

**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 THE TWENTY-FIFTH 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 twenty-fifth 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 twenty-fifth 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. If 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. Twenty-Fourth Distribution Request.

On December 11, 2023, the Special Master filed the *Special Master's Request for Approval of Twenty-Fourth Distribution of Individual Restitution Fund* [Docket No. 194] (the "Twenty-Fourth IRF Distribution Request"). In the Twenty-Fourth 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, 12,000 points were awarded to those Claimants. On January 25, 2024, the Court entered its *Order Granting Special Master's Request for Approval of Twenty-Fourth Distribution of Individual Restitution Fund* (the "Twenty-Fourth Request Order") [Docket No. 198].

D. The Evaluation of Claims Subject to the Twenty-Fifth Distribution Request.

Since entry of the Twenty-Fourth Request Order, the Special Master has administered, reviewed, analyzed, and evaluated five (5) 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 five (5) Claims for: (i) facial deficiencies, such as a missing signature, lack of basic documentation, or failure to supply required information; and (ii) 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 five (5) Claims, the Special Master and his team determined that one (1) of the Claims is eligible for compensation and four (4) of the Claims are ineligible for compensation.

With respect to the four (4) ineligible Claims, (i) one (1) failed to provide sufficient evidence of aggressive deployment; (ii) one (1) failed to provide sufficient evidence of rupture; and (iii) two (2) did not have eligible Takata airbag inflators installed in the subject vehicles.

For the one (1) eligible Claim, the Special Master, with the assistance of his advisors, finalized the point award following multiple layers of evaluation to ensure the eligible Claim was treated fairly and equitably.

i. Notice of Award or Denial.

Next, the Special Master sent award or denial letters to the five (5) 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 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) three (3) Notices of Appeal regarding a determination of ineligibility, and (ii) one (1) Notice of Appeal regarding valuation.

As required under the Revised IRF Methodology, randomly assigned Review Officers re-examined each of the four (4) Claims for which a Notice of Appeal was filed and made a recommendation to the Special Master for each reviewed Claim. The three (3) ineligibility appeals were affirmed by the assigned Review Officer. The one (1) valuation appeal was affirmed by the assigned Review Officer. The

Special Master's recommendation with respect to each appeal is contained in **Exhibit C**.

II. Twenty-Fifth 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, 1,000 points were awarded for the one (1) eligible Claim. The value of a point is currently set at \$224 for Claim filed in 2024. Accordingly, the Special Master recommends that \$224,000.00 be distributed to the Claimants included in this proposed distribution.

Attached hereto as **Exhibit A** is a chart of the one (1) Claim determined to be eligible for compensation, the points awarded to the 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 four (4) Claims determined to be ineligible for compensation, along with the basis for denial. Attached hereto as **Exhibit C** is a chart reflecting the claims that were subject to 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 Claimant listed on **Exhibit A** as an Eligible Claimant and the distribution of the monetary awards listed on **Exhibit A** to that Claimant. 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 March 14, 2024 (the “Objection Deadline”). Shortly following the Objection Deadline, the Special Master will confer with the Court and file with the Court a supplemental filing providing further information with (i) 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 the Objection Deadline 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; and (b) 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: February 20, 2024

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	10001571	1,000	\$224.00	\$224,000.00
	Total Points	1,000	Total Award	\$224,000.00

EXHIBIT B

	Claim No.	Ineligibility Reason
1	10001200	Insufficient Proof of Aggressive Deployment
2	10001555	Insufficient Proof of Rupture
3	10001550	Ineligible Takata PSAN Inflator
4	10001597	Ineligible Takata PSAN Inflator

EXHIBIT C

IRF Pending Claims

Eligibility Notice of Appeal – Insufficient Proof of Aggressive Deployment

The Claimant did not offer evidence meeting aggressive deployment compensability criteria. Specifically, the Claimant did not offer evidence of a delayed-deployment of a dual-stage Inflator, evidence of over-pressurization, or evidence of enhanced injury.

Affirmed Appeals

No.	Claim No.	Reviewer	Recommendation
1	10001200	Rosen	Affirm

IRF Pending Claims
Eligibility Notice of Appeal – Insufficient Proof of Rupture

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

Affirmed Appeals

No.	Claim No.	Reviewer	Recommendation
1	10001555	Gertner	Affirm

IRF Pending Claims
Eligibility Notice of Appeal – Ineligible Takata PSAN Inflator

Based on the available information presented to the Special Master, the subject vehicles did not have PSAN inflators installed in the airbags claimed to have caused injury.

Affirmed Appeals

No.	Claim ID	Reviewer	Recommendation
1	10001550	Gertner	Affirm

IRF Pending Claims

Notice of Appeals - Valuations

Affirmed Appeals

No.	Claim ID	Special Master's Point Award	Reviewer	Recommendation
1	10001571	1,000	Gertner	Affirm

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

3. The Court [APPROVES] the Special Master's determination that the claim of the Claimant set forth in Exhibit B is 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: _____, 2024

GEORGE CARAM STEEH
UNITED STATES DISTRICT JUDGE