places, and repair places. They are able to give that information, and many do. The information is available not only on each individual companies' websites but also on [www.msha.gov](http://www.msha.gov).



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The industry also tried to come up with another way to support these inspectors and repairers by creating a lookup tool. So, basically, what any one of these inspectors or the repair shops can do is put your Vehicle Identification Number in, and it will quickly – and for free – tell them, “This Honda Civic has this recall open,” and that provides another opportunity for the owner to be notified and get the vehicle fixed.

We also have reached out to insurers. We've been working with them to find vehicles that have been taken out of service or are no longer in service where they've been declared a risk or overall loss. So, we've been able to get some of those things fixed just by simply working with them to find out. However, we have asked them to notify, and sadly some insurers do, and others haven't.

Another touch point for us that we have investigated is registration. DMV's (Department of Motor Vehicles) really have an opportunity at registration to provide some information. Let's take a minute and look at the DMV, the unique role that it plays in a state, and how it really makes them a good partner for recall completion efforts. The DMVs have all this information on the vehicle and where it resides because you get your license and registration there. In fact, the federal government even knows how key a DMV is in providing this type of information. In the last few years the federal government created a grant program that basically provides financial incentives for a state to provide notification. So, to us that really reinforces the importance of DMV's. Some DMV's have been providing notification, and we're really, really pleased with that and appreciate it. But still, some of these folks in that 20% to 30% range still aren't getting the recall fixes done.

Now we do see a slight uptick after DMV notifications go out. We basically see for about two to three weeks after a notification goes out, about 1% of people get those repairs fixed. That's good, but still not enough. There's still a segment of the population that for whatever reason are purposely deciding not to get them done.

We're still concerned about that 20% to 30%, and clearly the carrots aren't working, so we're trying to see if there's a stick out there. We searched hard to find an example of some sticks out there that some states are using, and we actually found them pretty close to home. The state of California - not only the policymakers, but the residents themselves - is really committed to reducing vehicle emissions and to having clean air. They have a number of programs and different ways to address clean air and lowering vehicle emissions. One of the things that they did is that they have created a program where every vehicle, in order to get registration, has to pass their vehicles emission test. If it doesn't pass, they have to get it fixed in order to pass inspection.

We started looking some more and found that there's even more precedent for programs that are similar to this. There are some programs in Japan, Tanzania, Germany and other European Union countries. We've been really focused on those and thinking about those.



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You guys may have heard about Takata airbags. It's probably the largest vehicle safety recall in history. It actually provided Honda an opportunity to test this idea. The Jamaican government wanted to work with us on creating a pilot program, and we created a program where we would know notify the Jamaican government about all the Honda and Acura vehicles that had open safety recalls. Then the Jamaican DMV notified those vehicle owners and said that in order to get your vehicle registered, you need to get those safety recalls completed. We notified them, they notified the residents, the residents got them fixed, and they registered their vehicles. It was a pretty easy, successful process.

With the success of this program, the Jamaican government wants to go to other localities within Kingston, and some other locales to do the same thing there. This really gives us a lot of reasons to be optimistic.

You may be asking yourself, “Why is she telling me this? Does she want us to do this?” The answer is that we're really considering it here. I suspect you're thinking, “But what are the people going to say? Are they going to get angry? What if we did consider doing this? What would our constituents say?” We wanted to know these answers before we went to talk to you, so we asked them.

In the spring to summer of 2019, Honda decided we were going to do a few online surveys, and we had slightly over 1,000 respondents. In order to qualify for the survey, they needed to be someone who was 21 years of age, have a valid driver's license, and be responsible for the maintenance of the car. We polled a variety of people in terms of sex, marriage, whether they had kids or not, gender, and age. We did include in every survey two respondents that were either currently subject to a safety recall or had been in the past.

We really wanted to use this as an opportunity to run the concept by constituents, especially in California where people are already required to do something similar for emissions. We figured this was a good group to survey, considering many of them are already going through this. We wanted to assess receptivity to the idea, we wanted to identify if there were any barriers, and we wanted to find out if there were better ways to communicate this idea.

So, let's talk about what we found out! Interestingly, we found that of the 1,000 people surveyed, 82% of the respondents really agreed that safety recalls should be enforced. 73% of them felt that it's a great idea to require recalls to be fixed before you register your vehicle. Even more surprising to us was that about 70% of the respondents actually felt more positive about the DMV after they learned about the ongoing emissions completion and passing requirement in the state. It was actually something we didn't expect, but the more we told them, the more they felt proud of their state.

We know that not all DMV's are the same. We know that they're all different in terms of financial resources, technology resources, human resources, and workload. So, we at Honda started to work with them. We started to try to understand concerns that DMV's may have about doing this. We've been



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trying to mitigate any process complications, and we really have been working to solve some of these challenges that might impact such a program.

Let’s recap what we know about recalls and what I've gone over today: recalls happen. It's unfortunate, but it's a reality. These are really complicated, sophisticated machines. As Craig said it’s not a product that people can just make in their driveway anymore. This is really complicated, sophisticated equipment.

We know as automakers that we're responsible for fixing them, and we are absolutely willing to do that. But we really need a way to compel these people who are not getting them done, for whatever reason. They're not only putting themselves at risk, but they're also putting others who may drive with them or someone who may buy the vehicle afterwards who doesn't know that there's an open safety recall at risk. Through our research, we have found that these types of programs work, and so now we are looking to the examples that we talked about in the other countries and even right here in California as something to lean on. We're frankly seeking some state partners to help us with this and work to get people to fix the recalls.

We have model legislation on recalls. We have worked with folks who helped enact programs for counterfeit in the different states, and we’re looking to do the same thing with a recall completion requirement. We've drafted some model legislation. Basically, it would require DMV's to notify people at the time of registration about important outstanding safety recalls, then consumers would have to get the recalls remedied at the time before registering the vehicle. We have the support of the auto industry, we have the support of consumer advocacy groups, and we even have some highway safety groups that are in support of this. This is really something that we feel is very promising.

We're looking for new partners, and we are willing and ready to work with anybody. Just like we have been for counterfeit parts, we would like to do the same on increasing recall completion rates.

Thank you very much for your time today, and I look forward to answering any questions you may have.

**Senator Carol Blood:** Thank you to Jennifer, Craig, and Ember. That was extremely informative, and I know that we have a few attendees who do have questions for you in the queue. I just want to remind everyone to use the chat box. I'll keep an eye on it, and should you have a question, I'll be sure to ask it on your behalf.

I do have at least one question to get us started. So, you did touch down on this, but this seemed to be the number one question when we had it in Nebraska. I think there's some misunderstanding about why additional legislation is needed when it comes to perpetuating fraud, which of course carries its own penalties. Can you explain why manufacturers don't pursue action for this offense? And then touch down a little bit more about why ICE and other federal agencies don't really have the time to follow up



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on these types of issues. I know that was something that needed to be made really clear to the NR hearing in reference to ICE.

I'll leave that to the three of you to answer.

**Craig Orlan:** Sure, thanks a lot for that question. That's a great question. So, as I said before, we have had great cooperation with the folks in Homeland Security and various federal law enforcement agencies, but they are very small and short staffed. They do have a lot of priorities and quite frankly, not every case that involves maybe just two or three or four counterfeit airbags – if it's just a small shop – they don't necessarily have the time or the resources to go after those guys as diligently as we would like. That's why it's important to supplement with federal law in addition to stopping these things at the border so that they never actually get into somebody's car, which really gets into the next question about fraud.

Fraud is very difficult to prove in any sort of case, but the only way you're really going to find out about fraud is once the airbag is already installed on the vehicle, and quite frankly, that's just too late. At that point somebody is just driving around with a time bomb in their car, and we are dependent on local law enforcement to notify us when they find something suspicious in an accident if they do.

Our goal is really to stop these things from ever getting into somebody's car and saving their life. So, that's why we really think it's important to have state laws and not just rely on fraud. In a couple of investigations when they've found a repair shop that is installing these products, they can threaten to use fraud in addition to state law so that they can get these people's records and notify other potential victims of fraud. But we really do want to stop this problem at the root and make sure these never get in anybody's car.

**Senator Carol Blood:** Washington State Representative Cindy Ryu has a question. What is the liability exposure of the vehicle owner for using counterfeit airbags if they survived the crash?

**Craig Orlan:** Yeah, so that would be kind of a rub if they did survive a crash with a counterfeit airbag in their car and then they were prosecuted for that. In our law we set a very strict knowing intentional standard, so the person who's a victim of fraud in this case would not be liable if they didn't know that their vehicle was filled with counterfeit airbags when the accident occurred. That being said, we did run into a case in Alabama several years ago where somebody was buying a bunch of used vehicles and then knowingly and intentionally putting counterfeits in there before selling them. In that case, that person would be liable. But again, they would have to be knowingly and intentionally installing these products in their car.

**Senator Carol Blood:** So, would it be accurate to say that this legislation is about the bad guys, not the consumers who are being victimized?



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**Craig Orlan:** Absolutely. It's a very small pool of people that we're after. I don't want to give the impression that we're going to be filling up the jails with tens of thousands of people in the event that this law was passed.

Like I said, it takes a certain kind of depraved individual to traffic in these products, and we really do believe it's a very limited number of shops and a very limited number of importers.

**Senator Carol Blood:** Before I ask the next question, I should point out that Washington State Representative Cindy Ryu also said she'd love to work on this recall completion requirement registration tie-in program for Washington State. Representative Kim Schofield also says she is interested in the recall completion requirement and registration program in Georgia. So, write those down. Don't let them get too far from you!

**Ember Brillhart:** I am, thank you!

**Senator Carol Blood:** So, outside of today's presentation, are there other best practices on motor vehicle safety that you guys would suggest policymakers take a look at? You gave us a pretty comprehensive overview, but is there anything else that you didn't talk about?

**Craig Orlan:** Sure, there's a lot of things that our state policymakers can do to improve safety, and that's obviously something that state, federal and local officials all kind of share a responsibility for doing.

One of the most effective things that state folks can do is really enforcing strong distracted driving laws, seatbelt laws, and car seat laws. Making sure that distracted driving is a part of driver's education classes is a great best practice that we've seen a couple of states doing lately. It really is the younger drivers who are the people who are most likely to be engaging in this activity.

Making sure roads and signs are properly maintained is simple and not really very attractive, but it's essential because if you start hitting potholes at high speeds, you can get into accidents. We could spend hours talking about AV technology and automated driving technology. That really is the key to getting to a collision-free society eventually. I could spend hours talking about that on its own, but the industry is really willing to work with policymakers on that and just try to remove some of the barriers. Having a dialogue is the best way to do that.

Then finally as we enter the summer, any help people can provide in reminding their parents to never leave kids alone in a lot car is greatly appreciated. Last year, over 50 kids died from heatstroke in vehicles. It's easy to envision that number being higher in the age of COVID where childcare is an issue and parents might not want to deal with masks and keeping kids socially distant. However, you should never be leaving kids in a locked car. There are a lot of great PSAs, and if you guys could be using social media to help amplify that message, particularly as we enter the summer months, I think that would be incredibly helpful.



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**Senator Carol Blood:** It sounds like you're asking WIG to partner with you on a PSA on not locking your kids in their car. Would that be accurate?

**Craig Orlan:** Anything we can do. I mean, when you see these stories come out, they're just absolutely heartbreaking every time. The parents in most cases just forgot about them, get into their routine, and you know, it's absolutely heartbreaking.

**Senator Carol Blood:** I do have one more question for you. And again, this is a question that came up a lot in Nebraska. So really, some people think it just looks like you guys just don't want anybody else to make money off of these auto parts. How would you respond to that?

**Ember Brillhart:** Yeah, nothing could be farther from the truth. As Craig indicated in his presentation earlier, there is nothing in this legislation that would prohibit anybody from making these if they have the means to do so. And as we said in your hearing when I was out there with you, Senator Blood, there's nothing here that says if somebody has the ability to make an aftermarket airbag that complies with the Federal Safety Standards that they can't do that. This is just trying to get safe parts in consumers' hands.

**Senator Carol Blood:** This isn't a knock off leather purse.

**Ember Brillhart:** It's not a purse. It's your life.

**Senator Carol Blood:** The one thing I didn't hear is – can you let everybody know the true cost of an airbag versus how much somebody usually pays for a counterfeit airbag?

**Craig Orlan:** It depends on the vehicle, the make, the model, and the year, but airbags can cost hundreds of dollars or even thousands. Some of these counterfeits we've seen are \$60 to \$70 dollars, but some of them have raised the prices to try to hide things.

Just to build on to what Ember mentioned before, as I mentioned, we have a large coalition of supporters. One of those supporters is LKQ. In addition to running salvage yards, they also are very large aftermarket parts manufacturers, and they're supportive of this legislation as well. This further illustrates the fact that it's not about us just making money.

If they want to get into the airbag business – and do so responsibly – nothing here would stop them from doing that.

**Senator Carol Blood:** And you encourage them to do that, but really, it's not cost efficient and that's why nobody does it. Is that correct? For somebody to do it outside of Honda?

**Craig Orlan:** Yeah, they've decided for their own reasons that it's a low margin part. If you think of the universe of vehicles that are in an accident that are not totaled but an airbag deploys - the expense, the liability. They've all just decided not to get into that business.



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**Senator Carol Blood:** So, I can say that it's always a treat to work with Honda, and I really appreciate the opportunity to moderate today's session. Nebraska will be in on helping you guys move forward with other legislation again.

So, I want to wrap up the segment and say thank you to our speakers again - Jennifer Thomas, Craig Orlan, and Ember Brillhart. I'm so appreciative of you guys bringing this information to our attention and the ways that we can all work together to make sure that our consumers are protected with the ultimate goal of making our communities safer.

I now have the honor of turning the program back over to WIG Vice Chair, Representative Cindy Ryu for closing remarks. I thank all of you for your time today and the time that I was able to spend with you. Be safe and be well.

**Representative Cindy Ryu:** Thank you, Senator Blood. What a fascinating segment! With that, we are proud to have conducted our very first all-digital conference, the Summer Summit Series. We have been honored to have each and every one of you as participants and presenters over the past five Wednesdays. We hope that these roundtable events were exciting and resourceful to you. I definitely found them to be.

There will be additional resources, including some of the presentation slides, available on the [WIG website](#) as well. Please check your email inboxes for a quick survey requesting your feedback on the WIG Summer Summit Series!

WIG will be resuming our #WIGWednesday sessions next Wednesday, July 22<sup>nd</sup> at 3:00 pm Eastern Time with “*Getting Serious About Video Games*” moderated by Kansas State Representative Stephanie Clayton, featuring Tara Ryan, Vice President of State Government Affairs at the Entertainment Software Association; Patricia Vance, President of the Entertainment Software Rating Board; and Anastasia Staten, Executive Director of the Entertainment Software Association Foundation. You can register for these free events on our website <https://www.womeningovernment.org/>.

Thank you again for joining us for the WIG Summer Summit, and we look forward to seeing you at our upcoming events!