

# CENTER FOR AUTO SAFETY

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October 5, 2012

Tetsuo Iwamura, President & CEO  
American Honda Motor Company (AHM)  
1919 Torrance Blvd  
Torrance CA 90501

Dear Mr. Iwamura:

When it comes to legal tactics to deprive consumers of their rights, no auto company stoops as low as Honda. Previously, we wrote former Honda President Chino about moving to dismiss a paraplegic's lawsuit because the paraplegic could not sign a personal verification of legal documents. (Attachment A.) His complete paralysis occurred in a Honda ATV crash, the subject of the litigation.

Now Honda is attempting to deprive consumers of their federal and state lemon law rights by forcing them into binding arbitration. Under both federal and state laws, consumers have the right to go to court to enforce their warranty rights. If arbitration is required, it must be non-binding preserving the consumer's right to trial. Under FTC regulations, "Decisions of the [Arbitration] Mechanism shall not be legally binding on any person." (16 CFR § 703.5(j).) Most state lemon laws incorporate § 703.

In *Soto, et al v American Honda Motor Co.*, Civ. No. 12-1377 (NDCa), Honda moved to compel binding arbitration of complaints on excess oil consumption on 2008-10 Honda Accords. Binding arbitration extinguishes a consumer's right to a jury trial. The arbitration clause in *Soto* takes away not only the consumer's right to a jury trial but forces consumers into a system with limited discovery and appeal rights.

1. EITHER YOU OR WE MAY CHOSE TO HAVE ANY DISPUTE BETWEEN US DECIDED BY ARBITRATION AND NOT IN COURT OR BY JURY TRIAL.
2. IF A DISPUTE IS ARBITRATED, YOU WILL GIVE UP YOUR RIGHT TO PARTICIPATE AS A CLASS REPRESENTATIVE OR A CLASS MEMBER ON ANY CLASS CLAIM YOU MAY HAVE AGAINST US ...
3. DISCOVERY AND RIGHTS TO APPEAL IN ARBITRATION ARE GENERALLY MORE LIMITED THAN IN A LAWSUIT, AND OTHER RIGHTS THAT YOU OR WE WOULD HAVE IN COURT MAY NOT BE AVAILABLE IN ARBITRATION.

Honda used a subterfuge - the arbitration clause above was between American Honda Finance Co, (AHFC) and the consumer. AHFC had nothing to do with the manufacturer of the Accord or its warranty. AHM claimed to be a third party who could take advantage of the finance contract to do what it could not legally do - require binding arbitration to take away its customer's legal rights. Federal Judge Susan Illston slammed the door on Honda's end run around federal and state law by ruling: "AHM as a third-party non-signatory may not compel arbitration under the terms of the contract, an equitable estoppel theory, or an agency theory. . ."

When Honda makes a defective vehicle, it should uses it engineers to build a better vehicle not its lawyers to find a legal loophole to avoid responsibility. Some more defects for Honda engineers to work on include the notorious power lumbar support on 2009-12 Accords, automatic transmissions on 2000-04 Accords, Civics and Odysseys and excess brake wear on 2008-10 Accords. CAS has brought these defects to Honda's attention with no response. As a group that frequently praises Honda for its advances in auto safety, it saddens us to see Honda fall back on quality and responsibility.

Sincerely

/s/

Clarence Ditlow  
Executive Director