

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

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

**SIXTEENTH 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 Sixteenth Status Report pursuant to paragraph 4 of this Court’s Appointment Order (the “Status Report”).<sup>1</sup> The Status Report provides an overview of the Special Master’s work from January 17, 2020 through March 17, 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”).

---

<sup>1</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in the *Fifteenth Status Report of the Special Master*, dated January 17, 2020 [Dkt. No. 119].

**I. ACTIVITIES IN THE REPORTING PERIOD.**

**A. EPIQ RANSOMWARE ATTACK**

1. On March 2, 2020, the Special Master was notified that the Special Master's claims administrator, Epiq Systems, Inc. ("Epiq"), had detected unauthorized system activity on its network and systems that it believes was the result of a ransomware attack of the security of Epiq's networks (the "Ransomware Attack"). The Special Master was informed that the Ransomware Attack occurred on February 29, 2020. Epiq has also informed the Special Master that, based upon its investigation to date, it is not aware of any evidence that any personal information of the beneficiaries or claimants to the IRF or the Takata Airbag Tort Compensation Trust Fund (the "TATCTF") was accessed, copied, exfiltrated, or corrupted as a result of the Ransomware Attack. Epiq is conducting an investigation into the Ransomware Attack and has retained one or more cyber-security firms to assist in such investigation.

2. In addition, to the Special Master's knowledge, the claimant portal(s) and website(s) for the IRF and TATCTF that are maintained by Epiq remain offline or unable to be updated as a result of the Ransomware Attack. Due to the Ransomware Attack and its attended effects on the claimant portal(s) and website(s), Epiq and the Special Master are not in a position to submit additional Claims with this Status Report for the Court's consideration and approval.

3. Because the claimant portals remain offline, Epiq has notified Claimants about the Ransomware Attack and informed them that they will only be able to communicate directly with Epiq by email or telephone until web-based access is restored. These notifications went out on March 5, 2020. The Special Master and his professionals are taking steps to ensure that claimants' data is protected and will provide updates as information becomes available.

**B. CURRENT CLAIMS PAYMENT PROCESS.**

2. On January 17, 2020, the Special Master filed the *Special Master's Request for Approval of Second Distribution of Individual Restitution Fund* (the "Second IRF Distribution Request") [Dkt. No. 120], seeking approval from this Court for: (i) a second distribution from the IRF to compensate eighteen (18) additional eligible Claims; and (ii) the denial of forty-four (44) additional ineligible Claims.

3. As described in the Second 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, 10,990 points were awarded to the eighteen (18) eligible Claims, amounting to \$780,399.90 to be distributed under this proposed distribution. In addition, as identified in the Second IRF Distribution Request, the

Special Master determined forty-four (44) Claims to be ineligible for compensation, organized by basis for denial.

4. 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 affected Claimants: (i) of their point award and the monetary value of the award (if any); (ii) of the filing of the Second IRF Distribution Request; and (iii) that they may object to the Second IRF Distribution Request by submitting a written response to the Special Master on or before February 21, 2020 (the “Objection Deadline”).

5. On February 28, 2020, the Special Master submitted the *Special Master’s Supplemental Request For Approval Of Second Distribution Of Individual Restitution Fund And Denial Of Claims* (the “Supplemental Request”). The Supplemental Request provided further information summarizing: (i) the Notices of Appeal that were filed; (ii) the recommendations of the third-party Review Officers with respect to those appeals, if applicable; (iii) the Special Master’s recommendations as to the same; and (iv) any objections filed on or before February 21, 2020 and the Special Master’s recommendation with respect to any such objections.

6. On March 10, 2020, the Court held a telephonic conference with the Special Master to discuss the objections and the Second IRF Distribution Request.

7. On March 12, 2020, the Court entered the *Order Granting Special Master's Request for Approval of Second Distribution of Individual Restitution Fund* (the "Second IRF Distribution Order") [Dkt. No. 121]. As soon as the Ransomware Attack is resolved, the Special Master will notify Claimants of final claim dispositions and, where applicable, include a release in order to provide payment upon their Claim as soon as practicable.

8. As the Court is aware, there are two conditions that must be met for Current Claimants with Claims deemed eligible for payment by the Supplemental Request Order 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.**

9. 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 are committed to completing its initial evaluation of Future Claims (as they become pending Claims) within thirty (30) days of receipt. However, it is possible that the Ransomware attack on Epiq and/or the unprecedented effects of the coronavirus pandemic on the workforce may cause delays of an undeterminable length in the processing and payment of claims.

### **CONCLUSION**

10. Subject to the matters referred to above, the Special Master will continue to perform his responsibilities and duties consistent with the Appointment Order and all other directives of this Court.

Dated: March 17, 2020

Respectfully submitted,



---

Eric D. Green, Special Master