

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

_____)
UNITED STATES OF AMERICA,)
 Plaintiff) Case No. 16-CR-20810-04
)
v.) Honorable George Caram Steeh
)
TAKATA CORPORATION,)
 Defendant.)
_____)

**SPECIAL MASTER’S REQUEST FOR APPROVAL
OF SIXTEENTH DISTRIBUTION OF
INDIVIDUAL RESTITUTION FUND**

Eric D. Green, as Special Master of the Takata Restitution Funds, respectfully submits this request (the "Request") for this Court’s approval of the sixteenth distribution from the Individual Restitution Fund (defined below) and respectfully represents as follows:

BACKGROUND

I. Creation Of The Takata Restitution Funds And Appointment Of The Special Master.

On February 27, 2017, the United States Department of Justice and Takata Corporation ("Takata") filed the *Rule 11 Plea Agreement* [Docket No. 23] (the "Plea Agreement") to resolve criminal charges brought by the government against Takata in connection with Takata’s design, manufacturing, testing, sale and distribution of automobile airbag inflators. The Plea Agreement, which was accepted by this Court,

provides, *inter alia*, for the appointment of a Special Master to oversee the distribution of \$975 million in restitution (the “Restitution Funds”) that Takata agreed to pay to designated claimants, including auto manufacturers (the “OEMs”) and individuals with personal injuries.¹ This proposed sixteenth distribution addresses only the restitution to individuals under the Individual Restitution Fund (defined below).

Contemporaneously with the acceptance of the Plea Agreement, the Court entered the *Restitution Order* [Docket No. 24] (the “Restitution Order”) requiring Takata to, among other things, pay \$125 million in restitution to individuals who suffered (or will suffer) personal injury caused by the malfunction of a Takata airbag inflator, and who have not already resolved their claims against Takata (the “Individual Restitution Fund” or “IRF”).

Pursuant to the Plea Agreement, on July 31, 2017, the Court entered an order appointing Eric D. Green as Special Master of the Takata Restitution Funds (the “Appointment Order”) [Docket No. 40] to administer the Individual Restitution Fund (as well as the OEM Restitution Fund). Pursuant to paragraph 2 of the

¹ The Restitution Order requires, *inter alia*, Takata to pay \$850 million in restitution to the OEMs in connection with their purchase of Takata airbags inflators (the “OEM Restitution Fund”). The Special Master previously submitted the proposed allocation of the OEM Restitution Fund and requested Court approval of the proposed notice program [Docket No. 49]. The Court entered the order approving the proposed notice program to distribute notice regarding the OEM Restitution Fund on November 28, 2017 [Docket No. 50], and the distribution of the \$850 million in restitution to the OEMs has been completed in accordance with the Court’s orders [Docket Nos. 81, 90, 100, 105].

Appointment Order, the Special Master’s responsibilities include, *inter alia*, establishing procedures, subject to Court approval, to determine eligible claimants and the amount of loss eligible for compensation, developing a formula or formulas, subject to Court approval, for distributing funds to eligible claimants, making determinations regarding allowed claims, and making a recommendation to the Court regarding allocation of funds from the Individual Restitution Fund.

A. The Revised IRF Methodology.

On March 21, 2018, the Court entered an order approving the Special Master’s proposed approach to distributing the funds in the IRF (the “Revised IRF Methodology”).² The Revised IRF Methodology sets forth the requirements for qualifying as an Eligible Claimant³ and divides eligible claims into two categories: (i) “Current Claims” filed with the Special Master by August 31, 2018; and (ii) “Future Claims”⁴ filed after August 31, 2018. Under the Revised IRF

² *Order Granting Special Master’s Request for Approval of the Revised Individual Restitution Fund Methodology* [Docket No. 77] and *Overruling Defendant’s Objection* [Docket No. 78] (the “IRF Methodology Order”).

³ “Eligible Claimant” means an individual (1) who has suffered personal injury or death caused by the rupture or aggressive deployment of a Takata phase-stabilized ammonium nitrate (PSAN) airbag inflator (the “PSAN Airbag Inflator Malfunction”); (2) who was at the time the PSAN Airbag Inflator Malfunction occurred (a) in a vehicle located or registered in the United States, its territories or its possessions, or (b) a U.S. citizen or permanent resident (wherever the PSAN Airbag Inflator Malfunction occurred); and (3) who has not already resolved his or her claim against Takata Corporation and/or any of its affiliates.

⁴ The Special Master now refers to “Future Claims” as simply “Claims” given that all claims that are processed pursuant to this Request and thereafter were filed after August 31, 2018.

Methodology, a portion of the IRF is allocated to Current Claims and the balance is reserved for Future Claims based on estimations of Current and Future Claims conducted by NERA.

Given that the estimated value of all anticipated Current and Future Claims far exceeds the \$125 million in the Individual Restitution Fund, the Special Master decided to utilize a relative valuation approach to determine awards to Eligible Claimants. Under this approach, points are assigned to claims based on injury categories in an injury valuation matrix and certain other factors, and then the points assigned to each claim are converted to a monetary award based on the number and value of allowed claims and the funds available. Future Claims are valued and paid under the same procedures as Current Claims. In the event that there are fewer Future Claims than estimated, unused funds will be distributed to all eligible claimants on a proportional basis.

On February 4, 2021, the Special Master moved the Court to modify the Revised IRF Methodology and the points schedule incorporated therein [Docket No. 138] (the “Points Modification Motion”) to more equitably compensate personal injury victims. On February 26, 2021, the Court entered an order approving the Points Modification Motion [Docket No. 140].

B. The Claim Forms and Notice Program.

On May 29, 2018, the Special Master obtained Court approval of the following in connection with the IRF: (i) the Notice Program; (ii) the Personal Injury Claim Form; (iii) the Wrongful Death Claim Form; (iv) the lists of required supporting documentation; (v) the Notice of Claim Form, which enables claimants to timely file but defer consideration of their claim; and (vi) the HIPAA Release.⁵

The next day, May 30, 2018, the Special Master launched the targeted Notice Program for the IRF, including direct notification through mail and email, indirect notice through international publication and a press release, and various types of online media. With respect to the direct notification, the Claims Administrator mailed a claim package consisting of a direct notice, claim forms, supporting documentation checklists, and a notice of claim. This targeted notice supplemented the notice program in the U.S. Bankruptcy Proceedings, which was designed to reach approximately 83 million past and present registered owners of a vehicle containing a Takata PSAN Inflator. Subsequently, the Special Master has received, evaluated, processed, and paid claims pursuant to the IRF Methodology upon receiving Court approval in response to periodic distribution requests.

⁵ *Order Granting Special Master's Request for Approval of Individual Restitution Fund Claim Forms, Notice Program, and Extension of Current Claims Filing Deadline*, dated May 29, 2018 [Docket No. 94].

C. Fifteenth Distribution Request.

On May 26, 2022, the Special Master filed the *Special Master's Request for Approval of Fifteenth Distribution of Individual Restitution Fund* [Docket No. 166] (the "Fifteenth IRF Distribution Request"). In the Fifteenth IRF Distribution Request, the Special Master indicated that he evaluated each Claim, determined whether such claims were eligible for compensation from the IRF, and, if eligible, assigned a point value to each claim. In total, after all internal reviews and appeals, 3,915 points were awarded to those Claimants. On July 15, 2022, the Court entered its *Order Granting Special Master's Request for Approval of Fifteenth Distribution of Individual Restitution Fund* (the "Fifteenth Request Order") [Docket No. 168].

D. The Evaluation of Claims Subject to the Sixteenth Distribution Request.

Since entry of the Fifteenth Request Order, the Special Master has administered, reviewed, analyzed, and evaluated nine (9) additional Claims. The purpose of this Request is to seek the Court's approval of the Special Master's determinations for these Claims.

Epiq, under the Special Master's supervision, reviewed each of the nine (9) Claims: (i) for facial deficiencies, such as a missing signature, lack of basic documentation, or failure to supply required information; and (ii) for more substantive deficiencies, such as failure to supply evidence of a rupture or aggressive deployment. If deficiencies were identified by Epiq, then deficiency notices were

sent out to those claimants, or their attorneys, identifying the deficiencies and requesting supplementation within the cure period set forth in the Revised IRF Methodology.

Once a Claim was deemed complete, it was evaluated by staff at Epiq, reviewed by senior management at Epiq according to criteria developed and specified by the Special Master, and then sent to the Special Master for final review and determination.

Ultimately, of these nine (9) Claims, the Special Master and his team determined that four (4) of the Claims are eligible for compensation and five (5) of the Claims are ineligible for compensation.

With respect to the five (5) ineligible Claims, they were determined to be ineligible for one of the following reasons: (i) for two (2) of the Claims, a Takata airbag was not installed in the subject vehicle; (ii) one (1) of the Claims failed to provide sufficient evidence of rupture; and (iii) two (2) of the Claims failed to provide sufficient evidence of aggressive deployment.

For each of the four (4) eligible Claims, the Special Master, with the assistance of his advisors, finalized the point awards following both an initial evaluation and additional review sessions to ensure that each eligible Claim was treated fairly and equitably.

i. Notice of Award or Denial.

Next, the Special Master sent either award or denial letters to the nine (9) Claimants, as applicable, notifying them of the Special Master's determination and, if eligible, their proposed point award. Award letters included the number of points that each Claimant had been awarded, as well as the dollar value of a point and the dollar value of their Claim. The denial letters that were sent to ineligible Claimants notified the Claimants of the basis of the Special Master's determination.

ii. Appeal Process.

Upon receipt of the award or denial letter, Claimants were provided the opportunity to appeal the Special Master's determination through the internal appeals process set forth in the Revised IRF Methodology. Claimants could initiate an appeal by filing a Notice of Appeal with the Special Master within thirty (30) days of receipt of the determination letter (the "Appeal Deadline"). Prior to the expiration of the Appeal Deadline, the Special Master received: (i) one (1) Notice of Appeal regarding a determination of ineligibility, and (ii) one (1) Notice of Appeal regarding valuation.

As directed in the Revised IRF Methodology, randomly assigned Review Officers then re-examined the two (2) claims for which a Notice of Appeal was filed and made a recommendation to the Special Master with respect to each Claim. The Review Officers recommended additional review of both appealed Claims.

With respect to the valuation appeal, the Special Master adopted the Review Officer's recommendation and increased the Claimant's award from 1,000 points to 1,250 points. The Review Officer identified specific aggravating circumstances that the Review Officer reasoned justified an increase of the Claimant's initial point award, including the Claimant's age and the multitude and severity of the injuries suffered. After carefully considering the Review Officer's reasoned recommendation, the Special Master agreed that a revised award of 1,250 points is justified. The revised point award is incorporated in **Exhibit A**.

With respect to the ineligibility appeal, the Review Officer recommended additional review of the subject claim to determine if the injuries sustained are sufficient to deem the claim eligible for compensation under an aggressive deployment theory. The subject claim involves an allegation of aggressive deployment. To establish eligibility under an aggressive deployment theory, the claimant must show (i) the delayed deployment of a dual-stage phase-stabilized ammonium nitrate inflator, (ii) over-pressurization of the inflator, and (iii) enhanced injury caused by the overly aggressive airbag deployment. Upon re-review of this Claim, the Special Master reaffirmed the initial determination that the Claimant failed to establish any of these elements and submits this claim should be deemed ineligible. The Special Master's recommendation to the Court with respect to each appeal is contained in **Exhibit C**.

II. Sixteenth Distribution Request.

A. Claims Determinations.

In accordance with the Revised IRF Methodology, the Special Master has evaluated each Claim, determined whether it is eligible for compensation from the IRF, and, if eligible, assigned a point value. In total, after all internal reviews and appeals, 3,010 points were awarded for the four (4) eligible Claims. In accordance with the proposed Sixteenth Request Order, the value of a point is currently set at \$178 for one (1) eligible Claim filed prior to 2021, \$182 for one (1) eligible Claim filed in 2021, and \$191 for two (2) eligible Claims filed in 2022.⁶ Accordingly, the Special Master recommends that \$565,780.00 be distributed to the Claimants included in this proposed distribution.

Attached hereto as Exhibit A is a chart of the four (4) Claims determined to be eligible for compensation, the points awarded to each Claim, and the corresponding monetary value of each point award, based on the proposed dollar value of a point. Attached hereto as Exhibit B is a chart reflecting the five (5) Claims determined to be ineligible for compensation, organized by basis for denial. Attached hereto as Exhibit C is a chart reflecting the claims that were subject to

⁶ The 2021 Re-Estimation Report incorporates an inflation adjustment of 2% to the Point Value for Claims filed and approved in 2021. Accordingly, the Point Value for Claims filed and approved in 2021 is \$182, which (after rounding up) is approximately 2% greater than the \$178 Point Value adopted in the 2021 Re-Estimation Report and approved by the Court.

internal appeal and the corresponding dispositions. The names of the claimants in each exhibit are removed to protect each Claimant's personal information.

The Special Master recommends that the Court approve the Claimants listed on **Exhibit A** as Eligible Claimants and the distribution of the monetary awards listed on **Exhibit A** to these Claimants. The Special Master further recommends that the Court approve the denial of the Claims listed on **Exhibit B**.

B. Releases.

The Court previously approved conditioning payment from the IRF on the execution and submission of a release to the Special Master. *See* IRF Methodology Order. In addition, the Court ordered that attorney's fees for Claims may not exceed twenty-five percent 25% of an award, except for good cause shown as to why the permissible attorney's fees portion of an award should be upwardly adjusted. *See id.*, at Section VII(I). The Special Master recommends requiring that, as a condition for payment from the IRF to any individual represented by counsel, counsel must execute a rider to the release acknowledging and agreeing to abide by the restriction on attorney's fees set forth in the IRF Methodology Order.

C. Notice And Objections.

Consistent with the procedures set forth in the *Minutes of July 25, 2019 Conference with Special Master* [Docket No. 110] (attached hereto as **Exhibit D**), the Special Master will notify Claimants: (i) of their point award and the monetary

value of the award (if any); (ii) of the filing of this Request; and (iii) that they may object to the Request by submitting a written response to the Special Master on or before August 19, 2022 (the “Objection Deadline”). Shortly following the Objection Deadline, the Special Master will confer with the Court and file with the Court in the miscellaneous case docket a supplemental filing providing further information with (i) a brief background materials as to the claims for which Notices of Appeal were filed, the recommendations of the independent third-party Review Officers with respect to those appeals, and the Special Master’s recommendations as to same; and (ii) any objections filed on or before August 19, 2022 as permitted in the Request and the Special Master’s recommendation with respect to any such objections. Following that submission and any further meeting or request of the Court, the Special Master will request that the Court enter an order approving this Request.

CONCLUSION

WHEREFORE, the Special Master requests that the Court enter an order substantially in the form attached hereto as **Exhibit E** approving: (a) the distribution to Claimants as set forth on **Exhibit A** hereto; (b) the determination that the claims of the Claimants set forth on **Exhibit B** are ineligible for compensation from the Individual Restitution Fund; and (c) conditioning payment from the IRF to individuals represented by counsel on execution of a rider by counsel acknowledging and agreeing to abide by the restriction on attorney's fees set forth in the IRF Methodology Order.

Dated: July 29, 2022

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'E. D. Green', written over a horizontal line.

Eric D. Green, Special Master

EXHIBIT A

	Claim No.	Points Awarded	Point Value	Monetary Award
1	270	1,250	\$191.00	\$238,750.00
2	10001110	10	\$178.00	\$1,780.00
3	10001293	1,000	\$182.00	\$182,000.00
4	10001305	750	\$191.00	\$143,250.00
	Total Points	3,010	Total Award	\$565,780.00

EXHIBIT B

	Claim No.	Ineligibility Reason
1	10001278	Insufficient Proof of Rupture
2	10001013	Insufficient Proof of Aggressive Deployment
3	10001160	Insufficient Proof of Aggressive Deployment
4	10001310	Ineligible Takata PSAN Inflator
5	10001422	Ineligible Takata PSAN Inflator

EXHIBIT C

IRF Pending Claims
Eligibility Notice of Appeal – Insufficient Proof of Aggressive Deployment

The Special Master did not identify sufficient evidence in the Claim File to show rupture (e.g., ejection of metal fragments or shrapnel).

Recommendation to Reconsider

No.	Claim ID	Reviewer	Recommendation	Reason for Reversal Recommendation	Special Master Decision	Special Master Reasoning
1	10001278	Rosen	Reconsideration	Reviewer states injuries sustained warrant additional review for potential aggressive deployment.	Deny Recommendation	The Special Master re-evaluated the evidence provided by the Claimant and again concluded that none of the aggressive deployment elements were satisfied. Thus, the Claim is ineligible for compensation.

IRF Pending Claims
Notice of Appeals - Valuations

Recommendation to Reconsider

No.	Claim ID	Special Master's Point Award	Reviewer	Recommendation	Special Master Decision	Special Master Reasoning
1	270	1,000	Rosen	Increase the award by 250 points. The Reviewer states the award warrants additional points due to the severity of the injury and the claimant's age at the time of the accident.	Accept Recommendation	After considering the Review Officer's recommendation, the Special Master has determined that a 250 point increase is warranted for the reasons set forth by the Review Officer. Subject to Court approval, the Claimant's point award shall be increased by 250 points, resulting in a modified point award of 1,250 points.

EXHIBIT D

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

_____)	
UNITED STATES OF AMERICA,)	
Plaintiff)	Case No. 16-CR-20810-04
)	
v.)	Honorable George Caram Steeh
)	
TAKATA CORPORATION,)	
Defendant.)	
_____)	

MINUTES OF JULY 25, 2019 CONFERENCE WITH SPECIAL MASTER

On July 25, 2019, Special Master Eric D. Green conferred with the Court to discuss the substantial progress made in evaluating Current Claims. The Special Master reported that he and his team of professionals have nearly completed the Current Claims evaluation process, including the initial evaluation of each Current Claim, provision of notice of initial determinations and the opportunity to appeal, the re-examination of claims on appeal by the Review Officers, and the Special Master’s consideration of the recommendations of the Review Officers, all in accordance with the revised IRF Methodology approved by the Court on March 21, 2018 (Doc. 78). The Court and the Special Master then discussed the process for obtaining court approval of Current Claim dispositions and the final dollar value of a point. After conferring with the Special Master, the Court considered and approved the following procedure and timeline:

1. In early August, 2019, the Special Master intends to file a motion with the Court seeking approval of all Current Claim dispositions, the dollar value of a point, and the form of release¹ to be executed by the claimant and submitted to the Special Master in order for the claimant to receive his or her allocated distribution (the “Motion”). The Motion will include a list of the awards to be given by claim number and claimant name; provided, however, that the claimant name shall be redacted to preserve confidentiality.

2. After filing the Motion, the Special Master will notify Current Claimants of their point award and the monetary value of the award (if any), which is subject to court-approval. Current Claimants also will be notified that they may object to the Motion by submitting a written response to the Special Master on or before August 30, 2019.

3. Shortly following the objection deadline, the Special Master will confer with Judge Steeh to review the Current Claim dispositions and any submitted objections.

4. Following that meeting, the Special Master will request that the Court enter an order approving the Motion as initially submitted or

¹ The Court previously approved conditioning payment on submitting a release and the content of the release as part of the IRF Methodology.

amended by the Special Master. Following approval by the Court, the Special Master shall commence the distribution process to eligible Claimants.

Dated: July 29, 2019

s/George Caram Steeh
GEORGE CARAM STEEH
UNITED STATES DISTRICT JUDGE

CERTIFICATE OF SERVICE

Copies of this Order were served upon attorneys of record on July 29, 2019, by electronic and/or ordinary mail.

s/Marcia Beauchemin
Deputy Clerk

EXHIBIT E

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

UNITED STATES OF AMERICA,)	
Plaintiff)	Case No. 16-CR-20810-04
)	
v.)	Honorable George Caram Steeh
)	
TAKATA CORPORATION,)	
Defendant.)	

**[PROPOSED] ORDER GRANTING SPECIAL
MASTER’S REQUEST FOR APPROVAL OF SIXTEENTH
DISTRIBUTION OF INDIVIDUAL RESTITUTION FUND**

Upon the request of Eric D. Green in his capacity as Special Master for approval of the Sixteenth distribution of the Individual Restitution Fund:¹

IT IS HEREBY ORDERED AND ADJUDGED as follows:

1. The Court [APPROVES] the Special Master’s determinations and recommendations regarding the Claimants listed in Exhibit A to the Distribution Request. The Special Master shall distribute the amount of \$565,780.00 to the Claimants listed on Exhibit A.

2. All objections submitted in connection with this Request are [OVERRULED].

¹ Capitalized terms used but not defined herein shall have the meanings set forth in the *Special Master’s Request for Approval of First Distribution of Individual Restitution Fund* (the “Distribution Request”).

3. The Court [APPROVES] the Special Master's determination that the claims of the Claimants set forth in Exhibit B are ineligible for compensation from the Individual Restitution Fund.

4. The Court [APPROVES] conditioning payment from the IRF to individuals represented by counsel on execution of a rider by counsel acknowledging and agreeing to abide by the restriction on attorney's fees set forth in the IRF Methodology Order.

5. The Court [DIRECTS] that Distributions shall be made in accordance with the procedures set forth in the Revised IRF Methodology.

6. This Court retains jurisdiction over all matters covered by, or related to, this Order.

So ordered.

Dated: _____, 2022

GEORGE CARAM STEEH
UNITED STATES DISTRICT JUDGE