

**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-SEVENTH 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-seventh 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.<sup>1</sup> This proposed twenty-seventh 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

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<sup>1</sup> 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”).<sup>2</sup> The Revised IRF Methodology sets forth the requirements for qualifying as an Eligible Claimant<sup>3</sup> and divides eligible claims into two categories: (i) “Current Claims” filed with the Special Master by August 31, 2018; and (ii) “Future Claims”<sup>4</sup> filed after August 31, 2018. Under the Revised IRF

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<sup>2</sup> *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”).

<sup>3</sup> “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.

<sup>4</sup> 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.<sup>5</sup>

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.

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<sup>5</sup> *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-Sixth Distribution Request.**

On May 2, 2024, the Special Master filed the *Special Master's Request for Approval of Twenty-Sixth Distribution of Individual Restitution Fund* [Docket No. 202] (the "Twenty-Sixth IRF Distribution Request"). In the Twenty-Sixth 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, 4,512 points were awarded to those Claimants. On June 3, 2024, the Court entered its *Order Granting Special Master's Request for Approval of Twenty-Sixth Distribution of Individual Restitution Fund* (the "Twenty-Sixth Request Order") [Docket No. 204].

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

Since entry of the Twenty-Sixth Request Order, the Special Master has administered, reviewed, analyzed, and evaluated eleven (11) 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 eleven (11) 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 eleven (11) Claims, the Special Master and his team determined that four (4) of the Claims are eligible for compensation and seven (7) of the Claims are ineligible for compensation.

With respect to the seven (7) ineligible Claims, (i) four (4) did not have eligible Takata airbag inflators installed in the subject vehicle; (ii) two (2) failed to provide sufficient evidence of rupture; and (iii) for one (1) of the Claims, it was determined that the injury was caused by a non-Takata airbag even though an eligible airbag was installed in the subject vehicle.

For the four (4) eligible Claims, the Special Master, with the assistance of his advisors, finalized the point awards 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 eleven (11) 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) two (2) Notices of Appeal regarding a determination of ineligibility, and (ii) two (2) Notices of Appeal regarding valuation.

As required under the Revised IRF Methodology, randomly assigned Review Officers re-examined 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 two (2) ineligibility appeals were affirmed by the assigned Review Officers. With respect to the two (2) valuation appeals, the assigned Review Officers recommended



increases to each respective award. For the reasons discussed below, the Special Master recommends that the Court approve the awards as proposed by the Special Master.

The first of the two valuation appeals concerns Claim 376—a wrongful death claim. The assigned Review Officer recommended the Special Master’s award be increased by 500 points but did not provide a reason for the recommended increase. Upon a close re-review of the claim file, the Special Master recommends that the initial point award be approved by the Court. The Special Master recognizes that this is a tragic and terrible injury resulting in death, but the claim has already received all eligible enhancements permitted under the Revised IRF Methodology. The base award for a wrongful death claim under the Points Schedule equals 4,000 points. The subject claim received an award from the Special Master of 7,500 points—almost twice the amount of the base point value. Pursuant to the Methodology, the additional points were awarded on account of the decedent’s age at the time of death and the existence of dependents. Thus, the proposed award strictly and correctly applies the Revised IRF Methodology and the Points Schedule to provide the maximum compensation. Following an additional review of the claim file, including the Review Officer’s recommendation, the Special Master cannot find a justification for deviating from the proposed award. Accordingly, the Special Master

recommends that the Court approve the award initially proposed by the Special Master.

The second valuation appeal relates to Claim 375—another tragic and terrible death claim. The Special Master awarded this claimant 8,500 points. Pursuant to the Methodology, the initial award accounted for the decedent’s age at the time of fatality, the existence of dependents, and prolonged suffering. The Review Officer proposed increasing this award by an additional 600 points to account for the alleged loss of consortium claim. However, the IRF Methodology does not permit adjustments to an IRF award on account of a loss of consortium claim. Rather, the Points Schedule *does* provide for an enhancement if the decedent was married or had surviving children. These enhancements were incorporated into the Special Master’s initial award of 8,500 points. As a result, the Special Master does not believe a further increase on account of a potential loss of consortium claim is permitted under the Revised IRF Methodology nor the Points Schedule. Accordingly, the Special Master recommends that the Court approve the point awards as initially issued. The Special Master’s recommendation with respect to each appeal is contained In **Exhibit C.**

## **II. Twenty-Seventh 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, 17,100 points were awarded for the four (4) eligible Claims. The value of a point is currently set at \$178 for one (1) eligible Claim filed prior to 2021, and \$224 for three (3) eligible Claims filed in 2024. Accordingly, the Special Master recommends that \$3,795,900.00 be distributed to the Claimants included in this proposed distribution.

Attached hereto as **Exhibit A** is a chart of the four (4) Claims determined to be eligible for compensation, the points awarded to the Claims, 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 seven (7) Claims determined to be ineligible for compensation, along with the basis for denial. 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 Claimants listed on **Exhibit A** as Eligible Claimants and the distribution of the monetary awards

listed on **Exhibit A** to those Claimants. 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 August 7, 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 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: July 10, 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**

	<b>Claim No.</b>	<b>Points Awarded</b>	<b>Point Value</b>	<b>Monetary Award</b>
1	10001607	350	\$224.00	\$78,400.00
2	375	8,500	\$224.00	\$1,904,000.00
3	376	7,500	\$224.00	\$1,680,000.00
4	10001062	750	\$178.00	\$133,500.00
	<b>Total Points</b>	<b>17,100</b>	<b>Total Award</b>	<b>\$3,795,900.00</b>



**EXHIBIT B**

	<b>Claim No.</b>	<b>Ineligibility Reason</b>
1	381	Insufficient Proof of Rupture
2	10001584	Insufficient Proof of Rupture
3	160	Ineligible Takata PSAN Inflator
4	10001610	Ineligible Takata PSAN Inflator
5	10001628	Ineligible Takata PSAN Inflator
6	10001631	Ineligible Takata PSAN Inflator
7	10001605	Non-Takata PSAN Inflator Airbag Caused Injury

**EXHIBIT C**

**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**

<b>No.</b>	<b>Claim No.</b>	<b>Reviewer</b>	<b>Recommendation</b>
1	381	Rosen	Affirm

**IRF Pending Claims**

**Notice of Appeals - Valuations**

**Affirmed Appeals**

<b>No.</b>	<b>Claim ID</b>	<b>Special Master's Point Award</b>	<b>Reviewer</b>	<b>Recommendation</b>
1	10001607	350	Gertner	Affirm

**IRF Pending Claims****Notice of Appeals - Valuations****Recommendations to Reconsider**

<b>No.</b>	<b>Claim ID</b>	<b>Special Master's Point Award</b>	<b>Reviewer</b>	<b>Reason for Reconsideration Recommendation</b>	<b>Special Master Decision</b>	<b>Special Master Reasoning</b>
1	375	8,500	Rosen	Reviewer would increase by 600 points for Loss of Consortium	Deny Recommendation	After considering the Review Officer's recommendation, the Special Master has determined that the valuation properly follows the IRF Methodology. Loss of consortium is not compensable under IRF Methodology.
2	376	7,500	Gertner	Reviewer would increase by 500 points	Deny Recommendation	After considering the Review Officer's recommendation, the Special Master has determined that the valuation properly applies the IRF Methodology.

**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 release<sup>1</sup> 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

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<sup>1</sup> 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**

**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.	)	
	)	

**[PROPOSED] ORDER GRANTING SPECIAL  
MASTER’S REQUEST FOR APPROVAL OF TWENTY-SEVENTH  
DISTRIBUTION OF INDIVIDUAL RESTITUTION FUND**

Upon the request of Eric D. Green in his capacity as Special Master for approval of the twenty-seventh distribution of the Individual Restitution Fund:<sup>1</sup>

**IT IS HEREBY ORDERED AND ADJUDGED** as follows:

1. The Court [APPROVES] the Special Master’s determinations and recommendations regarding the Claimants listed in Exhibit A to the Distribution Request. The Special Master shall distribute the amount of \$3,795,900.00 to the Claimants listed on Exhibit A.

2. All objections submitted in connection with this Request are [OVERRULED].

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<sup>1</sup> Capitalized terms used but not defined herein shall have the meanings set forth in the *Special Master’s Request for Approval of First Distribution of Individual Restitution Fund* (the “Distribution Request”).

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

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GEORGE CARAM STEEH  
UNITED STATES DISTRICT JUDGE