

### **GM Recalls 3.4 Million More Cars For Ignition Problems**

#### **News**

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DETROIT (AP) - General Motors is recalling another 3 million cars because of a defect that causes a similar problem to one that led to an earlier massive recall of small cars, and is linked to 13 deaths.



The ignition switches in Chevrolet Impalas, Cadillac Devilles and five other models can slip out of the "run" position if the keychain has too much weight on it and the car is jarred, for example, by hitting a pothole. To fix the problem, GM will revise or replace the key.

Similar to the 2.6 million small cars GM began recalling in February, drivers of the newly recalled models could experience an engine stall, loss of power-assisted steering and brakes, and the air bags may not inflate in a crash. GM says the latest recall involves six injuries and no deaths, and is related to the design of the key. A mechanical defect in the switch is at the heart of the other recall.

GM is in the midst of a companywide safety review, and has now issued 44 recalls this year covering more than 20 million vehicles - nearly 18 million in the U.S. The latest recall is likely to spark more questions about GM's commitment to safety when CEO Mary Barra testifies for the second time before a House panel investigating why it took GM 11 years to recall the small cars.

Barra endured some harsh questions in April, but refused to answer most pending the release of an internal investigation. GM released those results on June 5, blaming a dysfunctional corporate structure and poor decisions by some employees for the crisis. The company also announced plans to establish a fund to compensate the families of those who died, plus those injured in more than 50 crashes.

"This latest recall raises even more questions about just how pervasive safety problems are at GM," said Rep. Fred Upton, R-Mich., chairman of the House Energy and Commerce Committee, whose oversight panel is investigating GM's handling of the ignition switch defect.

Internal investigations found that the switches used in small cars such as the Chevrolet Cobalt and Saturn Ion were approved even though they didn't meet GM specifications. The force required to turn the switches didn't meet GM's specifications, meaning the switches can be turned too easily.

The engineer who designed and approved the switches, Ray DeGiorgio, subsequently had the part supplier change the switch, but didn't properly document the change. That proved to be a roadblock in GM investigations over a number of years.

GM spokesman Alan Adler said that DeGiorgio also worked on the switches in the cars recalled Monday, but those met GM specifications. GM is still reviewing the performance of other switches across its vehicle lineup, Adler said. So more recalls are possible.

GM also raised its expected second-quarter charge for recall expenses to \$700 million from an earlier estimate of \$400 million. That brings total recall expenses for the year to \$2 billion.

The latest recall covers the 2005-2009 Buick Lacrosse, 2006-2014 Chevrolet Impala, 2000 to 2005 Cadillac Deville, 2004-2011 Cadillac DTS, the 2006-2011 Buick Lucerne, the 2004 and 2005 Buick

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Regal LS and GS, and the Chevy Monte Carlo from the 2006 through 2008 model years.

GM says dealers will add an insert to the car keys to change the hole from a slot to a circle, so the weight of anything attached to the keychain is more evenly balanced. The company says that until the repairs are made, owners should remove everything from their key chains and drive with only the key in the ignition.

GM also is recalling 166,000 different cars and trucks for a series of other problems.

GM has now surpassed its old U.S. full-year recall record of 10.75 million vehicles set in 2004.

Rep. Diana DeGette, D.-Colo., the ranking member of a House committee investigating GM's small-car recall, said Monday she will ask Barra how she plans to fix GM's corporate culture. DeGette said Barra has spent her entire career at GM, leading some people to question if she's the right person to fix the company. "I think you can make that argument both ways. She knows it intimately, so I'm hoping she'll have some suggestions for us," DeGette said.

DeGette also questioned why Congress is just now hearing about millions more recalled vehicles when the company knew of additional problems.

Christian Mayes, an analyst for Edward Jones, said the additional recalls give Barra more actions to point to when asked about how she is changing GM.

GM announced the recalls just before the markets closed. Shares rose 43 cents, or 1.2 percent, to \$36.06.

When GM announced the earlier ignition switch recalls in stages earlier this year, the shares took a hit. But they have rebounded despite the bad news of additional recalls.

Investors realize that GM has a strong balance sheet and a large cash stockpile, so they see it withstanding the safety problems, said Morningstar analyst David Whiston.

"This is going to cost GM ultimately a number in the billions," Whiston said. "But it's a number I think the market is comfortable with, and thus they're not selling the stock down into the \$20s or even back into the high teens like it was in the summer of 2012."