June 6, 2008

General Motors Corporation
300 Renaissance Center
Detroit, MI 48265-3000

Dear Sir or Madam:

Sometime in the next few weeks, the Project On Government Oversight (POGO) will update its Federal Contractor Misconduct Database (http://www.contractormisconduct.org/), a compilation of information from public resources regarding government contractors, including General Motors. I have enclosed the findings relevant to your company, and I am seeking verification of this data.

Any response would be greatly appreciated, as the accuracy of this information is in the best interest of all parties. Out of fairness to General Motors, please be assured that any response received by POGO will be posted on the website along with the data.

The biggest change we will be making to the database is the inclusion of more federal contractors (the top 100). We are also adding new instances that we have found in recent months and updating instances already in the database with new information. Please note that the database also includes pending instances, but these are kept separate from resolved instances and are not included in the totals.

If you have any questions, I can be reached at (202) 347-1122. Thank you for your time and consideration.

Sincerely,

Neil Gordon
Investigator

Enclosure
Instances

1. UAW, et. al. v. General Motors Corporation (Health Care Benefits)
   Date: 03/06/2006 (Date of Settlement Hearing)
   Misconduct Type: Labor
   Enforcement Agency: Non-Governmental
   Contracting Party: None
   Court Type: Civil
   Amount: Undisclosed
   Disposition: Settlement
   Synopsis: “On October 18, 2005, the UAW and two hourly retirees filed a putative class action in the U.S. District Court for the Eastern District of Michigan on behalf of hourly retirees, spouses and dependants, seeking to enjoin unilateral modifications by GM to hourly retiree health-care benefits… The lawsuit followed months of negotiations between GM and the UAW regarding changes to retiree health-care benefits and is the initial step in implementing this agreement. On December 16, 2005, GM, the UAW and the putative class representatives finalized a settlement agreement and submitted motions to the court for certification of the class, preliminary approval of the final settlement and approval of the proposed notice to class members… A final hearing to determine whether the settlement agreement is fair, reasonable and adequate with respect to the class was held on March 6, 2006.”

2. In re General Motors ERISA Litigation
   Date: 01/15/2008 (Date of Settlement Announcement)
   Misconduct Type: Labor
   Enforcement Agency: Non-Governmental
   Contracting Party: None
   Court Type: Civil
   Amount: $37,500,000
   Disposition: Settlement
   Synopsis: In May 2005, a class action suit named GM as a defendant, alleging “that the GM defendants breached their fiduciary duties to plan participants by, among other things, investing their assets, or offering them the option of investing, in GM stock on the ground that it was not a prudent investment.” In January 2008, the parties filed a motion for preliminary approval of a proposed settlement. If approved, the settlement will provide a cash fund of $37.5 million.

3. Breach of Contract and Negligence
   Date: 12/19/1996 (Date of Settlement Approval)
   Misconduct Type: Consumer Affairs
   Enforcement Agency: Non-Governmental
   Contracting Party: Non-Governmental
   Court Type: Civil
   Amount: $32,000,000
   Disposition: Settlement
   Synopsis: “Thirty-nine class actions have been filed in state, federal and Canadian courts against [GM], claiming that 1973-1987 model Chevrolet and GMC full-size pickup trucks are defective because their fuel tanks are mounted below the cab and outside the frame rails… In these
actions, plaintiffs claimed that the fuel tank locations make the vehicles unreasonably susceptible to fuel-fed fires following side-impact collisions… An agreement for a nationwide settlement of the class actions pending in federal and state courts received final court approval on December 19, 1996… the settlement provides for approximately $4 million to fund motor vehicle fire safety research. The court ordered General Motors to pay plaintiffs' attorneys' fees and costs totaling approximately $28 million.”

4. Breach of Contract
Date: 07/21/2000 (Date of Judgment)
Misconduct Type: Non-governmental Contract Fraud
Enforcement Agency: Non-Governmental
Contracting Party: Non-Governmental
Court Type: Civil
Amount: $181,500,000
Disposition: Judgment Against Defendant
Synopsis: In 1995, DIRECTV, then a subsidiary of General Motors, entered into a contract with General Electric Capital Corporation (GECC) “in which GECC agreed to establish and manage a private label consumer credit program for consumer purchases of hardware and related DIRECTV programming… A complaint and counterclaim were filed by the parties in the U.S. District Court for the District of Connecticut concerning GECC’s performance and DIRECTV's obligation to act as a surety… On July 21, 2000, the jury returned a verdict in favor of GECC and awarded contract damages in the amount of $133.0 million. The trial judge issued a order granting GECC $48.5 million in interest under Connecticut's offer-of- judgment statute. With this order, the total judgment entered in GECC's favor was $181.5 million.”

5. Violations of the Clean Air Act
Date: 11/30/1995 (Date of Settlement)
Misconduct Type: Environment
Enforcement Agency: EPA
Contracting Party: None
Court Type: Civil
Amount: $45,000,000
Disposition: Settlement
Synopsis: On November 30, 1995, General Motors announced that the company would “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… 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.”

6. Violations of the Civil Rights Act
Date: 09/26/2001 (Date of Settlement)
Misconduct Type: Labor
Enforcement Agency: EEOC
Contracting Party: None
Court Type: Civil
Amount: $1,250,000  
Disposition: Settlement  
Synopsis: On September 26, 2001, the Equal Employment Opportunity Commission “resolved its consolidated lawsuits against General Motors Corporation (GM) alleging violations of Title VII of the 1964 Civil Rights Act (42 USC § 2000, et. seq.) at the company's Linden, N.J., facility. The suits, filed in September 2000, alleged that GM had failed to provide Mary Scott a work environment free from sexual harassment and similarly failed to address incidents of racial harassment affecting her and other African-American employees. In addition, the EEOC charged that Melvin Wood was retaliated against when he supported Ms. Scott's complaints to management about discriminatory treatment...According to the settlement, GM will pay $1.25 million to Ms. Scott, Mr. Wood, and a group of 14 other African-American workers who had alleged they had been subjected to racial harassment on the job. GM also agreed to revise its procedures, to report the results of all investigations of complaints, and to continue to train all employees in positions of authority concerning worker rights and employer responsibilities under Title VII.”

7. Unreadable Cost Disclosures in Advertisements  
Date: 11/21/1996 (Date of Press Release)  
Misconduct Type: Consumer Affairs  
Enforcement Agency: FTC  
Contracting Party: None  
Court Type: Administrative  
Amount: $0  
Disposition: Administrative Agreement  
Synopsis: On November 21, 1996, five major automobile manufacturers “signed settlement agreements with the Federal Trade Commission to take important lease costs out of the blur of unreadable print in car lease and financed purchase advertising. The FTC said these agreements will require the companies to provide consumers with clear, readable, and understandable cost information in their new advertising. Under the settlements, General Motors Corporation, Mitsubishi Motor Sales of America, Inc., American Honda Motor Co., Inc., American Isuzu Motors Inc., and Mazda Motor of America, Inc. will be prohibited from featuring low monthly payments or low amounts 'down' in large, bold print, while hiding additional costs and sometimes contradictory information in 'mouse print' that is difficult or impossible to read.”

8. Failure to Meet Air Resources Board Certification Standards  
Date: 02/04/1998 (Date of Settlement Announcement)  
Misconduct Type: Environment  
Enforcement Agency: State/Local  
Contracting Party: None  
Court Type: Administrative  
Amount: $80,000  
Disposition: Settlement  
Synopsis: On February 4, 1998, the California Air Resources Board announced “that it received a settlement of $80,000 from General Motors Corp. (GM) for selling vehicles that did not meet ARB certification standards for sale in the state...According to ARB information, General Motors was aware that the 19 vehicles, all 1995 Pontiac Grand Ams, were not certified for sale...
in California when they were delivered for sale with the intention of later bringing them into compliance with ARB emissions standards, a violation of Board regulations…In an effort to correct the problem, GM recalled the vehicles but were only able to reconfigure 13 to California specifications. Although the California Health and Safety Code allows for a maximum of $5,000 per vehicle civil penalty in this case, the ARB accepted $80,000 as a reasonable settlement.”

9. Required Warranty Extensions
Date: 02/11/2003 (Date of Administrative Agreement)
Misconduct Type: Consumer Affairs
Enforcement Agency: State/Local
Contracting Party: None
Court Type: Administrative
Amount: $0
Disposition: Administrative Agreement
Synopsis: On February 11, 2003, the California Air Resources Board announced “that General Motors (GM) has been required to extend fuel injector warranty coverage on approximately 700,000 1996 through 2001 model year light- and medium-duty SUVs, trucks and vans…Warranties on the vehicles' fuel injector systems will be extended to 10 years/200,000 miles. GM will soon begin notifying vehicle owners of the extended warranty coverage. Repairs under the extended warranty could ultimately cost GM more than $100 million dollars…The trouble-prone Sequential Central Port Injector (SCPI) fuel system was installed on GM's popular SUVs, pickup trucks and vans with 4.3L, 5.0L, and 5.7 liter engines. The defective fuel injection systems cause GM owners to experience a 'Service Engine Soon' light, misfires, rough idle, and hard start problems due to deposit build-up that cause poppet valves to stick and fail.”

10. Violations of Motor Vehicle Emissions Standards
Date: 06/03/1997 (Date of Settlement Announcement)
Misconduct Type: Environment
Enforcement Agency: State/Local
Contracting Party: None
Court Type: Administrative
Amount: $1,300,000
Disposition: Settlement
Synopsis: On June 3, 1997, the California Air Resources Board announced a $1.3 million settlement with General Motors Corporation (GM) for potential violations of California motor vehicle emission standards…According to ARB data, at least 18 tons of added carbon monoxide were emitted each day from Cadillacs built between 1991 through 1995 equipped with 4.9 liter engines. As a result of ARB analysis in this investigation, General Motors has subjected about 45,000 Cadillacs built between 1991 and 1993 to a California recall program.”

11. Failure to Meet Report Deadlines
Date: 04/07/2006 (Date of Consent Order)
Misconduct Type: Environment
Enforcement Agency: State/Local
Contracting Party: None
Court Type: Administrative
Amount: $33,000  
Disposition: Administrative Agreement  
Synopsis: "MassDEP entered into a Consent Order with $33,000 Penalty involving General Motors Corporation...GMC was cited for failure to submit reports within the deadlines established in a Notice of Noncompliance issued by MassDEP on 8/10/04."

12. Unauthorized Export of Technical Data  
Date: 11/01/2004 (Date of Agreement)  
Misconduct Type: Import/Export  
Enforcement Agency: State Dept.  
Contracting Party: International  
Court Type: Administrative  
Amount: $15,000,000  
Disposition: Administrative Agreement  
Synopsis: General Motors and General Dynamics, as successor owner of portions of General Motors, allegedly violated the Arms Export Control Act, 22 U.S.C. § 2778, in connection with the unauthorized export of technical data, defense services and defense articles to foreign person employees to include those of proscribed countries and other matters. Under a consent agreement, both companies agreed to pay $20 million in fines and remedial measures, with General Motors responsible for $15 million and General Dynamics responsible for $5 million. See related General Dynamics instance, “Unauthorized Export of Technical Data.”

Pending Instances

In re New Market Vehicle Canadian Export Antitrust Litigation Cases  
Date: 03/10/2006 (Most Recent Court Action)  
Misconduct Type: Antitrust  
Enforcement Agency: Non-Governmental  
Contracting Party: None  
Court Type: Civil  
Amount: $0  
Disposition: Pending  
Synopsis: “Seventy-nine purported class actions on behalf of all purchasers of new motor vehicles in the United States since January 1, 2001, have been filed in various state and federal courts against General Motors Corporation, General Motors of Canada Ltd. and Ford, Daimler Chrysler, Toyota, Honda, Nissan and BMW and their Canadian affiliates, the National Automobile Dealers Association and the Canadian Automobile Dealers Association. The federal court actions have been consolidated for coordinated pretrial proceedings in federal court under the caption In re New Market Vehicle Canadian Export Antitrust Litigation Cases… The nearly identical complaints allege that the defendant manufacturers, aided by the association defendants, conspired among themselves and with their dealers to prevent the sale to United States citizens of vehicles produced for the Canadian market and sold by dealers in Canada.” As of March 10, 2006, “the federal court in Maine certified a nationwide class of buyers and lessees under Federal Rule 23(b)(2) solely for injunctive relief.”
In re General Motors Securities Litigation  
Date: 02/06/2006 (Most Recent Court Action)  
Misconduct Type: Securities  
Enforcement Agency: Non-Governmental  
Contracting Party: None  
Court Type: Civil  
Amount: $0  
Disposition: Pending  
Synopsis: On September 19, 2005, GM was named as a defendant in a case brought “on behalf of purchasers of GM debt and/or equity securities during the period February 25, 2002 through March 16, 2005.” The case alleges violations of the Securities Act of 1933 (15 USC § 77, et. al.). “In particular, the complaint alleges that GM’s cash flows during the class period were overstated based on the ‘reclassification’ of certain cash items described in the Corporation’s 2004 Form 10-K…. The complaint also alleges misrepresentations relating to forward-looking statements of the Corporation’s 2005 earnings forecast that were later revised significantly downward… On January 17, 2006, the court made provisional designations of lead plaintiff and lead counsel, which designations were made final on February 6, 2006.”

Zielezienski, et al. v. General Motors, et al. (Violations of the Securities Act)  
Date: 03/28/2006 (Date of Most Recent Motion)  
Misconduct Type: Securities  
Enforcement Agency: Non-Governmental  
Contracting Party: None  
Court Type: Civil  
Amount: $0  
Disposition: Pending  
Synopsis: On November 29, 2005, a suit was filed against GM, GMAC, and certain GM and GMAC officers alleging violations of the Securities Act of 1933 (15 USC § 77, et. al.), including misrepresentation in financial statements. “On March 28, 2006, the parties submitted a proposed stipulated order withdrawing plaintiff’s motion to remand and transferring the case to the United States District Court for the Eastern District of Michigan.”

Date: 01/13/2006 (Most Recent Court Action)  
Misconduct Type: Securities  
Enforcement Agency: Non-Governmental  
Contracting Party: None  
Court Type: Civil  
Amount: $0  
Disposition: Pending  
Synopsis: On December 28, 2005, a suit was filed against GM, GMAC, and certain GM and GMAC officers alleging violations of the Securities Act of 1933 (15 USC § 77, et. al.). “The complaint alleges inadequate disclosure of GM’s financial condition and performance as well as issues arising from GMAC’s 2005 restatement of quarterly results for the three quarters ended September 30, 2005… on January 13, 2006, defendants removed this case to the U.S. District Court for the Eastern District of Michigan.”