U.S. ANNOUNCES $45 MILLION CLEAN AIR SETTLEMENT WITH GM

FIRST JUDICIAL ENVIRONMENTAL RECALL -- 470,000 CADILLACS

WASHINGTON, D.C. -- General Motors Corporation will spend approximately $45 million to settle government charges that it put illegal devices to defeat pollution controls inside nearly a half-million Cadillacs since 1991 that resulted in carbon monoxide emissions of up to three times the legal limit. The case is the largest ever brought under the Clean Air Act rules for car and truck emissions by the Justice Department on behalf of the Environmental Protection Agency, and the first judicial auto recall aimed at curbing damage to the environment.

GM will pay an $11 million fine, more than $25 million to recall and retrofit the polluting vehicles, and up to $8.75 million on projects to offset emissions from these vehicles. These projects may include buying back older vehicles or purchasing new school buses that burn cleaner fuels.

The case grew out of EPA's investigation that showed that the Cadillac "defeat devices" resulted in the illegal release of approximately 100,000 tons of excess carbon monoxide pollution.

"Carbon monoxide can cause cardiopulmonary problems and can lead to headaches, impaired vision and a reduced ability to work and learn," said Attorney General Janet Reno. "These so-called defeat devices are not just paper violations, but result in real increases in emissions that affect real people."

The agreement, filed in federal District Court in Washington, D.C., resolved government allegations that GM sold vehicles that did not conform with the Clean Air Act, made and sold vehicles equipped with illegal defeat devices, tampered with certain 1991 and 1992 model-year Cadillacs, and failed to describe the use of emission-control devices to the EPA. GM agreed to recall and to repair the 470,000 Cadillacs.

"These devices sacrificed public health and defied the laws that are in place precisely to prevent the long-term health effects that carbon monoxide air pollution causes. These illegal devices caused enough additional air pollution to blanket a major U.S. city, such as Washington, D.C. with a ten-foot layer of carbon monoxide," said EPA Administrator Carol Browner. "Today's action demonstrates the very real need for -- and the Clinton Administration's commitment to -- strong enforcement of the law that protect public health and the environment for the American people."


Lois Schiffer, Assistant Attorney General for the Environment and Natural Resources Division, said: "At a time when many consumers are being asked to use oxygenated fuels to reduce carbon monoxide, GM has engaged in practices that improperly increase the carbon monoxide emissions from these cars. That's
not right and it's unfair to the American people."

During routine testing in the fall of 1993, EPA discovered that the Cadillacs failed to comply with federal emissions requirements. EPA tests showed that the engines emitted up to 10 grams of carbon monoxide a mile with the climate control on, well above the 3.4 grams/mile limit.

"GM's actions constituted a serious violation of the Clean Air Act and undermined EPA's efforts to improve air quality", Steven Herman, Assistant Administrator of EPA's Office of Enforcement and Compliance Assurance said. "Since the vehicle certification program depends on complete and accurate information supplied by automobile manufacturers, GM's conduct jeopardized the integrity of the program", Herman added.

"This action today sends a signal that violations of the Clean Air Act will not be tolerated," said Eric Holder, United States Attorney for the District of Columbia. "The Act's requirements protect the health and welfare of our citizens and we will vigorously enforce it."

In 1991, GM designed a new engine control computer chip to respond to customer complaints of stalling and other drive problems in the 1991 Cadillacs. The device nearly tripled the output of carbon monoxide when the car's climate control system is on -- for heating or cooling. The instructions on the computer chip enriched the fuel (increased the amount of fuel relative to air), which overrode the emission control system and resulted in multiplying the carbon monoxide emissions. For the 1993-1995 model years, GM again failed to disclose the use of the device or its adverse emissions effects.

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