



Weekly Car Dealers Newsletter

October 19, 2009

This information that follows is taken from sources including *The Carconnection*, *Autoweek*, and other industry sources.

Week of October 19, 2009

FORD ADDS 4.5 MILLION VEHICLES TO LARGEST U.S. RECALL
GENERAL MOTORS INVESTS \$230 MILLION IN MICHIGAN
GM BRINGS BACK 'REGAL' NAMEPLATE FOR NEXT BUICK SEDAN
[CHRYSLER SAID TO PLANNING PRODUCTION OF 100,000 FIAT 500S IN MEXICO](#)
EX-FORD ENGINEER CHARGED WITH STEALING TRADE SECRETS

FORD ADDS 4.5 MILLION VEHICLES TO LARGEST U.S. RECALL

Ford Motor Co. plans to add 4.5 million vehicles to its largest U.S. recall because of leaky cruise control switches that have been reported to cause vehicle fires. The latest action brings to at least 16 million the number of vehicles recalled by Ford for this problem over the last decade. Ford said in an Oct. 9 letter to U.S. regulators that 1.1 million Windstar minivans from 1995 to 2003 will be recalled for repairs following "a small number of reports" of switch fires, the *Associated Press* said. "Though extremely low, there was found to be some risk of an unattended fire resulting from a leaking switch in Windstar vehicles," the letter said. The letter, posted today by the National Highway Traffic Safety Administration, also said Ford would recall another 3.4 million vehicles with the cruise-control deactivation switch, according to the *AP*. No fires have been reported for those vehicles, Ford said. But the automaker is including them "to address possible ongoing customer lack of confidence in vehicles with the switch," said the letter, from Ford's James Vondale. It was sent to Daniel Smith, NHTSA's associate administrator for safety assurance.

The vehicles that don't seem to pose a safety risk, according to the letter, are mostly pickups and SUVs, including the Excursion (diesel), F-Super Duty (diesel), Econoline, Explorer/Mountaineer, Ranger, and F53 Motorhome vehicles. They are from model years 1992 to 2003.

Texas Instrument switches

The switches, made by Texas Instruments, may leak internally and "overheat, smoke or burn," the Ford letter said. In some Windstars, the switches may leak brake fluid into the anti-lock

brake system, which also has led to reports of fires. Owners will be instructed to bring their vehicles to a Ford or Lincoln/Mercury dealer for installation of a fused wiring harness to eliminate the potential risk of fire, the letter said. The ABS module connector also will be inspected and repaired at no charge on 1999-2003 Windstar vehicles with leaky switches, it said. Ford plans to notify dealers this week and send notification letters to owners between Oct. 26 and Dec. 11, the letter said.

Decade-long saga

The cruise control problem emerged in 1998, when the government investigated complaints of engine compartment fires. A year later, Ford recalled about 279,000 Ford Crown Victoria, Mercury Grand Marquis and Lincoln Town Car sedans built for the 1992 and 1993 model years, to replace cruise control switches. More complaints and investigations led to five more recalls in 2005, 2006 and 2007. Those recalls totaled more than 10 million cars and trucks built for the 1992-2004 model years.

In 2008, 225,000 of the vehicles were recalled again, to redo the initial repair.

The safety agency warned consumers to look out for certain warnings of possible imminent fires. The signs include cruise control systems that stop working or can't be activated, brake lights that stop working, and brake lights and ABS warning lights illuminating on the dash board. "These hazardous cruise control switches pose a safety risk even while the cruise control is not in use and vehicles are turned off or unattended," Transportation Secretary Ray LaHood said. "I urge consumers to pay attention to this warning and bring the affected models in to have them repaired as soon as possible." *Source: Autoweek.com*

GENERAL MOTORS INVESTS \$230 MILLION IN MICHIGAN

General Motors Co. said Tuesday it will invest more than \$230 million in four plants around Flint, Mich., to help build the 2011 Chevrolet Cruze compact and the Chevrolet Volt plug-in hybrid sedan. The move will restore about 500 jobs, GM said in a statement. The four GM plants that will be updated and retooled include Flint Engine South, Flint Metal Center, Flint Tool and Die and Grand Blanc Weld Tool Center. "These four GM manufacturing plants have a key role in GM's production of the next generation of fuel-efficient vehicles, the Chevrolet Volt and Cruze," Larry Zahner, GM manufacturing manager, said in the statement. GM says the key functions at the plants will include development of automated equipment and tooling for the Cruze and the Volt assembly plants. The Cruze will be assembled at GM's plant in Lordstown, Ohio. The Volt will be assembled at the Detroit-Hamtramck, Mich., plant. The operations will develop dies and stamp body panels and components. They will also assemble key powertrain components, including the 1.4-liter four-cylinder engine and generator for the Volt and the 1.4-liter four-cylinder turbocharged engine for the Cruze. The largest part of the investment, \$202 million, will go to Flint Engine South to renovate it to build the 1.4-liter engines. Flint Metal Center will get \$1.7 million to refurbish press lines to produce sheet metal stampings for the Volt. GM is investing about \$30 million in Grand Blanc Weld Tool Center to build robotic weld tool cells that will assemble the Volt body at Detroit-Hamtramck.

GM is scheduled to launch the Cruze next spring. Production of the Volt is scheduled to start in November 2010. The Flint engine plant will produce 40 engines per day when production starts

late next year and ramp up to 800 engines per day by the fall of 2011, GM officials said. The initial batch of engines for the Chevy Volt will be imported from a GM engine plant in Austria until the revamped Flint plant begins production.

GM is designing the Cruze to get more than 40 miles per gallon in highway driving. The Volt will carry a lithium-ion battery pack that will allow it to be driven for 40 miles without gasoline. The on-board engine will provide power to the battery on longer trips. Battery cells for the Volt will be supplied by Korea's LG Chem and assembled into packs at a GM plant outside Detroit.

GM has said it plans to build 10,000 Volts in the first 12 months of production.

Source: *Automotive News*



GM BRINGS BACK 'REGAL' NAMEPLATE FOR NEXT BUICK SEDAN

General Motors Co., focusing resources on four U.S. brands as it disposes of four others, will revive the Regal name for Buick's next midsize sports sedan.

GM announced the move at a dealer business meeting today, according to a statement on the Detroit-based automaker's Web site. Buick already sells a vehicle under the Regal name in China. GM didn't say when the Regal would be sold in the U.S.

"The transformation of Buick began with our luxury crossover, the Buick Enclave, and continued this year with the launch of the 2010 LaCrosse premium sedan," said Buick GMC General Manager Susan Docherty, who becomes GM's U.S. sales chief on Oct. 16.

Expanding Buick is part of GM's strategy of emphasizing that brand along with Chevrolet, GMC and Cadillac since exiting bankruptcy on July 10. Buick plans to double its current lineup of three models in the next two years. The Regal was dropped when GM began selling the LaCrosse in 2004. Source: *Bloomberg*

CHRYSLER SAID TO PLANNING PRODUCTION OF 100,000 FIAT 500S IN MEXICO

Chrysler Group LLC, the U.S. automaker run by Fiat SpA, is asking suppliers to plan to make enough parts for more than 100,000 Fiat 500 small cars to be built in Mexico, people familiar with the matter said. Chrysler Chief Executive Officer Sergio Marchionne has said he plans to begin selling the 500 in the U.S. by the end of next year. Marchionne said it will be sold in the U.S. as a Fiat -- the brand's lone model -- with four different variants. Source: [Bloomberg](#)

EX-FORD ENGINEER CHARGED WITH STEALING TRADE SECRETS

A former Ford Motor Co. engineer has been charged with stealing trade secrets from the automaker after accepting a job in China in 2006. Xiang Dong Yu, 47, was arrested Wednesday at O'Hare International Airport in Chicago after traveling to the United States from China. A federal indictment charges Yu, a Chinese national living in Beijing, with theft of trade secrets, attempted theft of trade secrets and unauthorized access to a protected computer, Terrence Berg, U.S. attorney for the Eastern District of Michigan, said Thursday in a statement.

Yu was a Ford product engineer from 1997 to 2007. In December 2006, he accepted a job at the China branch of a U.S. company, according to a Justice Department release announcing the charges. The indictment, filed under court seal July 8, follows an investigation by the FBI. The indictment alleges that Yu copied 4,000 Ford documents, including sensitive design documents, onto an external hard drive after accepting his new job but before notifying Ford of his departure. "We are aware of the issue and cooperating fully with authorities," Ford spokesman Mark Truby said in an e-mail.

According to the Justice Department, the documents included design specifications for engine and transmission mounting subsystems, electrical distribution systems and electrical subsystems. The indictment alleges that Yu also tried to use Ford documents to get a job with a Chinese auto company in 2005 and again in 2008. Yu continues to be held in Chicago and will have a detention hearing Tuesday, Oct. 20, the Justice Department said. The detention hearing will determine whether he is detained or is allowed to be released under certain conditions, Berg said in an e-mail to *Automotive News*. Yu has not yet been formally arraigned and has not yet entered a plea.

Each of the counts of theft and attempted theft of trade secrets carries a maximum penalty of 10 years' imprisonment and a \$250,000 fine, the Justice Department statement said. The count charging unauthorized access to a protected computer carries a maximum penalty of five years in prison and a \$250,000 fine, the statement said. *Source: Automotive News*
