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17	IN AND FOR THE CO	OUNTY OF SAN DIEGO
1 /		
18	THE PEOPLE OF THE STATE OF	
	CALIFORNIA,	Q
19		Case No. 37-2023-00011527-CU-NP-CTL
•	Plaintiff,	COMPLAINT
20		COMPLAINT
21	V.	
21	HYUNDAI MOTOR AMERICA and KIA	
22		
	AMERICA, INC.,	
23	Defendants.	
24	Defendants.	
24		
25		
26		

COMPLAINT

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COMPLAINT

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## I. INTRODUCTION

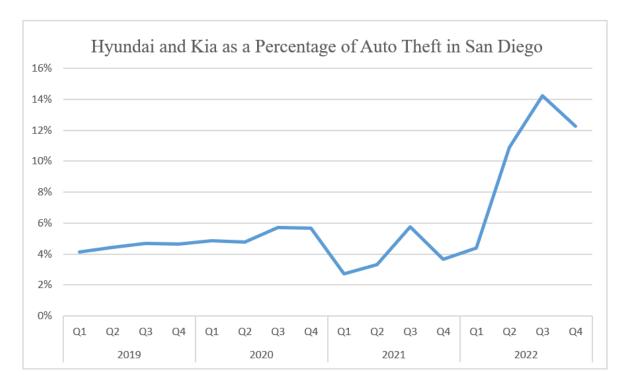
- 1. The People of the State of California ("People" or "Plaintiff"), acting by and through San Diego City Attorney Mara W. Elliott, allege the following based on information and belief against Defendants Hyundai Motor America ("Hyundai") and Kia America, Inc. ("Kia") (jointly, the "Defendants").
- 2. The City Attorney of San Diego brings this action on behalf of the People of the State of California against Defendants in order to abate the public nuisance arising from Defendants' practice of selling cars that are dangerously and unreasonably susceptible to theft.
- 3. There is an inextricable link between preventing vehicle theft and protecting public safety. Making sure cars are not easy to steal both protects property and protects the public by keeping dangerous drivers in stolen vehicles off the roads. This case is a clear example of what happens to public safety when car manufacturers cannot be bothered to include standard anti-theft technology in their cars.
- 4. The days of "hotwiring" cars with nothing more than a screwdriver are largely over: in most cars, the ignition key emits a radio signal that prompts a computer to disengage an immobilizer device and allows the car to move when the key is pre-sent. This safety feature, a vehicle immobilizer, is present in the vast majority of cars. But recent Hyundai and Kia models are a glaring exception.
- 5. Between 2011 and 2021, long after other carmakers adopted immobilizer technology that ensured car ignitions could not be started without their keys, Defendants Hyundai Motor America and Kia America, Inc. (collectively "Defendants") failed to keep up with the times. As a result, TikTok and news videos teaching the relative ease with which Hyundai and Kia vehicles can be stolen have gone viral. In many cases, thieves use tools no more advanced than a USB cable. Hyundai's and Kia's business decisions to reduce costs, and thereby boost profits, by foregoing common anti-theft technology have resulted in an epidemic of thefts. This vehicular crime wave has had a significant impact on law enforcement operations and emergency services throughout the State of California.

- 6. In the 1960s and 1970s, all that was needed for a successful vehicle heist was a little brute force (to crack open the ignition column) and a key-shaped object to start the car and drive off within seconds. Thanks to modern technology, this is no longer the case for most cars. Unlike most automobile manufacturers, Hyundai and Kia do not install vehicle immobilizers in most of their cars. This is not because the technology is somehow beyond them—in fact, Hyundai and Kia vehicles sold in the European and Canadian markets incorporate vehicle immobilizers, because regulations there expressly require them. It is only in the United States that Hyundai and Kia have decided to trade public safety for profits.
- 7. The difference between the proportion of Hyundai and Kia vehicle models with immobilizers compared to all other manufacturers is staggering: only 26% of 2015-model Hyundai and Kia vehicles in the U.S. had immobilizers, compared to 96% of vehicles from all other manufacturers.<sup>1</sup>
- 8. Hyundai's and Kia's decisions to put cost-savings and profits over public safety have had devastating consequences for California and its residents, as it has in other states. The failure of Defendants to install an industry-standard anti-theft device, notwithstanding decades of academic literature and research supporting the deterrent effects of such technology, has opened the floodgates to vehicle theft, crime sprees, reckless driving, and public harm.
- 9. This epidemic started in Milwaukee before spreading nationwide.<sup>2</sup> By June 2021, the Milwaukee Police Department reported that the theft of Hyundai and Kia vehicles had increased by 2,500% since the previous year, with an average of 16 cars being stolen per day.

<sup>&</sup>lt;sup>1</sup> Hyundai and Kia theft losses, 38 HLDI BULLETIN 28 (December 2021), https://www.iihs.org/media/0e14ba17-a3c2-4375-8e66-081df9101ed2/opm7QA/HLDI%20Research/Bulletins/hldi\_bulletin\_38-28.pdf.

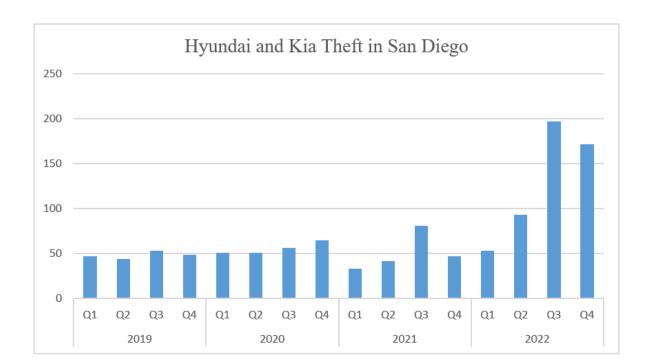
<sup>&</sup>lt;sup>2</sup> Brook Endale, *News*, *Police warn of rise in car thefts in Kia and Hyundai models caused by possible design flaw?* THE CINCINNATI ENQUIRER (June 30, 2022, 6:42 PM), <a href="https://www.cincinnati.com/story/news/2022/06/28/police-report-rise-car-thefts-certain-car-brands/7762399001/">https://www.cincinnati.com/story/news/2022/06/28/police-report-rise-car-thefts-certain-car-brands/7762399001/</a>.

10. The same trend is evident in San Diego.<sup>3</sup> According to the City of San Diego's data, the thefts of cars manufactured by Hyundai and Kia typically account for approximately 5% of all vehicles stolen in San Diego. Beginning in the second quarter of 2022, this jumped to historic levels.



11. According to the City's data, in the first six months of 2019, 91 Hyundai or Kia cars were stolen in San Diego. 102 were stolen in the second half of 2019. That rate held fairly steady until 2022. In the first six months of that year, 146 Hyundai or Kia cars were stolen in San Diego. In the last six months, that more than doubled, to 369.

<sup>&</sup>lt;sup>3</sup> <a href="https://localtoday.news/ca/social-media-trend-spurs-car-thefts-at-hyundai-and-kia-nbc-7-san-diego-100383.html">https://localtoday.news/ca/social-media-trend-spurs-car-thefts-at-hyundai-and-kia-nbc-7-san-diego-100383.html</a>.



- 12. Vehicle theft is not only a property crime affecting vehicle owners, it also presents a grave threat to public safety. Vehicle theft goes hand in hand with reckless driving, which in turn results in injuries and death. It results in increased violence, as many car owners are unlikely to part with their vehicles willingly. It consumes scarce law enforcement and emergency resources and deprives the public of safe streets and sidewalks.
- 13. The skyrocketing rate of vehicle theft in San Diego has drastically affected city and police resources. San Diego residents are subjected to increasingly dangerous conditions on their city streets, as car thieves (many of them teenagers) taking advantage of Hyundai's and Kia's failures engage in reckless driving, endangering San Diego residents and their property.
- 14. Defendants' conduct has created a public nuisance that could have been avoided had they simply followed industry-wide standards and installed immobilizer devices in all their vehicles.
- 15. To date, Hyundai and Kia refuse to accept responsibility, forcing municipalities across the country, including San Diego, to divert funds and risk officer safety to combat the rising burden caused by increased Hyundai and Kia vehicle theft and reckless driving on city streets.

## II. JURISDICTION AND VENUE

- 16. This Court has original jurisdiction over this action pursuant to Article VI, Section 10 of the California Constitution.
- 17. This Court has personal jurisdiction over Defendants, because (i) Defendants are headquartered in the State of California; (ii) Defendants conduct substantial business in California, purposefully availing themselves of the privilege of conducting business in this State through the sale, marketing, advertisement, distribution, design, and/or manufacturing of vehicles within the State, and (iii) the claims at issue in this case arise out of or relate to the Defendants' substantial contacts with the State of California.
- 18. The public safety issues alleged in this Complaint occurred in the City of San Diego and elsewhere throughout the State of California.
- 19. Venue is proper in this judicial district pursuant to Code of Civil Procedure § 395.5 because Defendants' sales activities included the San Diego region, and Defendants' liability therefore arises in the City of San Diego.

#### III. PARTIES

#### A. Plaintiff

- 20. Plaintiff is the People of the State of California ("California"). Plaintiff brings this action by and through the San Diego City Attorney Mara W. Elliott.
- 21. Mara W. Elliott is the City Attorney for San Diego, and the City is authorized by Civil Code §§ 3479, 3480, 3490, 3491, 3494, and the Code of Civil Procedure § 731, to abate public nuisances. The City is authorized under Civil Code § 731 to obtain preliminary and permanent injunctions to abate any public nuisance present in the City as defined by Civil Code § 3480.

## B. Defendants

- 22. Defendant **Hyundai** is a manufacturer and distributor of new motor vehicles under the Hyundai brand and is incorporated and headquartered in the State of California. Hyundai's principal place of business is located at 10550 Talbert Avenue, Fountain Valley, California. Hyundai distributes, markets, leases, warrants, and oversees regulatory compliance and warranty servicing of Hyundai brand vehicles through a network of over 800 dealers throughout the United States from its headquarters in California.
- 23. Defendant **Kia** is a manufacturer and distributor of new motor vehicles under the Kia brand and is incorporated and headquartered in the State of California. Kia's principal place of business is located at 111 Peters Canyon Road, Irvine, California. Kia markets, leases, warrants, and oversees regulatory compliance and warranty servicing of Kia-brand vehicles through a network of over 700 dealers throughout the United States from its headquarters in California.

## IV. THE KIA HYUNDAI THEFT WAVE

## A. Without Immobilizers, Defendants' Vehicles Are Sitting Ducks

24. As described further below, Kia and Hyundai have chosen to flout the industry standard of utilizing an engine immobilizer in many of their vehicles, which made those vehicles more susceptible to theft. Specifically, upon information and belief, Defendants designed, manufactured, distributed, and sold the following automobile models ("Susceptible Vehicles") without engine immobilizers between 2011 and 2021: Hyundai Accent, Elantra, Kona, Palisade, Santa Cruz, Santa Fe, Sonata, Tucson, Veloster, and Venue; and the Kia Cadenza, Forte, K900, Optima, Rio, Sedona, Seltos, Sorento, Soul, and Sportage. As would-be car thieves learned of this susceptibility, the incidence of theft for susceptible models increased, relative to other models, from 2015 to 2020.<sup>4</sup>

<sup>&</sup>lt;sup>4</sup> See NICB's Hot Wheels: America's 10 Most Stolen Vehicles, NICB (Aug. 1, 2016), <a href="https://www.nicb.org/sites/files/2017-11/2015-Hot-Wheels-Report.pdf">https://www.nicb.org/sites/files/2017-11/2015-Hot-Wheels-Report.pdf</a>; NICB's Hot Wheels: America's 10 Most Stolen Vehicles, NICB (July 12, 2017),

- 25. However, this progression became an explosion in late 2020, when a group of teenagers began posting "how-to" videos detailing how simple it was to steal susceptible Kias and Hyundais. <sup>5</sup> That group, the "Kia Boyz," became notorious for posting videos of youth engaging in reckless driving after stealing Kias and Hyundais. <sup>6</sup> As the videos detailed, an individual need only remove the plastic cowl under the steering column and use a USB cable to start these cars.
- 26. What followed was all too predictable: thefts of Kias and Hyundais skyrocketed.<sup>7</sup> In the first half of 2021, the number of stolen Kias and Hyundais increased by more than 30 and 15 times when compared to the same period in 2020 in Milwaukee.<sup>8</sup> This dramatic increase was unique to Kia and Hyundais, which represented 66% of all cars stolen in that period, compared to only 6% of stolen cars in 2019.<sup>9</sup> This trend then spread nationwide.

https://www.nicb.org/sites/files/2017-11/2016-Hot-Wheels-Report.pdf; America's 10 Most Stolen Vehicles, NICB (Sept. 18, 2018),

https://www.nicb.org/news/news-releases/2017-hot-wheels-report; *America's 10 Most Stolen Vehicles*, NICB (Nov. 19, 2019), https://www.nicb.org/sites/files/2020-

<u>01/2018%20Hot%20Wheels%20Report.pdf</u>;**Error! Hyperlink reference not valid.** *America's 10 Most Stolen Vehicles*, NICB (Oct. 13, 2020), <a href="https://www.nicb.org/HotWheels2019">https://www.nicb.org/HotWheels2019</a>; and America's 10 Most Stolen Vehicles, NICB (Oct. 12, 2021), <a href="https://www.nicb.org/news/news-releases/nicb-releases-annual-hot-wheels-report-americas-top-ten-most-stolen-vehicles">https://www.nicb.org/news/news-releases/nicb-releases-annual-hot-wheels-report-americas-top-ten-most-stolen-vehicles</a>.

<sup>5</sup> Greg Rosalsky, *Planet Money*, *Someone stole my truck*. *I got a crash course on the wild black market for stolen cars*, NPR (Aug. 23, 2022, 6:30 AM), <a href="https://www.npr.org/sections/money/2022/08/23/1118457271/someone-stole-my-truck-i-got-a-crash-course-on-the-wild-black-market-for-stolen-">https://www.npr.org/sections/money/2022/08/23/1118457271/someone-stole-my-truck-i-got-a-crash-course-on-the-wild-black-market-for-stolen-</a>.

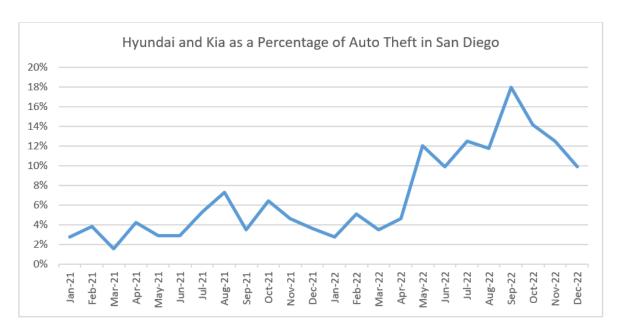
<sup>6</sup> Chris DiLella & Andrea Day, *Autos*, *TikTok challenge spurs rise in thefts of Kia, Hyundai cars*, CNBC (Sept. 9, 2022 9:11 PM), <a href="https://www.cnbc.com/2022/09/08/tiktok-challenge-spurs-rise-in-thefts-of-kia-hyundai-cars.html">https://www.cnbc.com/2022/09/08/tiktok-challenge-spurs-rise-in-thefts-of-kia-hyundai-cars.html</a>.

<sup>7</sup> Investigative, Videos Show Teens How to Steal Certain Kias and Hyundais With Only a USB Cable, Police Warn Amid Rising Thefts, INSIDE EDITION (Aug. 10, 2022, 1:51 PM), <a href="https://www.insideedition.com/videos-show-teens-how-to-steal-certain-kias-and-hyundais-with-only-a-usb-cable-police-warn-amid">https://www.insideedition.com/videos-show-teens-how-to-steal-certain-kias-and-hyundais-with-only-a-usb-cable-police-warn-amid</a>.

<sup>8</sup> Sean Tucker, *General*, *Milwaukee Police Report Hyundais*, *Kias Stolen in Record Numbers*, KELLEY BLUE BOOK (Dec. 14, 2021, 5:27 PM), <a href="https://www.kbb.com/car-news/milwaukee-police-report-hyundais-kias-stolen-in-record-numbers/">https://www.kbb.com/car-news/milwaukee-police-report-hyundais-kias-stolen-in-record-numbers/</a>.

<sup>9</sup> Matt Posky, News Blog, Summer of Theft Creating Bad Publicity for Hyundai, Kia, The Truth About Cars (Sept. 20, 2022 2:36 PM), <a href="https://www.thetruthaboutcars.com/cars/kia/summer-of-theft-creating-bad-publicity-for-hyundai-kia-44496971">https://www.thetruthaboutcars.com/cars/kia/summer-of-theft-creating-bad-publicity-for-hyundai-kia-44496971</a>; Jeramey Jannene, Two-Thirds of All Milwaukee Auto Thefts Are Kia and Hyundai Vehicles, Urban Milwaukee (July 24, 2021, 4:29 PM),

27. This surge in thefts has swept the San Diego area. <sup>10</sup> According to the City of San Diego's data, from January to April of 2022, Hyundai and Kia combined to account for less than 5% of all cars stolen in San Diego. In May of 2022, that figure more than doubled to 12%, reaching a high of 18% in September of 2022, and remaining at over 9.8% for each of the last 8 months of 2022. From May to December of 2022, San Diego experienced a 182% increase in Hyundai and Kia thefts compared to the same period the various year.



28. The susceptibility of Defendants' vehicles to theft enabled this spiraling epidemic. Defendants' choice to deviate from the industry standard of utilizing engine immobilizers, placing profits over safety, was both a proximate and but-for cause of this outbreak. As a police sergeant described the problem, Defendants' cars are simply too easy to steal. <sup>11</sup> This presents a risk not only for property damage, but to public safety, as thieves often engage in reckless driving, as well as other dangerous criminal

https://urbanmilwaukee.com/2021/07/24/two-thirds-of-all-milwaukee-auto-thefts-are-kia-and-hyundai-vehicles/.

<sup>10</sup> https://www.nbcsandiego.com/news/investigations/nbc-7-responds/social-media-trend-spurs-hyundai-kia-carthefts/3076285/#:~:text=It's%20happening%20here%20in%20San,same%20time%20period%20last%20year.

<sup>&</sup>lt;sup>11</sup> Rebecca Klopf, *MPD: Hyundai and Kia vehicles too easy to steal, leading to spike in car thefts*, TMJ 4 (Feb. 3, 2021, 4:40 PM), <a href="https://www.tmj4.com/news/local-news/mpd-hyundai-and-kia-vehicles-too-easy-to-steal-leading-to-spike-in-car-thefts">https://www.tmj4.com/news/local-news/mpd-hyundai-and-kia-vehicles-too-easy-to-steal-leading-to-spike-in-car-thefts</a>.

conduct, including robbery and firearm thefts, as Kias and Hyundais have been targeted by thieves seeking weapons (and other valuables) that might have been left in patrons' vehicles. 12

- 29. In nearby Los Angeles, the police reported that by the end of August 2022, at least 1,634 more Kia and Hyundai vehicles were stolen when compared to the same period of time in 2021—an increase of eighty five percent (85%), which accounted for three-quarters of the fifteen percent (15%) increase in total cars stolen.<sup>13</sup>
- 30. The surge in thefts is affecting all of San Diego, as it has affected the rest of California. However, San Diego's neighborhoods of East Village, Mira Mesa, Otay Mesa, Pacific Beach, and San Ysidro have been particularly affected by this serge of vehicular theft.<sup>14</sup>

## B. Car Thefts Imperil Public Safety

- 31. Car thefts imperil public safety. By creating a rash of car thefts, Defendants are responsible for a substantial risk to public safety.
- 32. This is the conclusion drawn by the National Highway Traffic Safety Administration ("NHTSA"). Operating under what was formerly known as the National Traffic Safety Bureau, NHTSA promulgated Federal Motor Vehicle Safety Standard 114 to reduce the instances of car theft, because "stolen cars constitute a major hazard to life and limb on the highways." NHTSA concluded that the "evidence shows that cars operated by unauthorized persons are far more likely to cause unreasonable risk of accident, personal injury, and death than those which are driven by authorized individuals." The

<sup>&</sup>lt;sup>12</sup> In one instance, a 2017 Hyundai Sonata owned by the Department of Homeland Security was stolen in broad daylight. *See* Jim Piwowarczyk, *Department of Homeland Security Hyundai Stolen in Milwaukee, Contained Rifle & Body Armor*, WISCONSIN RIGHT NOW (Apr. 17, 2022), <a href="https://www.wisconsinrightnow.com/homeland-security-hyundai/">https://www.wisconsinrightnow.com/homeland-security-hyundai/</a>.

<sup>&</sup>lt;sup>13</sup> https://localtoday.news/ca/thousands-more-kia-and-hyundai-vehicles-were-stolen-in-los-angeles-this-year-for-a-tiktok-challenge-says-lapd-daily-news-43359.html.

<sup>14</sup> https://www.sandiego.gov/sites/default/files/2022cumneighborhood.pdf.

<sup>&</sup>lt;sup>15</sup> See 33 Fed. Reg. 6,471, (Apr. 27, 1968).

<sup>&</sup>lt;sup>16</sup> *Id*.

NHTSA Administrator concluded that "a reduction in the incidence of auto theft would make a substantial contribution to motor vehicle safety," by reducing both injuries and deaths to would-be car thieves, and by "protect[ing] the many innocent members of the public who are killed and injured by stolen cars each year."<sup>17</sup>

- 33. Sadly, the reverse is true as well. An *increase* in the incidence of automobile theft results in a substantial decrease in public safety. Defendants' pursuit of profits over theft-prevention led to a meteoric rise in automobile thefts, and the concomitant threats to public safety. Car theft results in reckless driving, which poses a risk to both the operators of the stolen vehicle and any lawful users of the public thoroughfare who are unfortunate enough to cross paths.
- 34. Reckless driving threatens the life, health, and safety of the public within San Diego. This is particularly true with the current crime wave. Distinct from many instances of car theft, where the object is converting the stolen vehicle, the viral "Kia challenge" typically involves joy riding and then abandoning the stolen vehicles. Far from surreptitiously delivering a car to a chop shop under cover of night, the social media phenomenon, made possible by Defendants' unsecure vehicles, led to youth posting videos of reckless driving during busy hours of the day, abandoning the vehicles after collisions.
- 35. Social media platforms like TikTok and Instagram are rife with examples of this dangerous conduct. Videos posted on these platforms highlight the very real danger from this phenomenon, including youth joyriding through school zones or even through crowds of students, and drivers hitting other cars and then running from the scene.<sup>18</sup>

<sup>&</sup>lt;sup>17</sup> *Id*.

<sup>&</sup>lt;sup>18</sup> See e.g., @mixtapetrappers\_, Instagram (Oct. 19, 2021), <a href="https://www.instagram.com/p/CVNhjg9D64B/?utm%20medium=copy%20link">https://www.instagram.com/p/CVNhjg9D64B/?utm%20medium=copy%20link</a>; @monloww\_\_, TikTok (Oct. 10, 2022), https://www.tiktok.com/@monloww /video/7153012228067773738; ;

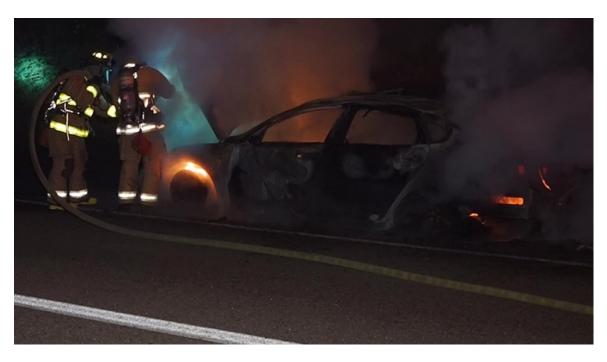
<sup>@414</sup>hypehouse, Instagram (Aug. 19, 2021), <a href="https://www.instagram.com/p/CSwsnhfAktd/">https://www.instagram.com/p/CSwsnhfAktd/</a>;

<sup>@414</sup>hypehouse, Instagram (Sept. 10, 2021), https://www.instagram.com/p/CTqCaYTANaC/; and

<sup>@414</sup>hypehouse, Instagram (Oct. 20, 2021), <a href="https://www.instagram.com/p/CVRCcU5AkwT/">https://www.instagram.com/p/CVRCcU5AkwT/</a>.

<sup>21</sup> https://www.youtube.com/watch?v=ikeISIHfmT4.

- 36. In San Diego, stolen Hyundai and Kia vehicles have been flooding the streets.
- 37. On February 9, 2023, a stolen Kia with a 6-year-old child as a passenger was involved in a police chase on I-5, at speeds approaching 120 mph, with the driver at one point turning off the headlights.<sup>19</sup> The driver exited in Mira Mesa, where the car burst into flames.<sup>20</sup>



38. On July 30, 2022, a minor lost control of a stolen Hyundai Sonata after a police pursuit, crashing into a tree at the intersection of University Avenue and Wilson Avenue.<sup>21</sup>



<sup>19</sup> https://www.10news.com/news/local-news/driver-arrested-woman-and-child-in-car-unhurt-after-chase

39. Such reckless driving often occurs as a result of car thefts. Another example took place on May 19, 2022, when a stolen Kia Telluride led police officers on a high-speed pursuit across San Diego, including speeding the northbound on the shoulder of southbound SR-163 against traffic.<sup>22</sup>



On May 23, 2022, a man stole a Kia Optima, and led police on a pursuit from Chula Vista 40. to Buena Park. 23 The driver struck an officer's vehicle while fleeing, and only came to a stop after driving over a spike strip. The driver was apprehended following the deployment of a K-9 unit.<sup>24</sup>



<sup>&</sup>lt;sup>22</sup> https://www.youtube.com/watch?v=DKHP0d7cL\_c

<sup>&</sup>lt;sup>23</sup> https://mynewsla.com/crime/2022/05/23/man-arrested-after-leading-authorities-on-chase-from-chulavista-in-stolen-car/.

<sup>&</sup>lt;sup>24</sup> https://ktla.com/news/local-news/authorities-pursue-vehicle-on-5-freeway-in-orange-county/.

41. On October 22, 2022, five juveniles driving a stolen Kia Forte in nearby Chula Vista crashed into a fire hydrant, fleeing the scene on foot and leaving a wrecked car and a stream of destruction in their wake.<sup>25</sup>



- 42. Such municipal property damage is a foreseeable consequence of the surge in stolen vehicles. On January 16, 2023, in nearby Glendale, a stolen Kia vehicle operated by two teenagers crashed into a police cruiser, injuring a police officer and a person in the police officer's custody.<sup>26</sup>
- 43. Another example of this all-too-common tragedy occurred in Milwaukee in June 2021, when a sixteen-year-old was killed after he stole a Kia Sportage and collided with another vehicle.<sup>27</sup> His two twelve-year-old accomplices were also seriously injured, as were three passengers in the car that he struck. The images and dashcam footage<sup>28</sup> of this tragedy show how the surge of vehicular theft imperils the public.

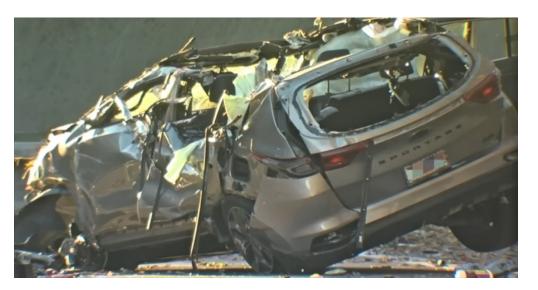
<sup>&</sup>lt;sup>25</sup> <u>https://timesofsandiego.com/crime/2022/10/22/police-arrest-4-juveniles-after-joyride-in-allegedly-stolen-vehicle-ends-in-crash-with-fire-hydrant/.</u>

https://www.yahoo.com/entertainment/stolen-suv-hits-police-squad-044439916.html

https://www.wisn.com/article/teen-car-theft-suspect-killed-in-head-on-crash-5-others-injured/36741640

<sup>&</sup>lt;sup>28</sup> https://www.wisn.com/article/dashcam-video-shows-fatal-crash-moments-after-police-cancel-pursuit/37955614

44. Yet another tragic example occurred in Buffalo in October 2022, when a 16-year-old driving a stolen Kia caused a high-speed rollover crash that killed four teenage passengers.<sup>29</sup>



45. A substantial risk to public safety also arises in the event that the would-be thief is confronted in the act. In January 2023, a Cleveland man reported that a Hyundai Sonata struck his car mirror and did not stop. When the man followed the Hyundai, the driver and passenger of the Hyundai got out with guns and began shooting at him.<sup>30</sup> Police found nine bullet casings in the street and bullet holes in the front window of a nearby home and in a car parked on the street.<sup>31</sup>

46. This risk was also tragically demonstrated in Wisconsin, when a woman who attempted to prevent the theft of a Hyundai was killed at the scene.<sup>32</sup>

<sup>&</sup>lt;sup>29</sup> Carolyn Thompson, *Teenage driver charged in crash of stolen car that killed 4*, The Seattle Times (Nov. 22, 2022, 8:32 PM), <a href="https://www.seattletimes.com/business/teenage-driver-charged-in-crash-of-stolen-car-that-killed-4/">https://www.seattletimes.com/business/teenage-driver-charged-in-crash-of-stolen-car-that-killed-4/</a>.

<sup>&</sup>lt;sup>30</sup> Cory Shaffer, Courts and Justice, Teens Lodge stolen Hyundai in Burger King drive-thru on two wheels after owner confronts them, CLEVELAND.COM, (Feb. 3, 2023, 5:03 PM), <a href="https://www.cleveland.com/court-justice/2023/02/teens-lodge-stolen-hyundai-in-burger-king-drive-thru-on-two-wheels-after-owner-confronts-them.html">https://www.cleveland.com/court-justice/2023/02/teens-lodge-stolen-hyundai-in-burger-king-drive-thru-on-two-wheels-after-owner-confronts-them.html</a>.

<sup>&</sup>lt;sup>32</sup> Michael Fiore, *13-year-old charged as adult in deadly Wauwatosa hit-and-run*, CBS 58 (Oct. 20, 2021, 10:06 PM), <a href="https://www.cbs58.com/news/13-year-old-charged-as-adult-in-deadly-wauwatosa-hit-and-run">https://www.cbs58.com/news/13-year-old-charged-as-adult-in-deadly-wauwatosa-hit-and-run</a>.

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- 47. Hyundai and Kia's Susceptible Vehicles are also often used to perpetrate additional crimes. For instance, a stolen Kia was used in a drive-by-shooting in San Diego on April 17, 2022.<sup>33</sup> The driver of the Kia fled the scene and crashed in a violent "ping-pong" off of parked vehicles.
- 48. Further, the act of car theft creates a substantial risk of physical harm to pedestrian bystanders. On February 8, 2023, a stolen Hyundai involved in a high-speed chase in Baltimore crashed into a car and a 54-year-old pedestrian.<sup>34</sup> Both cars careened into a nearby building, which collapsed on top of the vehicles and the pedestrian. 35 The pedestrian was pronounced dead at the scene, and five occupants of the two cars were injured.<sup>36</sup>



As a result of the skyrocketing rate of theft of Hyundai and Kia vehicles nationwide, at 49. least two major insurance companies are refusing to write policies for certain Hyundai and Kia models, thereby increasing the potential number of uninsured motorists on the road.<sup>37</sup>

<sup>33</sup> https://www.nbcsandiego.com/news/local/one-person-arrested-after-leading-police-on-high-speedchase-through-san-diego-streets/2922554/

<sup>&</sup>lt;sup>34</sup> Dan Belson, Crime, Footage shows fatal crash into Baltimore building, collapse following police pursuit of stolen car, The Baltimore Sun (Mar 2, 2023, 8:29 PM), https://www.baltimoresun.com/news/crime/bs-md-ci-cr-oag-crash-collapse-footage-20230303-

rbd6j3tokfhkjduh3oktmo6ow4-story.html.  $^{35}$  Id

<sup>&</sup>lt;sup>36</sup> *Id*.

<sup>&</sup>lt;sup>37</sup> https://www.cbs8.com/video/news/verify/travel-verify/insurance-companies-dropping-new-kiahyundai-policies/536-f71d153b-f921-46e9-bf20-5d4023a72495

- 50. As detailed above, San Diego has experienced an especially high rate of Hyundai and Kia vehicle thefts, has incurred costs associated with these thefts, and has been unable to abate the nuisance in the absence of action by Defendants. San Diego lacks an adequate remedy at law to compel Defendants to abate this nuisance.
- 51. To date, Defendants' responses have shown a continued prioritization of profits over safety. Both companies have refused to implement a recall to install engine immobilizers in the Susceptible Vehicles, initially only offering wheel locks for some municipalities to distribute.<sup>38</sup>
  Unfortunately, the wheel locks are not effective; residents who use them have still had their cars stolen, and in some instances, connected to shootings.<sup>39</sup>
- 52. More recently, Hyundai has begun rolling out a "software update" rather than installing immobilizers. <sup>40</sup> Kia has planned a similar software update, yet this software-only approach is too little, too late, and many susceptible vehicles will not even be included in the update. <sup>41</sup>
- 53. Upon information and belief, rather than install an immobilizer, the software update will double the length of the theft alarm sound and add a new logic check to the vehicles' on-board computers. This update is a late half-measure at best and will be useless in many common scenarios such as parking and waiting for a passenger to run an errand or picking up a child from after-school activities. Unless the doors were recently unlocked using a key fob, the Engine Control Unit will not

<sup>&</sup>lt;sup>38</sup> Elliot Hughes, *Kia, Hyundai will make security feature standard on new vehicles and distribute free steering wheel locks after surge of thefts*, MILWAUKEE JOURNAL SENTINEL (July 19, 2021, 10:16 AM), <a href="https://www.jsonline.com/story/news/crime/2021/07/19/kia-hyundai-handing-out-free-steering-wheel-locks-through-end-year/7963950002/">https://www.jsonline.com/story/news/crime/2021/07/19/kia-hyundai-handing-out-free-steering-wheel-locks-through-end-year/7963950002/</a>.

<sup>&</sup>lt;sup>39</sup> Ashley Sears, *Crime and Public Safety*, *Milwaukee woman's Kia stolen twice*, *had steering wheel lock*, Fox6Now.com (Sept. 28, 2021), <a href="https://www.fox6now.com/news/milwaukee-womans-kiastolen-twice">https://www.fox6now.com/news/milwaukee-womans-kiastolen-twice</a>.

<sup>&</sup>lt;sup>40</sup> News, Hyundai and Kia Launch Service Campaign to Prevent Theft of Millions of Vehicles Targeted by Social Media Challenge, NHTSA (Feb. 14, 2023), <a href="https://www.nhtsa.gov/press-releases/hyundai-kia-campaign-prevent-vehicle-theft">https://www.nhtsa.gov/press-releases/hyundai-kia-campaign-prevent-vehicle-theft</a>.

<sup>&</sup>lt;sup>41</sup> *Id*.

turn on. This software-based approach is yet another example of Defendants pursuing profits over safety. While less expensive than installing engine immobilizers, those savings come at the expense of efficacy and usability, not to mention public safety.

- 54. The rollout of the software update has just begun, far too late to prevent the nuisance that the Susceptible Vehicles created and the expenses that San Diego has incurred and continues to incur. The update's efficacy has not been tested in the real world, 42 and no one knows how many consumers will even opt in to get it. But there are facial defects with this approach. Upon information and belief, this update will not cover all Susceptible Vehicles—even newer models. For vehicles not covered by the update, Defendants are offering nothing more than wheel locks, or rebates for already purchased wheel locks.
- 55. What's more, the work-around substantially reduces the usability of the vehicles. This logic could be triggered by letting a passenger out of a car to run an errand and then starting the car again. In addition, susceptible vehicle owners have already experienced issues with after-market remote start systems, rendering the vehicles functionally inoperable. As one owner recently posted:

"I have the update. I also have an after market remote start. The remote start will set off my car alarm. You can turn the alarm off, but it will beep periodically and the headlights flash until you turn the vehicle off." 43

<sup>&</sup>lt;sup>42</sup> Already, Susceptible Vehicles have been stolen after receiving the update. *See* Jsmith4523, Reddit (Feb. 22, 2023, 4:52 PM), <a href="https://www.reddit.com/r/Hyundai/comments/119jlts/well\_it\_happened\_my\_17\_elantra\_se\_was\_stolen\_and/?utm\_source=share&utm\_medium=ios\_app&utm\_name=iossmf.">https://www.reddit.com/r/Hyundai/comments/119jlts/well\_it\_happened\_my\_17\_elantra\_se\_was\_stolen\_and/?utm\_source=share&utm\_medium=ios\_app&utm\_name=iossmf.</a> Additional anecdotes suggest

that the update is not reliable. *See* MaximumLongjumping31, Reddit (Mar. 3, 2023, 5:12 AM), <a href="https://www.reddit.com/r/Hyundai/comments/11h0frt/alarm\_tsb\_computer\_upgrade\_my\_terrible\_experience/">https://www.reddit.com/r/Hyundai/comments/11h0frt/alarm\_tsb\_computer\_upgrade\_my\_terrible\_experience/</a>.

<sup>&</sup>lt;sup>43</sup> Fungiinterezt, Reddit (Feb. 15, 2023, 7:05 AM), https://www.reddit.com/r/kia/comments/11303m4/hyundai\_and\_kia\_release\_software\_update\_to/?sort =new.

- 56. Prior to this software update, Hyundai callously turned this crisis of its own making into a source of revenue, selling security kits for \$170, plus the cost of installation. <sup>44</sup> Defendants could have, and should have, initially included a fob-integrated engine immobilizer, consistent with the industry standard. Even after the cars were sold, Defendants could have implemented a mandatory recall. Instead, Hyundai chose to make money off a crime wave it caused.
- 57. By electing profits over safety and deviating from the industry standard by not including engine immobilizers as a standard safety feature, Defendants created and maintained a public nuisance.

## C. Measures to Prevent Vehicle Theft Have Existed for Over a Century

- 58. Since the dawn of gasoline-powered automobiles at the turn of the nineteenth century, consumers have needed effective ways to keep their vehicles from being stolen. Thus, efforts to prevent theft or unauthorized access to automobiles have tracked vehicle development. In 1919, St. George Evans and E. B. Birkenbeuel invented the first formation of an electric immobilizer/vehicle security system.<sup>45</sup>
- 59. Labeled the "Automobile-Theft Preventer" the purpose of Evans and Birkenbeuel's invention was relatively straightforward: "to provide a means for automatically signaling an attempt to move an automobile by unauthorized persons; and to provide a means for locking the electric circuit open, in which case it will be impossible to move the car by its own power."<sup>46</sup>
- 60. Evans and Birkenbeuel's immobilizer/alarm system consisted of a 3x3 switch panel that connected to the car's battery, horn, and ignition. Upon exiting his vehicle, a driver could turn a few switches on the panel to different positions that, until released, would divert electricity to the horn instead of the ignition should an unauthorized user attempt to start the vehicle.

<sup>&</sup>lt;sup>44</sup> Taryn Phaneuf, *Insurance*, *Own a Kia or Hyundai? Here's Why Your Insurance Rates Could Go Up*, NERD WALLET (Jan. 26, 2023), <a href="https://www.nerdwallet.com/article/insurance/kia-hyundai-theft.">https://www.nerdwallet.com/article/insurance/kia-hyundai-theft.</a>
<sup>45</sup> U.S. P. (1910)

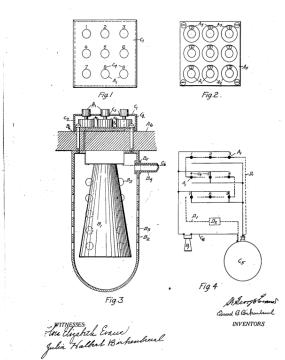
<sup>&</sup>lt;sup>45</sup> U.S. Patent No. 1,300,150 (issued Apr. 8, 1919).

<sup>&</sup>lt;sup>46</sup> *Id.* at ¶¶ 14–20.

ST. GEORGE EVANS & E. B. BIRKENBEUEL.
AUTOMOBILE THEFF PREVENTER.
APPLICATION FILED WAR. 5. 1918.

Patented Apr. 8, 1919.

1,300,150.



# Sketches of Evans & Birkenbeuel's "Automobile Theft Preventer"

- 61. The timing of the first immobilizer patent coincided with Congress's enactment of the National Motor Vehicle Theft Act, 18 U.S.C. § 2311 *et seq.*, which made the interstate transportation of stolen vehicles a federal crime. The law passed, in part, to respond to the growing number of automobile thefts around the country, especially in midwestern cities.
- 62. As time passed and technology advanced, the United States pursued further efforts to promulgate vehicle safety standards.
- 63. In 1966, Congress passed the National Traffic and Motor Vehicle Safety Act (the "Safety Act"), with the aim of administering new motor vehicle and traffic safety standards.<sup>47</sup> Administration of the Safety Act was overseen by the newly created Department of Transportation through its sub-agency: NHTSA, f/k/a the National Traffic Safety Bureau.

<sup>&</sup>lt;sup>47</sup> P.L. 89–563, 80 Stat. 718.

**COMPLAINT** 

NHTSA recognized that "a reduction of the incident of auto theft would make a substantial contribution to motor vehicle safety" and "protect the many innocent members of the public who are killed and injured by stolen cars each year." To address this safety risk, which is largely tied to "car thieves who could bypass the ignition lock . . . the agency decided to require a device, which would prevent either self-mobility or steering even if the ignition lock were bypassed." <sup>52</sup>

An engine immobilizer satisfies this requirement, "because it locks out the engine control module if an attempt is made to start the vehicle without the correct key or to bypass the electronic ignition system." The proposed software update does not appear to satisfy this requirement—as it is not linked to an attempt to start the vehicle without the correct key—and the absence of *any* system not only violates this standard, it created the public nuisance of rampant car theft in San Diego.

# D. The Widespread Adoption of Modern Engine Immobilizers as an Even More Effective Vehicle Theft Deterrent

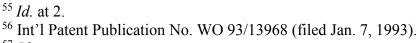
68. In the late 1980s and early 1990s, vehicle theft increased dramatically in the United States.<sup>54</sup> The common method for stealing a vehicle involved bypassing the motor's ignition switch, otherwise known as "hotwiring."

<sup>&</sup>lt;sup>51</sup> *Id*.

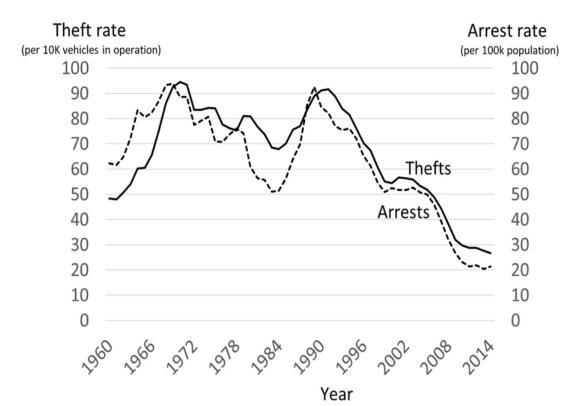
<sup>&</sup>lt;sup>52</sup> 71 Fed. Reg. 17,753 (Apr. 7, 2006), <a href="https://www.govinfo.gov/content/pkg/FR-2006-04-07/pdf/06-3358.pdf">https://www.govinfo.gov/content/pkg/FR-2006-04-07/pdf/06-3358.pdf</a>; see also 33 Fed. Reg. 6,471 (Apr. 27, 1968).

<sup>&</sup>lt;sup>53</sup> NHTSA Interpretation GF005229-2 (Sept. 24, 2004).

<sup>&</sup>lt;sup>54</sup> Anthony Dixon & Graham Farrell, Age-period-cohort effects in half a century of motor vehicle theft in the United States, 9 CRIME SCIENCE 17, 1, 3 (2020).



<sup>57</sup> *Id*.



# Vehicle thefts per 10,000 vehicles in operation, and vehicle theft arrests per 100,000 population, 1960-201455

69. To respond to this growing problem, manufacturers began installing passive vehicle immobilizers, which were patented no later than 1993.<sup>56</sup> Unlike Evans and Birkenbeuel's invention nearly 75 years prior, the vehicle immobilizer would render the engine operable only "if the correct key having coded information is used[,]" rather than relying on concealed switches or memorizing keypad combinations.<sup>57</sup>

70. In essence, the vehicle immobilizers of the 1990s worked by checking the "fingerprint" of a car key based on electronic codes the key sends to the vehicle.

2013 HLDI study "found that thieves were sometimes targeting the older model years of a vehicle series without immobilizers, such as the Honda Civic and Honda Accord." 63

- 76. Despite decades of research and findings that immobilizers significantly reduced vehicle theft and the consequential public safety risks, "only 26 percent of Hyundai and Kia" 2015 vehicle models had "passive immobilizers as standard equipment, compared with 96 percent of other manufacturers."
- 77. The staggeringly low percentage of Hyundai and Kia vehicles with immobilizers is especially concerning given that, during this same time period, Defendants were installing immobilizers in 100% of their models for sale in European and Canadian markets, in compliance with applicable laws there.<sup>65</sup>
- 78. Nor are Defendants unfamiliar with the benefits of installing immobilizers in the American market. In March 2007, Hyundai requested an exemption from particular NHTSA vehicle theft prevention standards for its 2008 Hyundai Azera line "based on the installation of an antitheft device" for the vehicle line that would be "at least as effective as th[e] GM and Ford [immobilizer] devices" in reducing vehicle theft. 66 Yet, until the last year or so, Hyundai and Kia only offered immobilizers in their premium, more expensive, model lines. This decision only compounds the harms on low-income communities. 67 Those

<sup>&</sup>lt;sup>63</sup> *Id*.

<sup>&</sup>lt;sup>64</sup> *Id*.

<sup>&</sup>lt;sup>65</sup> Hyundai first began exporting its cars to parts of Europe, the United Kingdom, and Canada between 1978 and 1984. *See Press Release, Over 50 years of progress: the history of Hyundai* HYUNDAI.NEWS (Apr. 6, 2019), <a href="https://www.hyundai.news/eu/articles/press-releases/over-50-years-of-progress-the-history-of-hyundai.html">https://www.hyundai.news/eu/articles/press-releases/over-50-years-of-progress-the-history-of-hyundai.html</a>. Similarly, Kia vehicles were introduced into European and Canadian markets in the 1990s.

<sup>&</sup>lt;sup>66</sup> 72 Fed. Reg. 39,661–39,662 (July 19, 2007); *see also* 75 Fed. Reg. 1,447 (Jan. 11, 2010) (NHTSA notice granting an identical exemption for the Kia Amanti vehicle line beginning in model year 2009 based on Defendants' representation that the immobilizer installation for that specific model should substantially reduce theft rates).

<sup>&</sup>lt;sup>67</sup> Tom Krisher, *Tech*, *There's a hack that makes stealing Hyundai and Kia cars easier—and thieves are taking note*, FORTUNE (Sept. 22, 2022, 10:44 AM), <a href="https://fortune.com/2022/09/22/hyundai-kia-cars-stealing-hack-thieves/">https://fortune.com/2022/09/22/hyundai-kia-cars-stealing-hack-thieves/</a> (HLDI Senior VP Matt Moore notes that "Many of the vulnerable Hyundais and

without resources to afford such models are more likely to live in areas with higher crime rates and are likely less able to pay for alternative transportation or for the cost of repairing a recovered vehicle.

- 79. Based on the above, Defendants' decision not to install the simple and highly effective immobilizer in the Susceptible Vehicles between 2011 and 2021, in contrast to all other car manufacturers having installed immobilizers in 96% of their vehicles, has led to a reasonably foreseeable car theft epidemic that is plaguing San Diego and California.
- 80. Based on the above, Defendants' decision not to install the simple and highly effective immobilizer in the Susceptible Vehicles between 2011 and 2021, in contrast to all other car manufacturers having installed immobilizers in 96% of their vehicles, has led to a reasonably foreseeable car theft epidemic that is plaguing San Diego.

### V. CAUSES OF ACTION

# COUNT ONE — CALIFORNIA PUBLIC NUISANCE ON BEHALF OF THE PEOPLE OF THE STATE OF CALIFORNIA

- 81. Plaintiff incorporates each preceding paragraph as though set forth fully herein.
- 82. The People of the State of California, by and through the City Attorney of San Diego, bring this claim against all Defendants under California public nuisance law. Cal. Civ. Proc. Code § 731; Cal. Civ. Code § 3494.
- 83. Civil Code § 3479 provides that "[a]nything that is injurious to health . . . or is indecent or offensive to the senses, or an obstruction to the free use of property, so as to interfere with the comfortable enjoyment of life or property, or unlawfully obstructs the free passage of use, in the customary manner, of any . . . public park, square, street, or highway, . . . is a nuisance."

Kias are often bought by lower-income people" because those cars "are relatively inexpensive vehicles when purchased new[.]").

- 84. Civil Code § 3480 defines a "public nuisance" as "one which affects at the same time an entire community or neighborhood, or any considerable number of persons, although the extent of the annoyance or damage inflicted upon individuals may be unequal."
- 85. The People of California have a right to be free from conduct that is injurious to their health and welfare.
- 86. Defendants have engaged in acts and omissions that have interfered with the comfortable enjoyment of life or property by causing increased theft of Hyundai and Kia vehicles, reckless driving, and property damage. Defendants' actions and omissions have substantially, unreasonably, and injuriously interfered with the public welfare, a right common to all residents of California.
- 87. Each Defendant has created or assisted in the creation of a condition that is injurious to the public welfare of California.
- 88. Defendants have created, contributed to, and assisted in creating a public nuisance in the State of California by, among other actions, creating a devastating public safety issue due to the increasing rate of theft for Hyundai and Kia vehicles in California.
- 89. Defendants specifically created, contributed to, and/or assisted, and/or were a substantial contributing factor in the creation of a public nuisance, i.e., the public safety issue of rampant vehicle theft, by, *inter alia*, designing, manufacturing, and distributing vehicles without industry-standard security technology—both statewide and in the City of San Diego.
- 90. Defendants created and continue to create, contributed to and continue to contribute to, or have assisted in creating or continue to assist in creating, a condition that is harmful to public safety, indecent and offensive to the senses, and obstructs the free use of streets and highways so as to interfere with the comfortable enjoyment of life in violation of Civil Code §§ 3479 and 3480.
- 91. The public nuisance caused by Defendants' conduct is a direct and proximate contributing cause of the injuries and harms sustained by the People of the State of California.

- 92. The public nuisance caused by Defendants' actions is substantial and unreasonable. Defendants' actions caused and continue to cause the public nuisance, and the harms of that public nuisance outweigh any offsetting benefits. Defendants' actions have no offsetting benefits. Any purported offsetting benefits are significantly outweighed by the harm of the public safety issue they created.
- 93. Defendants knew that engine immobilizers are industry-standard anti-theft technology, that such technology is significantly effective in reducing the rate of vehicle theft, and that failure to install engine immobilizers would increase the risk of vehicle theft for those Susceptible Vehicles. Defendants also knew about the increased safety benefits from installing immobilizers in their own premium vehicle models in U.S. markets, as early as 2008. Even so, Defendants knowingly and intentionally declined to install engine immobilizers in most of their vehicles as recently as 2021.
- 94. The public nuisance created, perpetuated, and maintained by Defendants can be abated and further reoccurrence of such harm and inconvenience can be prevented. It is an ongoing public safety issue.
- 95. This nuisance has caused, is causing, and will continue to cause downstream consequences to the State of California, including a decline in insurance coverage for many Hyundai and Kia vehicle models.
- 96. Throughout the State of California, and in the City of San Diego, the public is suffering from increased vehicle theft, increased reckless driving, and property damage.
- 97. City governments and City Police Departments throughout California are required to spend significantly more time and resources combating the susceptible nature of Defendants' vehicles.
- 98. Additionally, California has experienced downstream consequences as a result of rising thefts, including increased court costs, increased youth interaction with the criminal legal system, and a growing risk of increased uninsured motorists on public thoroughfares.
  - 99. The consequences of Defendants' conduct are not in the public interest.

- 100. Defendants are liable under California Civil Code §§ 3479, et seq. and Code of Civil Procedure § 731 for creating a public nuisance.
- 101. Defendants must abate the public nuisance caused by their conduct in designing and manufacturing vehicles that lacked industry-standard anti-theft technology. Plaintiff requests an order from the Court providing for abatement of Defendants' ongoing and future violations of Civil Code §§ 3479 and 3480. Accordingly, Plaintiff requests that the court order Defendants to create a fund that will be used to remediate the public safety crisis that Defendants created. Plaintiff, through the City Attorney and associated counsel, request abatement of the public nuisance created by Defendants in the State of California pursuant to Code of Civil Procedure § 731.

### VI. PRAYER FOR RELIEF

- 102. Entering an Order that the conduct alleged herein constitutes a public nuisance under California law;
  - 103. Entering an Order that Defendants are jointly and severally liable;
- 104. Entering an Order requiring Defendants to abate the public nuisance described herein and to deter and/or prevent the resumption of such nuisance;
- 105. Enjoining Defendants from engaging in further actions causing or contributing to the public nuisance as described herein;
  - 106. Awarding equitable relief to fund automobile theft prevention in the affected vehicles;
  - 107. Awarding actual and compensatory damages;
  - 108. Awarding reasonable attorneys' fees and costs of suit;
  - 109. Awarding pre-judgment and post-judgment interest; and
  - 110. Such other and further relief as the Court deems just and proper under the circumstances.

1	RESPECTFULLY SUBMITTED this 16th day of March, 2023.		
2	CITY ATTORNEY	KELLER ROHRBACK L.L.P.	
3	12/1 Kl	Dontant	
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