

**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.	)	

**THIRTY-SECOND 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 Thirty-Second 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 September 30, 2022 through December 2, 2022 (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”).

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<sup>1</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in the *Thirty-First Status Report of the Special Master*, dated October 10, 2022 [Docket No. 173].

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

**A. APPROVAL OF SEVENTEENTH IRF DISTRIBUTION REQUEST.**

1. On October 5, 2022, the Special Master filed the *Special Master's Request for Approval of Seventeenth Distribution of Individual Restitution Fund* [Docket No. 172] (the "Seventeenth IRF Distribution Request"), seeking Court-approval for: (i) a seventeenth distribution from the IRF to compensate two (2) eligible Claims, and (ii) the denial of twelve (12) ineligible Claims.

2. Consistent with the procedures set forth in the Minutes of July 25, 2019 Conference with Special Master (the "July 2019 Minutes Order") [Docket 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 Seventeenth IRF Distribution Request; and (iii) that such Claimants may object to the Seventeenth IRF Distribution Request by submitting a written response to the Special Master on or before October 27, 2022 (the "Objection Deadline").

3. 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. [Docket No. 78, Page ID 2219].

4. On November 14, 2022, the Court entered an order granting the Special Master’s Request. *See Order Granting Special Master’s Request For Approval Of Seventeenth Distribution Of Individual Restitution Fund* [Docket No. 174]. Accordingly, the Special Master will begin processing and making these payments, subject to the Modified Points Schedule and 2021 Point Value, on a rolling basis following receipt of the necessary documentation.

**B. BDO THIRD ANNUAL AGREED-UPON PROCEDURES.**

5. In September 2022, BDO USA LLP (“BDO”), the independent auditors previously retained by the Special Master, commenced work on the agreed-upon procedures on the payment of claims and expenses for the period beginning January 1, 2021 and ending December 31, 2021. The Special Master and his team worked diligently to provide BDO the requested claim and expense payment information so that BDO may complete the agreed-upon procedures report. The Special Master is pleased to report that BDO did not note any exceptions after performing all audit procedures. A copy of BDO’s report has been transmitted to chambers under separate cover.

## **II. GOING FORWARD EFFORTS.**

### **A. CLAIM EVALUATION AND PROCESSING EFFORTS.**

6. 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. Though it remains too early to make any definitive conclusions regarding the pandemic's effect on claim filing activity, the Special Master continues to observe a modest increase in claim filings as transportation activity return to pre-COVID-19 levels. The Special Master will continue to monitor closely claim filing trends and inform the Court accordingly.

7. 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.

### **B. CONSIDERATION OF NEXT LIABILITY RE-ESTIMATION.**

8. The Special Master and his team have commenced preliminary discussions on when the next liability re-estimation should be conducted. As the

Court will recall, the Special Master, in coordination with NERA, the original equipment manufacturers, and members of the plaintiffs' bar, conducted a comprehensive liability re-estimation in March 2021 (the "2021 Liability Re-Estimation"). [Docket No. 143, Ex. A]. Based on the 2021 Liability Re-Estimation, the Special Master requested that the Court approve an increase to the point value from \$71 to \$178. On May 11, 2021, the Court entered an order approving the increased point value. [Docket. No. 146].

9. The Special Master is closely monitoring how the projections included in the 2021 Liability Re-Estimation are holding up against actual claim experience. While actual claim data remains limited given the relatively short period of time that has passed since the finalization of the 2021 Liability Re-Estimation, projections appear largely consistent with the IRF's actual claim experience to date. Over the coming months, the Special Master will continue discussions with his team and other stakeholders to determine whether commissioning another re-estimation report is appropriate considering, among other things, actual claims data, the cost of conducting a comprehensive liability re-estimation, and projected inflation and investment return rates. The Special Master will promptly advise the Court if any decisions are made regarding the timing of the next proposed liability re-estimation.

**CONCLUSION**

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

Dated: December 6, 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