

Fiat Chrysler Faces Safety-Reporting Penalties

Auto maker could face \$70 million fine from NHTSA



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Fiat Chrysler may face more fines from U.S. regulators for safety-reporting lapses. *PHOTO: JOHN BAZEMORE/ASSOCIATED PRESS*

By Mike Spector and Eric Sylvers
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U.S. regulators are weighing penalties against [Fiat Chrysler Automobiles NV](#) for [safety-reporting lapses](#), said people familiar with the matter, only months after fining the auto maker for failures with recalls covering millions of vehicles.

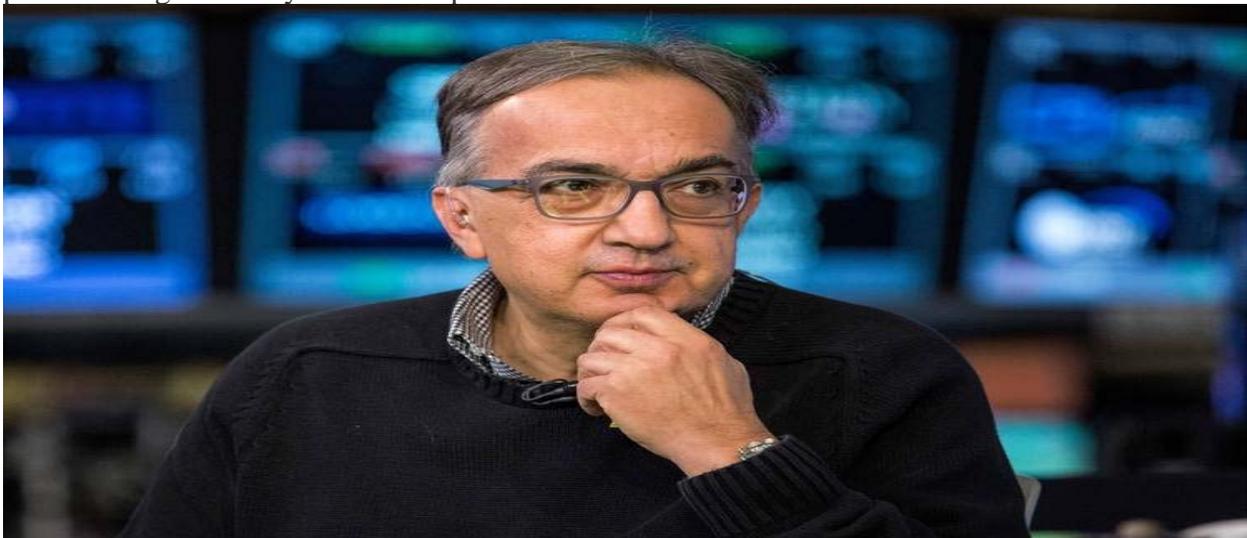
The National Highway Traffic Safety Administration is considering imposing an approximate \$70 million fine and other measures after the Italian-U.S. car company failed to report death, injury and other claims to the agency as required under federal law, one of the people said.

Regulators are aiming to reach a settlement with the company that imposes penalties before the end of the year, the people said. Other details of the possible penalties couldn't be learned. A settlement isn't yet completed, and the terms could change.

Regulators in July [uncovered a discrepancy](#) in Fiat Chrysler's so-called early-warning reporting data. The company later said it uncovered significant underreporting of deaths, injuries and other information that must be submitted to regulators under U.S. law.

The failures resulted from technology issues that kept collected data from being sent to regulators, one of the people said. There isn't evidence that the data uncovered any significant defects in Fiat Chrysler vehicles currently on the road.

The early-warning-reporting system requires auto makers to provide regulators with information each quarter about crashes resulting in deaths and injuries; claims of property damage; and consumer complaints to help the government identify possible safety problems. [Honda Motor](#) Co. received a \$70 million fine at the end of last year for failing to submit reports detailing more than 1,700 death and injury claims for 11 years that in part related to rupture-prone air bags made by [Takata Corp.](#)



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Sergio Marchionne, CEO of Fiat Chrysler, in October. *PHOTO: ANDREW BURTON/GETTY IMAGES*

For Fiat Chrysler, the potential additional penalties would cap a year of intense scrutiny from U.S. regulators on a variety of fronts, including recall lapses and gaps in cybersecurity. The additional attention comes as Chief Executive [Sergio Marchionne](#) is trying to argue for industry consolidation and seek a possible merger partner for Fiat Chrysler. His merger overtures to [General Motors](#) Co. have been rejected.

[Regulators in July hit the company](#) with a then-record \$105 million penalty for recall lapses with millions of vehicles, including older Jeeps with rear gas tanks involved in fatal fires. About \$15 million of the penalty was deferred but could become payable if the company violates the settlement's terms or federal law.

In addition, computer researchers earlier this year demonstrated an ability to commandeer controls of a newer Jeep, exploiting a gap in the vehicle's software. Under pressure from regulators, Fiat Chrysler recalled more than a million vehicles. The company quickly addressed the problem and provided fixes to protect the Jeeps from hacking. The company has said it isn't aware of any hacking incidents involving vehicles being driven by consumers in real time.

The continuing regulatory scrutiny and recalls increased the company's reputational and financial risks. Fiat Chrysler so far this year has recalled more than 11 million vehicles in the U.S., more than any other auto maker.

Fiat Chrysler in October [said it took a charge exceeding \\$800 million](#) for future recalls. The company's U.S. arm took a \$90 million charge in the second quarter for the July settlement with U.S. regulators. Fiat Chrysler faces roughly \$40 million in legal damages stemming from an accident involving an older Jeep with a rear fuel tank subject to a customer satisfaction campaign after a Georgia judge reduced the amount levied by a jury. The company has appealed the case. Still, Fiat Chrysler has so far avoided the Justice Department probes and myriad lawsuits that have afflicted Takata and GM. over faulty air bags and ignition switches, respectively.

Auto makers are recalling more than 19 million vehicles in the U.S. with Takata air bags linked to eight deaths and dozens of injuries. The company still faces scrutiny from federal prosecutors and widespread litigation. The company has said it is cooperating with probes. GM reached a criminal settlement with the Justice Department in September and agreed to pay a \$900 million penalty resulting from defective ignition switches tied to more than 100 deaths and more than 200 injuries. The Detroit auto maker has settled many lawsuits but still faces some that are consolidated in a New York federal court.

Corrections & Amplifications

The National Highway Traffic Safety Administration, or the NHTSA, is considering imposing a fine on Fiat. A headline accompanying an earlier version of this article incorrectly said the NTSB was considering the fine.