



June 25, 2009

President Barack Obama
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Re: No Cash-For-Clunkers Without Compensation For GM Victims

Dear President Obama,

Recently, you articulated your support for the \$1 billion cash-for-clunker legislation, which allows up to \$4,500 in government vouchers for trade-ins of fuel inefficient cars through November. The program, if extended, could well cost Americans \$4 billion.

Cash-for-clunkers may have merit. It should not be a priority, though, when the government's reorganization of General Motors denies any compensation to motorists injured by, and families of those killed by, defective GM vehicles.

We call upon you to soberly reevaluate how taxpayer money is being spent on carmakers and change course.

The same \$1 billion allocated for clunkers could purchase an insurance policy in the GM bankruptcy proceeding to provide for Americans who are injured or maimed, and the families of those killed by unsafe GM cars and trucks. The United States government should make compensation for GM victims a priority before paying cash for clunkers. To date the government has chosen not to prioritize compensation for victims.

While a typical bankruptcy would include successor liability – the new company would be responsible for the defects of the old company – this special process for GM provides no such protection for its victims. The new GM should be required to buy an insurance policy to adequately and fully pay the claims of consumers injured in the past and the future by GM's defective cars and trucks.

In contrast to its inadequate insurance coverage for injured consumers, GM is spending \$100 million in taxpayer money to purchase an insurance policy to protect its officers and directors, a policy without a deductible for the executives.

Hundreds of millions of dollars have been set aside as well for Wall Street investment banks to provide financial advisory services to GM.

Taxpayers have also been asked to pay \$2 billion per year for GM advertising, which is greater than Toyota's annual advertising.

Americans have already sunk \$50 billion in GM, and analysts expect that money will never be returned.

How much is there to provide for those burned or killed by an exploding GM gas tank?
Not a dime.

As an attorney, you should appreciate that many of these GM cases involve evidence that defective designs were intentionally concealed from the public to save money. For example, one notorious GM memo (attached) shows that GM engineers calculated that it would be cheaper to pay out lawsuits in hundreds of cases per year by concealing a defect that led to fuel fed fires rather than recall millions of vehicles. Such cold-hearted calculations should not prove prophetic.

You have it within your power as president to send a signal that those who have suffered from these calculations are worth at least as much as an Oldsmobile Cutlas Supreme. You simply cannot allow this injustice to stand.

Practically, the success of cash-for-clunkers could depend upon the purchase of insurance to cover GM safety claims. Under the current bankruptcy filing, New GM would not be accountable for injuries and deaths from safety defects in cars sold before the company exits bankruptcy. If you want Americans to use their clunker vouchers for a 2009 GM car in the short term, Americans will have to know that if their gas tanks explode or brakes fail they won't be able to hold GM accountable for their injuries. That's certainly not going to help GM dealers move their inventory. Cash-for-clunkers will be far less effective in stimulating the economy if the government vouchers purchase foreign-made cars.

Mr. President, with the American people owning GM, it is your responsibility to make sure there is coverage that makes good on GM's obligation to families injured and killed by GM cars, in the past and in the future. The price tag, in light of recent government spending on carmakers, is a small cost in order to provide for these devastated families and uphold the cause of the justice in America. We appreciate your attention to this matter of grave concern.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Court', with a stylized flourish at the end.

Jamie Court