

**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.)	

TWENTIETH STATUS REPORT OF THE SPECIAL MASTER

1. Eric D. Green, the court-appointed Special Master for the custody, administration, and distribution of the Takata Airbag Restitution Funds, hereby respectfully submits his Twentieth Status Report pursuant to paragraph 4 of this Court’s Appointment Order (the “Status Report”).¹ The Status Report provides an overview of the Special Master’s work from September 15, 2020 through November 16, 2020 (the “Reporting Period”) and anticipated future efforts. The Special Master is presently on schedule regarding the processing of Claims and distribution of the restitution funds available to eligible Claimants who have filed Claims with the Individual Restitution Fund (the “IRF”).

¹ Capitalized terms used but not defined herein shall have the meanings ascribed to them in the *Nineteenth Status Report of the Special Master*, dated September 15, 2020 [Dkt. No. 131].

I. ACTIVITIES IN THE REPORTING PERIOD.

A. OUTREACH TO POTENTIAL CLAIMANTS UPDATE.

2. In the *Nineteenth Status Report of the Special Master*, dated September 15, 2020 [Dkt. No. 131], the Special Master informed the Court there may be as many as sixty (60) personal injury cases involving the rupture or aggressive deployment of a Takata phase-stabilized ammonium nitrate (“PSAN”) airbag inflator that had been settled with an original equipment manufacturer prior to the establishment of the IRF, but for which claimants have yet to file a corresponding claim with the IRF. In furtherance of his mandate, the Special Master offered to provide additional individualized notice to these persons as IRF records indicate that up to one half of these cases potentially involved individuals who were not represented by counsel, and a portion of these individuals appear to have executed releases that did not release Takata.

3. To date, the Special Master has notified thirty-four (34) of these potential claimants via mailing that they may be eligible for compensation from the IRF and directed them to contact the Special Master’s office for additional information.

B. APPROVAL OF FIFTH IRF DISTRIBUTION REQUEST.

4. On September 15, 2020, the Special Master filed the *Special Master’s Request for Approval of Fifth Distribution of Individual Restitution Fund* (the “Fifth

IRF Distribution Request”) [Dkt. No. 130], seeking Court-approval for: (i) a fifth distribution from the IRF to compensate seven (7) eligible Claims, and (ii) the denial of nine (9) ineligible Claims. On October 28, 2020, the Court entered an order granting the Special Master’s Request. *See Order Granting Special Master’s Request For Approval Of Fifth Distribution Of Individual Restitution Fund* [Dkt. No. 132]. As of the date of this filing, the Special Master’s office has received signed releases for six (6) of the compensable Claims approved in respect of the Fifth IRF Distribution Request.

C. CLAIMS PAYMENT PROCESS.

5. Contemporaneous with this filing, the Special Master also filed the *Special Master’s Request for Approval of Sixth Distribution of Individual Restitution Fund* (the “Sixth IRF Distribution Request”) [Dkt. No. 133], seeking Court-approval for: (i) a sixth distribution from the IRF to compensate six (6) eligible Claims, and (ii) the denial of nine (9) ineligible Claims.

6. As described in the Sixth IRF Distribution Request, the Special Master evaluated each Claim referenced therein, determined whether it is eligible for compensation and, if eligible, assigned a point value. In total, after all internal reviews and appeals, 8,987 points were awarded to the six (6) eligible Claims,

amounting to a proposed distribution of \$638,166.87. The Special Master also determined nine (9) Claims to be ineligible for compensation.

7. Consistent with the procedures set forth in the *Minutes of July 25, 2019 Conference with Special Master* (the “July 2019 Minutes Order”) [Dkt. No. 110], the Special Master notified the affected Claimants: (i) of their point award and the monetary value of the award (if any); (ii) of the filing of the Sixth IRF Distribution Request; and (iii) that such Claimants may object to the Sixth IRF Distribution Request by submitting a written response to the Special Master on or before December 7, 2020 (the “Objection Deadline”).

8. As the Court is aware, there are two conditions that must be met for Claimants with compensable Claims to receive payment from the IRF. First, all Claimants must execute and submit to the Special Master the Court-approved release agreement (a “Release”). Additionally, if any Claimant was represented by counsel, such counsel must execute and submit to the Special Master a fee rider (a “Fee Rider”) acknowledging and agreeing to abide by the restriction on attorney’s fees set forth in the IRF Methodology Order. [Dkt. No. 78, Page ID 2219]. The Special

Master will issue payment to eligible Claimants on a rolling basis following receipt of the necessary documentation.

II. GOING FORWARD EFFORTS.

A. CLAIM DETAILING AND PROCESSING EFFORTS

9. During the prior Reporting Periods, the Special Master purchased and executed upon, through its Claims Agent, Epiq, a comprehensive media plan to conduct outreach to potential claimants via various media platforms. The media plan went into effect in August 2020. The Special Master's team has observed an increase in claim filing activity following implementation of the media plan. Relatedly, the Special Master continues to monitor closely the pandemic's effect on claim filing activity and rupture incidents, both of which have materially decreased during the pandemic. The Special Master expects claim filing activity may increase gradually as COVID-19 restrictions are lifted throughout the country.

10. As stated above, the Special Master and his team will continue to receive claims for compensation from the IRF and TATCTF (in his capacity as Trustee of that Trust), and will continue the process of reviewing, evaluating, and distributing funds on account of claims. The Special Master and his team will also continue to evaluate the claims data and recall completion rate data in connection with any future point-value evaluations. The Special Master and his claims

evaluation team remain committed to completing its initial evaluation of Claims within thirty (30) days of the Special Master's receipt thereof.

11. As further described in the Nineteenth Status Report, the Special Master remains on pace to conduct a major re-estimation process in the first quarter of 2021, which may result in a change in the value of a point and could result in true-up payments for claimants who have already been compensated from the Individual Restitution Fund.

B. STATUS OF UPCOMING LIABILITY RE-ESTIMATION.

12. As the Court may recall and as described in the Special Master's *Request for Approval of First Distribution of Individual Restitution Fund* (the "First IRF Distribution Request") [Dkt. No. 111], the Special Master consulted with his economist, NERA Economic Consulting, Inc. ("NERA") and his other professionals regarding the evaluation of updated economic models and Current Claims data provided by NERA. At that time, the Special Master and his professionals analyzed the updated economic model against NERA's initial liability estimation in order to determine the Special Master's proposed value of an IRF point, and relatedly, the appropriate portion of the IRF that should be reserved for Future Claims.

13. The Special Master, in consultation with his advisors, has determined that it is now appropriate to conduct a comprehensive re-estimation of Claims (the "2021 Re-Estimation") that will be used to, among other things, establish an up-to-

date point value for distributions to eligible Claimants. The 2021 Re-Estimation will reconsider and update, as applicable, all relevant inputs that supported the previous re-estimation model.

14. NERA, under the Special Master's direction, recently began the process of collecting data for the 2021 Re-Estimation. Several critical steps have already been completed. The Special Master is coordinating with NERA, the original equipment manufacturers, and members of the plaintiffs' bar to obtain up-to-date claims and vehicle-related data. Additionally, the Special Master has contracted with a leading national provider of business and statistical information for the automotive industry to obtain statistical data and information on domestic vehicle use that are relevant to the 2021 Re-Estimation modeling.

15. The Special Master anticipates that the 2021 Re-Estimation will be completed by the end of the first quarter of 2021. Any resulting change in the point value will be presented to the Court for approval shortly thereafter.

CONCLUSION

16. The Special Master will continue to perform his responsibilities and duties consistent with the Appointment Order and all other directives of this Court.

Dated: November 16, 2020

Respectfully submitted,

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

Eric D. Green, Special Master