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4 THE GM IGNITION SWITCH RECALL: INVESTIGATION UPDATE

5 WEDNESDAY, JUNE 18, 2014

6 House of Representatives,

7 Subcommittee on Oversight and Investigations

8 Committee on Energy and Commerce

9 Washington, D.C.

10 The subcommittee met, pursuant to call, at 10:02 a.m.,
11 in Room 2123 of the Rayburn House Office Building, Hon. Tim
12 Murphy [Chairman of the Subcommittee] presiding.

13 Members present: Representatives Murphy, Burgess,
14 Blackburn, Gingrey, Olson, Griffith, Johnson, Long, Ellmers,
15 Barton, Terry, Upton (ex officio), DeGette, Braley,
16 Schakowsky, Butterfield, Castor, Tonko, Yarmuth, Green, and

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17 Dingell.

18 Staff present: Gary Andres, Staff Director; Charlotte
19 Baker, Deputy Communications Director; Mike Bloomquist,
20 General Counsel; Sean Bonyun, Communications Director; Matt
21 Bravo, Professional Staff Member; Leighton Brown, Press
22 Assistant; Karen Christian, Chief Counsel, Oversight; Brad
23 Grantz, Policy Coordinator, Oversight and Investigations;
24 Brittany Havens, Legislative Clerk; Sean Hayes, Deputy Chief
25 Counsel, Oversight and Investigations; Kirby Howard,
26 Legislative Clerk; Alexa Marrero, Deputy Staff Director; John
27 Ohly, Professional Staff, Oversight and Investigations; Mark
28 Ratner, Policy Advisor to the Chairman; Krista Rosenthal,
29 Counsel to Chairman Emeritus; Tara Rothschild, Professional
30 Staff, Oversight and Investigations; Tom Wilbur, Digital
31 Media Advisor; Phil Barnett, Democratic Staff Director; Peter
32 Boduer, Counsel; Brian Cohen, Democratic Staff Director,
33 Oversight and Investigations, Senior Policy Advisor; Lisa
34 Goldman, Counsel; Kiren Gopal, Democratic Counsel; Elizabeth
35 Letter, Press Secretary; and Stephen Salsbury, Democratic
36 Investigator.

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37 Mr. {Murphy.} Now convene this hearing of the Oversight
38 and Investigations Subcommittee, entitled The GM Ignition
39 Switch Recall: Investigation Update. I thank my colleagues
40 and representatives for being here.

41 Ms. Barra, when you were before this committee almost 3
42 months ago, you could not answer many of this subcommittee's
43 questions about why it took General Motors years to figure
44 out why the airbags in Cobalts, Ions, HHRs, were not
45 deploying when they should have. It took GM years before
46 finally issuing a safety recall.

47 Now Mr. Valukas has made public his report on the GM
48 fiasco in which he concludes there doesn't appear to be a
49 case of a cover-up or a conspiracy. Instead, according to
50 Mr. Valukas' report, GM's failure to recall faulty vehicles
51 was a case of incompetence and neglect. Perhaps this report
52 should have been subtitled, Don't Assume Malfeasance When
53 Incompetence Will Do.

54 I still have questions about whether GM employees
55 knowingly withheld information during previous liability
56 lawsuits; information that could have led to an earlier

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57 recall, and prevented some of these tragedies from occurring.

58 In many ways, the facts surrounding what finally
59 resulted in the GM recall are far more troubling than a
60 cover-up. GM engineers and attorneys who were given the
61 facts, including reports on stalls and airbag malfunctions,
62 and who were tasked with figuring out--who were tasked with
63 figuring out what went wrong, did not connect the dots. That
64 is because they were either incompetent or intentionally
65 indifferent.

66 Today, I want to know from both Ms. Barra and Mr.
67 Valukas not just how it happened, but why did this happen.

68 Even when a good law, like the TREAD Act of 2000, is in
69 place, it requires people to use commonsense, value a moral
70 code, and have a motivation driven by compassion for it to be
71 effective. Here, the key people at GM seemed to lack all of
72 these in a way that underscores that we cannot legislate
73 commonsense, mandate morality, nor litigate compassion, and
74 at some point it is up to the culture of the company that has
75 to go beyond paperwork and rules.

76 The failures at General Motors were ones of
77 accountability and culture. If employees do not have the

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78 moral fiber to do the right thing, and do not have the
79 awareness to recognize when mistakes are being made, then the
80 answer must be to change the people or change the culture.
81 That is a lesson another large organization under
82 congressional scrutiny should have also taken heart. I hope
83 officials from the Veterans Affairs Department are watching.

84 What is particularly frustrating about GM is that the
85 company appeared in no great hurry to figure out the problems
86 with its vehicles. Despite customer complaints, reports from
87 GM's own engineers that they were able to turn off the
88 ignition switch with their knees during test drives, and
89 finally reports of deaths, it was not until 2009 that GM
90 figured out the airbags had any connection to the power mode
91 status of the car. Then, it took another 4 years to link
92 that finding to one of the components that determines the
93 power mode; the ignition switch. And that discovery was not
94 a result of GM's own investigative work, but raised in the
95 course of a lawsuit brought by the family of a young woman
96 who died behind the wheel of a Cobalt. How was this
97 discovered?

98 An investigator for the family simply took two ignition

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99 switches apart and compared them; something GM failed to do
100 during over 7 years of investigations into the mystery of
101 Cobalt airbag non-deployment.

102 Ms. Barra, you sought this internal investigation of the
103 ignition switch recall and you have publicly acknowledged how
104 troubling its findings are. Your company has cooperated with
105 this committee's investigation, and I thank you for that.
106 You have taken corrective action by changing procedures and
107 trying to remove roadblocks to make sure safety concerns come
108 to light. Based on this report, though, there are no easy
109 fixes for the kind of systemic, cultural breakdowns and
110 fundamental misunderstandings that permitted GM engineers not
111 to suspect a safety problem when Cobalts were stalling due to
112 a faulty ignition switch.

113 The possibility that these problems are pervasive and
114 cultural deeply concerns me. It concerns us all. We learned
115 Monday that GM has announced yet another recall; its thirty-
116 ninth since January. This one is hauntingly similar to the
117 Cobalt ignition switch recall. The ignition switch in
118 certain Buicks, Chevys, and Cadillacs inadvertently moves to
119 the--out the run position--moves out of the run position if

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120 the key has too much weight on it, causing the car to lose
121 power and stall. The model years for the recalled vehicles
122 goes back to the year 2000.

123 Mr. Valukas, your report tells us about the engineering
124 and legal failings with GM, but what it doesn't divulge is
125 whether GM attorneys made conscious decisions during
126 delivery--during discovery in other product liability
127 lawsuits that prevented the truth from coming out sooner and
128 potentially saving lives. That kind of malfeasance should be
129 the crux of a cover-up. I want to delve deeper into that
130 issue today and find out if that occurred.

131 A harder question to answer, and for you, Ms. Barra, to
132 solve, is to why this happened. We know engineers approved a
133 part that did not meet GM specifications. Why? Was it a
134 cost concern? Was it a rush to get a car off the road? Was
135 it just sloppy? When complaints were raised about Cobalt's
136 ignition switch almost as soon as the car was on the road,
137 why did the engineers not diagnose stalling as a safety
138 problem? Again, was this a lack of basic education about how
139 the car worked, or is it something less specific, but more
140 difficult to address: a culture that does not respect

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141 accountability and that does not take responsibility for
142 problems. When investigations drifted for years, there seems
143 to be little to no evidence to suggest that this troubled
144 anyone. Some of this is undoubtedly poor information-sharing
145 and silos, and a failure to properly document change orders.
146 But why didn't anyone at GM ask: we have known for years we
147 have an airbag system that isn't working when it should; when
148 are we going to do something about it?

149 Ms. Barra and Mr. Valukas, I thank you for being here
150 today. I look forward to your testimony.

151 And I now turn to Ms. DeGette for 5 minutes.

152 [The prepared statement of Mr. Murphy follows:]

153 ***** COMMITTEE INSERT *****

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154 Ms. {DeGette.} Thank you, Mr. Chairman.

155 Mr. Chairman, we are still trying to unravel the facts
156 that led to the--one of the worst automated tragedies of the
157 last decade, and that is the installation of these faulty
158 ignition switches in GM vehicles that we now have cause--know
159 has caused over a dozen deaths. These switches were bad from
160 the start; they should have never been installed, and once
161 they were installed, it became quickly clear to GM officials
162 that something was very, very wrong with them. Disturbingly,
163 the company left these unsafe vehicles on the road for over a
164 decade.

165 Mr. Valukas, you have done important work describing how
166 a defect known to GM employees for over a decade went
167 unaddressed for so long. This report paints a troubling
168 picture of GM's culture and commitment to safety that allowed
169 this tragedy to take place. It describes engineering and
170 investigative failures, a lack of urgency in addressing
171 issues, poor communication within the company, and numerous
172 other systemic problems, and, in the end, the company failed
173 to inform customers and federal regulators of the deadly

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174 problem. But the report, unfortunately, does not answer all
175 of the key questions. It does not fully explain how the
176 ignition switch was approved without meeting specifications,
177 and then how it was redesigned in 2006. It does not fully
178 explain why stalling was not considered a safety issue within
179 GM. And most troubling, as the chairman alluded to, the
180 report does not fully explain how this dysfunctional company
181 culture took root and persisted. The report singles out many
182 individuals at GM who made poor decisions or failed to act,
183 but it doesn't identify one individual in a position of high
184 leadership who was responsible for these systemic failures.
185 The report absolves previous CEOs, the legal department, Ms.
186 Barra, and the GM Board from knowing about the tragedy
187 beforehand. This is nothing to be proud of. That the most
188 senior GM executives may not know--have known about a defect
189 that caused more than a dozen deaths is, frankly, alarming
190 and does not absolve them of responsibility for this tragedy.

191 Ms. Barra, while you are a new CEO, you have a decade's-
192 long history with GM. From 2011, you were executive vice
193 president of global produce development, and the GM staff
194 responsible for vehicle safety reported either directly or

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195 through a chain of command to you. At least one high-level
196 executive who was working on solutions to the ignition switch
197 problem reported directly to you. So while you may not have
198 known about this defect, many people who worked for you did.

199 The culture of a company is shaped by its senior
200 leadership. They set the tone and shape the attitude of the
201 employees. They are also responsible for putting in place
202 systems to foster transparency, and ensure that safety issues
203 are taken seriously. Those systems failed at GM.

204 Today, what I want to know are specific answers to how
205 the culture of secrecy at GM can be changed to encourage
206 reporting of problems, not just structural management
207 changes. I appreciate, Ms. Barra, the changes you have made
208 at GM so far, but I think the jury is still out on whether we
209 can have success in changing the culture.

210 Last week, as the chairman mentioned, GM announced the
211 recall of over 500,000 late-model Chevy Camaros, including
212 2014 model year vehicles, because of ignition switch
213 problems. And Monday evening, just a couple of days ago,
214 another 3.3 million cars with ignition switch and engine
215 shut-off issues were recalled, including Chevy Impalas that

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216 are currently in production. This means that this year
217 alone, GM has announced 44 recalls effecting more than 20
218 million vehicles worldwide.

219 Ms. Barra, this record reinforces the notion that the
220 safety problems with the Cobalt and Ion were not unique at
221 GM, and that the senior executives at the company, including
222 you, should have acted sooner to resolve the company's
223 culture.

224 So now, we need to see--we need to show the American
225 public that the changes that have been announced will really
226 address the longstanding problems at GM.

227 Mr. Chairman, Ms. Barra is not the only one with work to
228 do. This committee should get to work on legislation to
229 address the findings of our investigation. And, in these
230 last few minutes, I also want to acknowledge the families who
231 are here in the hearing room today, and their beloved loved
232 ones with the picture on the back wall there. I know it is
233 not easy for you to learn about so many things that went
234 wrong at GM. You have my word that we will do our best to
235 make sure that this kind of tragedy will never, never happen
236 again.

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237 And, Mr. Chairman, I know that we can work together in a
238 bipartisan way to do that. Thank you.

239 [The prepared statement of Ms. DeGette follows:]

240 ***** COMMITTEE INSERT *****

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241 Mr. {Murphy.} Thank you. Gentlelady's time has
242 expired.

243 Now recognize the chairman of the full committee, Mr.
244 Upton, for 5 minutes.

245 The {Chairman.} Thank you, Mr. Chairman.

246 Ms. Barra, I--we all thank you for returning to the
247 committee today as you said you would.

248 Three months ago, we held our first hearing on the GM
249 ignition switch recall. We asked a lot of tough questions,
250 but we got only a few answers. I expect things to go
251 differently today.

252 We have the Valukas report in-hand, and we have its word
253 seared in our minds. Our investigation tracks with the
254 findings of the report of maddening and deadly breakdown over
255 a decade, plagued by missed opportunities and disconnects.
256 Engineers, didn't comprehend how their cars operated or how
257 vehicle systems were linked together. The company believed a
258 car that stalled while driving wasn't necessarily a safety
259 concern. Investigators let investigations drift for years,
260 despite having proof right before their eyes that an airbag

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261 system wasn't deploying when it should have, and all of this
262 existed in a bureaucratic culture where employees avoided
263 taking responsibility with a nod of the head.

264 Ms. Barra, you have said you found the report deeply
265 troubling as well. I find it very disturbing and downright
266 devastating to you, to GM, to folks in Michigan who live and
267 breathe pride in the auto industry, but most of all to the
268 families of the victims.

269 The recall announced on Monday this week makes it
270 painfully clear that this is not just a Cobalt problem. A
271 new set of vehicles, including multiple Chevrolet, Cadillac,
272 Buick models, are facing an ignition switch recall for the
273 very same kind of torque problem that lurked for over a
274 decade in the Cobalt and similar small vehicles, with fatal
275 consequences for unsuspecting drivers, including two teens
276 from my own community.

277 Ms. Barra, Mr. Valukas, many questions today will focus
278 on how and why this happened. I intend to focus on how we
279 can make sure it never happens again. A culture that allowed
280 safety problems to fester for years will be hard to change,
281 but if GM is going to recover and regain the public's trust,

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282 it has to learn from this report and break the patterns that
283 led to this unimaginable systematic breakdown. I want
284 specifics on whether the changes you have already put in
285 place really have made a difference.

286 With the Valukas report, GM is provided an assessment of
287 what went wrong. I want to be clear today that our
288 investigation does continue. This committee has reviewed
289 over one million pages of documents, and interviewed key
290 personnel from GM and NHTSA. While we are addressing GM's
291 actions in response today, we will address NHTSA's part of
292 the story in the near future. We don't yet have all the
293 answers about what changes in our laws, the regulators'
294 practices, or the company's culture, would have prevented
295 this safety defect from lingering so long or harming so many,
296 but we are going to find out. Yes, we will. The system
297 failed and people died, and it could have been prevented.

298 I yield the balance of my time to Dr. Burgess.

299 [The prepared statement of Mr. Upton follows:]

300 ***** COMMITTEE INSERT *****

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301 Dr. {Burgess.} I thank the chairman of the full
302 committee for yielding.

303 We now know this is not an evidence problem. The
304 evidence is simply overwhelming. It is an analysis problem.
305 General Motors still needs to answer the fundamental question
306 of how it missed all of these glaring signs. Indeed, failure
307 to recognize the problems in a timely fashion may well have
308 cost 13 people their lives.

309 This report is deeply troubling. Maybe the most
310 concerning aspect of the report is the simple recognition
311 that, while everyone at General Motors had responsibility to
312 fix the problem, no one took responsibility. That is
313 unacceptable for one of America's flagship companies, and one
314 that millions of us rely upon every day. Now, according to
315 the report by Mr. Valukas, he offers 90 recommendations as to
316 the problems and their failures that led to the ignition
317 recall. I am certain that all 90 are crucial, but really,
318 only one; accountability, and accountability that is not
319 transferrable, is crucial. If personal accountability is
320 missing, as the report here suggests, then disastrous

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321 consequences will not only occur, they will reoccur and
322 reoccur.

323 Ms. Barra, Mr. Valukas, I thank you for being here in
324 our committee today. The Valukas report is a start, a first
325 step to solving a problem by identifying it. I hope also
326 there are some answers for many of us as to the effect of now
327 the understanding of the problem, and when the understanding
328 occurred. Will this affect those cases that have already
329 been litigated? How does General Motors' bankruptcy affect
330 its position on those cases that were previously litigated,
331 and perhaps we can even touch on Mr. Feinberg's employment.
332 Is he an employee of GM, or is he working for the crash
333 victims. All of these questions need to be answered today,
334 and I look forward to your testimony, and thank you.

335 [The prepared statement of Dr. Burgess follows:]

336 ***** COMMITTEE INSERT *****

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337 Mr. {Murphy.} The gentleman yields back.

338 Now recommend--now recognize Ms. Schakowsky for 5

339 minutes.

340 Ms. {Schakowsky.} I thank you, Mr. Chairman, for

341 holding this hearing; the second on the failure to recall

342 defective GM vehicles in a timely manner, and I thank our

343 witnesses for being here.

344 As I said at our first hearing on this issue, the

345 families of the victims of GM's defective vehicles deserved

346 better. GM failed you. We are looking at those pictures in

347 the back of the room and they need more than an apology.

348 On June 5, Mr. Valukas, who is well known in Chicago

349 where I come from and well respected there, reviewed GM's

350 ignition switch failures and his report was released on June

351 5. The report characterized GM as a company with a

352 convoluted structure and very little accountability, a place

353 where there was an institutional failure to communicate and

354 coordinate both within and between different departments.

355 There is a story today in Bloomberg Businessweek about a

356 whistleblower who apparently tried to bring these problems to

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357 the attention of the company and lost his job as a result.

358 During her previous appearance before the subcommittee,
359 Ms. Barra repeatedly pointed to the importance of the Valukas
360 report in addressing the many questions that she was not able
361 to answer. I look forward to getting answers to those
362 questions today.

363 A question I raised at our last hearing has yet to be
364 answered to my satisfaction, and that is how GM will
365 compensate those who were injured or who lost loved ones in
366 crashes prior to GM's bankruptcy in 2009. Ms. Barra said
367 that it would take her and Kenneth Feinberg, who was selected
368 to advise GM on options of how to establish a victims'
369 compensation fund, up to to 60 days, from 30 to 60 days, from
370 the time of the first hearing to determine how to proceed
371 with those claims. That first hearing was April 1 and it has
372 now been 79 days, and so I hope we will get the answers
373 today.

374 As Ms. Barra said when the Valukas report became public,
375 ``We failed these customers, and we must face up to it, and
376 we must learn from it.''

377 While 15 GM employees had--have been dismissed, it is

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378 not clear to me that any senior-level manager has been held
379 responsible for the GM corporate culture that allowed the
380 ignition switch defect to go unaddressed for years after it
381 was first discovered in 2001. The question now is how far
382 accountability extends at GM. As executive vice president of
383 global product development, purchasing and supply from 2011,
384 until taking over last year as CEO, Ms. Barra, my
385 understanding is, was responsible for safety issues at the
386 company. The Valukas report suggests that senior management
387 at GM was unaware until 2013 that serious questions should
388 have been asked about the ignition switch defect, however, 2
389 newspapers, including the New York Times, addressed the
390 ignition switch defect in 2005. Now, if I were a senior-
391 level executive that read about those problems in the
392 newspaper, I would want answers and action. It seems GM
393 executives demanded neither.

394 The Valukas report does make several suggestions on
395 changing the corporate climate at GM, to respond faster and
396 better to safety issues, and that includes improving
397 communications with the National Highway Traffic Safety
398 Administration, NHTSA, and I look forward to hearing from Ms.

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399 Barra about the changes the company has already made, and its
400 plans for future improvements in the future.

401 GM paid the maximum penalty for failing to inform NHTSA
402 about the ignition switch defect. That was \$35 million. To
403 me, it sounds like a lot of money, but that is not enough of
404 a deterrent for a company with over \$150 billion in revenue.
405 It sounds to me more like a slap on the wrist. I am an
406 original cosponsor of Ranking Member Henry Waxman's Motor
407 Vehicle Safety Act, H.R. 4364, which would increase the
408 maximum penalties for failing to inform NHTSA and the public
409 of potentially deadly auto defects. As the ranking member of
410 the Commerce Manufacturing and Trade Subcommittee, I am
411 working on legislation that would do the same, while also
412 addressing several other issues raised by the GM ignition
413 switch defect, including requiring the public disclosure of
414 technical service bulletins. Those are the bulletins which
415 provide information to dealerships about how to repair
416 vehicles that are experiencing a widespread problem kept from
417 the public. The GM--in GM's case, TSBs were issued for the
418 faulty ignition switch in 2005; almost 10 years before a
419 recall was issued. Those TSBs instructed dealerships to

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420 replace the defective part.

421 I hope today's hearing will allow us to consider
422 additional actions that might be needed in improving auto
423 recalls, and I look forward to hearing from our witnesses.

424 I yield back.

425 [The prepared statement of Ms. Schakowsky follows:]

426 ***** COMMITTEE INSERT *****

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427 Mr. {Murphy.} Thank you.

428 I would now like to introduce the witnesses on the panel
429 for today's hearing. Ms. Mary Barra is the Chief Executive
430 Officer for General Motors Company, and has been in this role
431 since January 15, 2014, when she also became a member of its
432 board of directors. She has been with the company over 30
433 years, and has held a number of positions in the company,
434 including vice president of global manufacturing engineering
435 from 2008 to 2009, and executive director of vehicle
436 manufacturing engineering from 2005 to 2008. Mr. Anton
437 Valukas is a litigator and the chairman of Jenner and Block.
438 He is a former U.S. attorney and fellow of the American
439 College of Trial Lawyers. He was hired by the General Motors
440 corporation to conduct the internal investigation into the
441 faulty ignition switch, and he is the author of the report on
442 the findings that was released 2 weeks ago.

443 I will now swear in the witnesses.

444 You are both aware that the committee is holding an
445 investigative hearing, and when doing so, has the practice of
446 taking testimony under oath. Do you have any objections to

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447 testifying under oath? Both witnesses say they do not. The
448 Chair then advises you that under the rules of the House and
449 the rules of the committee, you are entitled to be advised by
450 counsel. Do either of you desire to be advised by counsel
451 during your testimony today? Both decline. Thank you. In
452 that case, if you would please rise and raise your right
453 hand, I will swear you in.

454 [Witnesses sworn.]

455 Mr. {Murphy.} Thank you. Both witnesses answered in
456 the affirmative. You are now under oath and subject to the
457 penalties set forth in Title XVIII, Section 1001 of the
458 United States Code. You may now each give a 5-minute summary
459 of your written statement.

460 Ms. Barra, would you like to open? Thank you. Please
461 pull the microphone close to you. Thank you. You have to
462 turn it on as well. I think there is a--thank you.

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463 ^TESTIMONY OF MARY T. BARRA, CHIEF EXECUTIVE OFFICER, THE
464 GENERAL MOTORS COMPANY; AND ANTON R. VALUKAS, JENNER AND
465 BLOCK

|

466 ^TESTIMONY OF MARY T. BARRA

467 } Ms. {Barra.} Thank you, Mr. Chairman. I appreciate the
468 chance to appear before you again today on the ignition
469 switch issue.

470 Before I proceed with my brief remarks, I want to again
471 express my sympathies to the families that lost loved ones,
472 and those to who suffered physical injury. I am ever-mindful
473 that we have a special responsibility to them and to those
474 families, and the best way to fulfill that responsibility is
475 to fix the problem by putting in place the needed changes to
476 prevent this from every happening again.

477 When I was here 11 weeks ago, I told you how we intended
478 to proceed with this matter. I promised we would conduct a
479 comprehensive and transparent investigation into the causes
480 of the ignition switch problem. I promised we would share

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481 the findings of Mr. Valukas' report with Congress, our
482 regulators, NHTSA and the courts. I promised we would hold
483 people accountable, and make substantial and rapid changes in
484 our approach to recalls. Finally, I promised we would engage
485 Ken Feinberg to develop a just and timely program for
486 compensating families who lost loved ones, and those who
487 suffered serious physical injury. We have done all of these
488 things and more, and I welcome the opportunity to discuss
489 them with you further.

490 The Valukas report, as you know, is extremely thorough,
491 brutally tough and deeply troubling. It paints a picture of
492 an organization that failed to handle a complex safety issue
493 in a responsible way. I was deeply saddened and disturbed as
494 I read the report. For those of us who have dedicated our
495 lives to this company, it is enormously painful to have our
496 shortcomings laid out so vividly. There is no way to
497 minimize the seriousness of what Mr. Valukas and his
498 investigators uncovered.

499 On June 2, Mr. Valukas presented the findings of his
500 investigation to the Board of Directors of General Motors. I
501 will leave it to Mr. Valukas to comment on his report, but

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502 for my part, I want you to know my reaction to the report and
503 some of the actions I have taken since reviewing it.

504 First, we have made a number of personnel decisions.
505 Fifteen individuals identified in the report are no longer
506 with the company. We have restructured our safety decision-
507 making process to raise it to the highest levels of the
508 company, addressing a key point in the Valukas report that
509 critical information was kept from senior management. Under
510 the new system, this should never happen again.

511 We are currently conducting, and I believe--what I
512 believe is the most exhaustive comprehensive safety review in
513 the history of our company. We are leaving no stone
514 unturned, and devoting whatever resources it takes to
515 identify potential safety issues in all of our current
516 vehicles and on vehicles no longer in production. Our
517 responsibility is to set a new norm and a new industry
518 standard on safety and quality. I have told our employees it
519 is not enough to simply fix this problem; we need to create a
520 new standard, and we will create a new norm.

521 We have announced the creation of, and have implemented,
522 a new global product integrity organization that is already

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523 enhancing the overall safety and quality of our products, and
524 we are taking a very aggressive approach on recalls, and we
525 are bringing greater rigor and discipline to our analysis and
526 decision-making process regarding these recalls and other
527 potential safety-related matters. It is difficult to
528 announce so many recalls, but it is absolutely the right
529 thing to do.

530 As we discussed last time, we have engaged Kenneth
531 Feinberg to review options for establishing a compensation
532 program, and the process is moving rapidly. Mr. Feinberg has
533 the full authority to establish eligibility criteria for
534 victims, and to determine the compensation levels. He has
535 indicated he will share his final criteria with us by the end
536 of this month, and we expect to begin processing claims by
537 August 1.

538 We have created a new position of vice president of
539 global vehicle safety, and appointed Jeff Boyer, who is a
540 highly respected expert in the field, to this position. I
541 have personally told Jeff that he will have whatever
542 resources he needs to do the job, and he has many already.
543 In fact, we have also named a senior attorney to support him

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544 and to facilitate rapid information sharing across the
545 organization. In addition, we have added 35 safety
546 investigators that are already allowing us to identify and
547 address safety issues much more quickly. And finally, we
548 have instituted a Speak Up For Safety program, encouraging
549 employees to report potential safety issues quickly, and we
550 are recognizing them when they do so. This is more than a
551 campaign or a program, it is the start of changing the way we
552 think and act at General Motors.

553 Two weeks ago, I addressed the entire global workforce
554 about the report. I told our team as bluntly as I knew how
555 that the series of questionable actions and inactions
556 uncovered in the investigation were inexcusable. I also told
557 them that while I want to solve the problems as quickly as
558 possible, I never want anyone associated with GM to forget
559 what happened. I want this terrible experience permanently
560 etched in our collective memories. This is not another
561 business challenge. This is a tragic problem that should
562 never have happened, and must never happen again.

563 The report makes a series of recommendations in 8 major
564 areas. I have committed the company to act on all of the

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565 recommendations, and many of which we had started before and
566 are already implemented.

567 Finally, Mr. Chairman, and members of the committee, I
568 know some of you are wondering about my commitment to solve
569 deep underlying cultural problems that were uncovered in the
570 report. The answer is simple. I will not rest until these
571 problems are resolved. As I told our employees, I am not
572 afraid of the truth, and I am not going to accept business as
573 usual at GM. It is time, in fact, it is past time, to insist
574 on total accountability, and to make sure vital information
575 is shared across all functions of the company, so we can
576 unleash the full power of our 200,000 employees, our 21,000
577 dealers, and our 23,000 suppliers. We are a good company,
578 but we can and must be much, much better.

579 This is my focus, and this is my promise to you, our
580 employees, our customers, our shareholders, and the American
581 people.

582 Thank you again for having me here today. I am pleased
583 to take your questions.

584 [The prepared statement of Ms. Barra follows:]

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585 ***** INSERT A *****

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|

586 Mr. {Murphy.} Thank you, Ms. Barra.

587 Mr. Valukas, you are recognized for 5 minutes.

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|

588 ^TESTIMONY OF ANTON R. VALUKAS

589 } Mr. {Valukas.} Have I got it?

590 Mr. {Murphy.} You have to bring that very close to your
591 mouth, and lift it up and--

592 Mr. {Valukas.} All right. Thank you, Mr. Chairman.

593 Mr. {Murphy.} Even closer if you would, sir.

594 Mr. {Valukas.} Even closer?

595 Mr. {Murphy.} Yes.

596 Mr. {Valukas.} Okay. Thank you. Now I have it? Okay,
597 thank you. Thank you, Mr. Chairman.

598 In March of this, year General Motors asked me to
599 determine why it took so long to recall the Cobalt and other
600 vehicles that contained this faulty and defective switch,
601 which has resulted in such disaster for General Motors and
602 for the families who were involved in this matter. My
603 explicit mandate from the General Motors Board of Directors
604 was to promote and provide an unvarnished report as to how
605 and why this occurred, to pursue the facts wherever they took
606 us, and to report those facts in a report. General Motors'

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607 Board also directed me to make recommendations based on those
608 factual findings to help them ensure that this did not happen
609 again.

610 Jenner and Block, my firm, was given unfettered access
611 to General Motors witnesses and documents. In point of fact,
612 we interviewed, in the 70 days or so, 230 witnesses, some of
613 them multiple times, so we had about approximately 350
614 interviews, some of them lasting 6 to 8 hours. We viewed
615 over 41 million documents, coming from the files of everybody
616 from the top executives down to the individuals who were
617 involved at the most technical level. A number of documents
618 involved tens of millions of materials that were personally
619 reviewed by individual reviewers, and all of this was in an
620 effort to find out the facts as to why this Cobalt recall
621 took over a decade, and how long--why that defective switch
622 remained unaccounted for during that period of time.

623 I provided a copy of the report--I am sorry, the copy of
624 that report was provided to the committee. I am not going to
625 go through the details, but the story of the Cobalt is a
626 story of individual and organizational failures that have led
627 to devastating consequences. Throughout the decade it took

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628 General Motors to recall the Cobalt, there was, as has
629 already been described here this morning by one of the
630 Members, lack of accountability, a lack of urgency, and
631 extraordinarily a failure of the company personnel charged
632 with safety issues to understand how this car was
633 manufactured, and the interplay between the switch and other
634 aspects of the automobile.

635 In our report, we reviewed these failures, and
636 identified cultural issues that may have contributed to this
637 problem. As General Board's--Motors' Board requested, we
638 have provided recommendations to help ensure that this
639 problem does not take place in the future, but as we note in
640 my written statement to you, that is an issue with which GM
641 must deal. The report does not give all of the answers.

642 Thank you.

643 [The prepared statement of Mr. Valukas follows:]

644 ***** INSERT B *****

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|

645 Mr. {Murphy.} Thank you very much.

646 Now I recognize myself for 5 minutes of questions.

647 Mr. Valukas, your report references such terms as the GM
648 nod and the GM salute, where people nod in agreement and do
649 nothing or look to others to do something, but no one accepts
650 responsibility.

651 Ms. Barra, do you agree with Mr. Valukas when he states
652 that a--that culture is the problem at GM, that a culture
653 where GM personnel failed to recognize significant issues to
654 decision-makers, delayed the ignition switch recalls?

655 Ms. {Barra.} I agree that there are specific people
656 involved that did not act appropriately.

657 Mr. {Murphy.} You have been with the company for 30
658 years, right?

659 Ms. {Barra.} Yes, I have.

660 Mr. {Murphy.} How does someone who has spent an entire
661 career within the culture of GM change the culture of GM? I
662 believe there are 210,000 employees or so with GM. You
663 mentioned 15 were fired.

664 Ms. {Barra.} Um-hum.

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665 Mr. {Murphy.} That is 99.999 percent, if my math is
666 right, of the people are the same. If you haven't changed
667 the people, how do you change the culture?

668 Ms. {Barra.} Well, again, the people--the 15 people
669 that are no longer with the company are the people that
670 either didn't take action they should, or didn't work
671 urgently enough to rectify this matter, and they are no
672 longer part of this company. That was a strong signal to
673 send within the company. But I--again, what is much more
674 important is that we create the right environment where every
675 engineer is able--everyone in the company is able to come to
676 work every day and do their best work, be supported, and that
677 is the culture that we are working to create, that is the
678 programs we have put in place, like Speak Up For Safety, and
679 the structural changes we have made.

680 Mr. {Murphy.} The previously-referenced article by
681 Bloomberg notes that Cortland Kelly, who worked on the
682 Cavalier, the predecessor to the Cobalt, raised questions
683 about a defective fuel line. He had to continue to do that,
684 even threatening in moving forward with whistleblower
685 actions. This was referenced on page 93, Mr. Valukas, of

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686 your report where it says, ``Oakley also noted, however, that
687 he was reluctant to push hard on safety issues because of his
688 perception that his predecessor had been pushed out of the
689 job for doing just that.''

690 I guess this speaks to the question of what is a cover-
691 up. Mr. Valukas, you concluded there was no conspiracy and
692 no cover-up. Does an employee acting alone, who hides or
693 doesn't share information, a cover-up?

694 Mr. {Valukas.} I am sorry. Can--the latter part of
695 the--the last part?

696 Mr. {Murphy.} Does an employee who acts alone, or who
697 hides or doesn't share information, a cover-up?

698 Mr. {Valukas.} If the individual knows that the
699 information is a--for instance, a safety information, and
700 understands that and deliberately decides to conceal that,
701 that is a cover-up, yes, it is.

702 Mr. {Murphy.} And on a corporate culture of
703 carelessness, where lifesaving information sits in file boxes
704 collecting dust, as you referred to, is that a cover-up?

705 Mr. {Valukas.} What we found in connection with this,
706 Mr. Chairman, was the following. We found that a large

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707 number of individuals had information that they didn't--in
708 the first instance, they didn't believe was safety-related
709 information. Clearly up until about 2009, they looked at
710 this as a convenience matter, and they dealt with it that
711 way. We did not find evidence that any individual had a
712 piece of evidence in connection with this Cobalt recall which
713 they considered to be safety information, which they
714 deliberately withheld from somebody else.

715 Mr. {Murphy.} You put in your report though that Mr.
716 Oakley specifically says he is reluctant to push hard on
717 safety issues.

718 Mr. {Valukas.} I am sorry?

719 Mr. {Murphy.} You put in your report where Mr. Oakley
720 specifically says, on page 93, he was reluctant to push hard
721 on safety issues because of his perception that his
722 predecessor had been pushed out of a job. That implies he
723 withheld safety information.

724 First of all, Ms. Barra, is he still working for you?

725 Ms. {Barra.} Yes, he is, and actually he has raised
726 issues and we are actively investigating. It is part of our
727 Speak Up For safety program.

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728 Mr. {Murphy.} Well, it sounds like he decided not to
729 speak up.

730 Ms. {Barra.} Well, he is now, and we are taking it very
731 seriously.

732 Mr. {Murphy.} I just find it hard to believe that of
733 210,000 employees, not a single one in that company had the
734 integrity to say, I think we are making a mistake here. Not
735 a single one. That is puzzling to me. I mean even out at
736 the VA Hospital, we have lots of whistleblowers. I don't see
737 here in GM that there are whistleblowers. Not a single
738 person you interviewed in this?

739 Mr. {Valukas.} Well--

740 Mr. {Murphy.} Well, let me jump to another question. I
741 am going to get back to this, because there were also a lot
742 of issues about lawsuits. You referenced some of those, but
743 what I don't see here is questions, if you examine--if GM
744 responded appropriately to victims' discovery requests in the
745 lawsuits, including what GM understood about the airbag
746 deployment. Did you find that--I don't know if you spoke
747 with plaintiffs' attorneys in this case, but did you find
748 that in every case that information requested with--of GM was

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749 responded to in a timely manner of the plaintiffs' attorneys'
750 request, and that the information they presented to GM was
751 responded to?

752 Mr. {Valukas.} Mr. Chairman, what we did was we--and at
753 the very beginning of this investigation I sent letters and
754 emails to the key plaintiffs' lawyers who were involved, and
755 where there would be--in the most sensitive of these cases, I
756 don't want to mention family names, but including the case
757 that resulted in the disclosure of the two switches, inviting
758 them to contact me so that they--we could talk in the
759 investigation, determine that very issue, that deal with that
760 issue. Not one of those attorneys responded to me. I also
761 interviewed the attorneys who were outside counsel in
762 connection with the GM matters, the particular piece of
763 litigation, determine whether I had any evidence there of
764 something which would indicate that GM had particular facts
765 which they were withholding in order to accomplish something,
766 and I did not find evidence of that in my discussions with
767 outside counsel.

768 I reviewed all of the emails relating to the legal
769 department in connection with all of these cases. And I say

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770 I. Jenner and Block did, I didn't interview them personally,
771 to determine whether there was any evidence that there was
772 information that they had that they were now making a
773 decision, for instance, to settle a case because they wanted
774 to conceal the safety defect and prevent a recall, and I did
775 not find information such as that, so--

776 Mr. {Murphy.} I appreciate that. I am out of time, but
777 I want to say there is a difference between not getting a
778 response and not having the facts, and my assumption is when
779 you tasked Mr. Valukas with getting all the information, if
780 you don't have this information, do you still want it?

781 Ms. {Barra.} I--

782 Mr. {Murphy.} The information with regard to if
783 information was not passed on to plaintiffs' attorneys who
784 had made the request, do you still want that information?
785 That is what I--I am out of time. I will go to Ms. DeGette.

786 Ms. {DeGette.} Thank you, Mr. Chairman.

787 Mr. Valukas, Ms.--the Chairman just asked Ms. Barra
788 about this GM nod and GM salute that you talked about in your
789 report on page 255 and 256, where you said one witness
790 described the GM phenomenon of avoiding responsibility as the

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791 GM salute, a crossing of the arms and pointing outwards to
792 other, indicating the responsibility belongs to someone else,
793 not me. And then you said, similarly, Mary Barra described a
794 phenomenon known as the GM nod. The GM nod Barra described
795 as when everyone nods in agreement a proposed plan of action,
796 but then leaves the room with no intention to follow through,
797 and the nod is an empty gesture.

798 When the Chairman just asked Ms. Barra about this, she
799 said, ``Specific--there were specific people involved that
800 did not act appropriately.'' Do you think this company
801 culture, the GM nod and the GM salute, was just limited to
802 those 15 people who have been terminated from GM, yes or no?

803 Mr. {Valukas.} I can't tell--I can't answer that
804 question.

805 Ms. {DeGette.} Do you think it was only 15 people who
806 did this GM nod and salute?

807 Mr. {Valukas.} No, I think there were a number of
808 people--

809 Ms. {DeGette.} Thank you.

810 Mr. {Valukas.} --who were on the committees, I--who
811 were on the committee--

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812 Ms. {DeGette.} Thank you.

813 Mr. {Valukas.} Okay.

814 Ms. {DeGette.} And you learned that although the
815 problems with the ignition switch's safety issues were known
816 by many in the company, GM senior leadership, including Ms.
817 Barra, was unaware of these issues for years. Is that
818 correct?

819 Mr. {Valukas.} That is factually correct.

820 Ms. {DeGette.} Thank you. These leaders included GM
821 CEOs, including Rick Wagner, Mike Millikin, who was then GM's
822 general counsel, and Ms. Barra, correct?

823 Mr. {Valukas.} That is correct.

824 Ms. {DeGette.} And, Ms. Barra, you previously testified
825 that you didn't know about the problems with the ignition
826 switch until December 2013, is that correct?

827 Ms. {Barra.} I testified I knew there was an issue with
828 the Cobalt in December that they were studying. I knew there
829 was an ignition switch issue on January 31, that's what I
830 testified.

831 Ms. {DeGette.} In December 2013, right?

832 Ms. {Barra.} January 31, 2014, was when I knew--

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833 Ms. {DeGette.} Okay.

834 Ms. {Barra.} --there was an ignition--

835 Ms. {DeGette.} Thanks.

836 Ms. {Barra.} --switch issue.

837 Ms. {DeGette.} Okay. Now, Gay Kent, who was the
838 director of vehicle safety in your department, she made
839 decisions in 2004 about the stalling being a safety risk.
840 Did she ever share those findings with you, yes or no?

841 Ms. {Barra.} No.

842 Ms. {DeGette.} And Jim Federico, a senior GM executive,
843 brought in to find solutions to the airbag situation in 2012,
844 he knew about the problems and he reported directly to you.
845 Did he ever share his knowledge with you--

846 Ms. {Barra.} He--

847 Ms. {DeGette.} --yes or no?

848 Ms. {Barra.} Well, he reported directly to me at a
849 portion of his time, and then he no longer reported--

850 Ms. {DeGette.} But did he ever tell you about these
851 problems?

852 Ms. {Barra.} He--

853 Ms. {DeGette.} No, he didn't. Now, you have made a

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854 number of structural changes at GM, and I appreciate this and
855 I know you are committed to doing it, but the company culture
856 is what concerns me as well as the chairman, and the problems
857 that I have identified today are not problems about who
858 reports to whom, but rather a culture that encourages people
859 not to stick their necks out and report things. And, in
860 fact, just yesterday, I learned from a source--a very--source
861 very close to GM who has intimate knowledge of the culture
862 there, that the results of Mr. Valukas' investigation and the
863 terminations of these 15 employees have only created more
864 paranoia within the company that people are going to lose
865 their jobs. And so I want to ask you, Ms. Barra, what are
866 you doing, not just to change the structure and put these
867 safety programs together and so on, but to change the culture
868 of the company so that the company rewards people reporting
869 problems, not sweeping it under the rug?

870 Ms. {Barra.} We are doing a lot, and it is--to your
871 point, it is not done by words, it is not done by slogans, it
872 is done by actions.

873 Ms. {DeGette.} Well, so what is it that you are doing?

874 Ms. {Barra.} So we have put the Speak Up For Safety

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875 program, and we are getting--I am getting personally
876 information from employees. I am acting on it, we have a
877 regular program, we are going to be recognizing those
878 individuals. I have spoken to all of our employees globally,
879 encouraging them. But I think most important, the work that
880 we are doing and the actions we are taking with the
881 additional recalls demonstrate how sincere we are to the
882 customer and the center of everything we do, and we want to
883 make sure we are doing the right thing as it relates to
884 safety, as it relates for quality--

885 Ms. {DeGette.} But we--

886 Ms. {Barra.} --and our employees are seeing that.

887 Ms. {DeGette.} Okay. I would like to see, if you may
888 supplement your answer with the specifics of how you are
889 rewarding this.

890 Ms. {Barra.} Yes.

891 Ms. {DeGette.} I would appreciate that.

892 Ms. {Barra.} We can do that.

893 Ms. {DeGette.} Now, I want to talk to you briefly about
894 this compensation fund. I am pleased now that you are
895 telling us that Mr. Feinberg is setting up a compensation

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896 fund, but we still don't have very many details of it. Has
897 the company or Mr. Feinberg determined the criteria about who
898 will be eligible for payment, yes or no?

899 Ms. {Barra.} He is developing that, but I think the
900 important point--

901 Ms. {DeGette.} So we don't have that criteria yet--

902 Ms. {Barra.} He has a--

903 Ms. {DeGette.} --correct?

904 Ms. {Barra.} He has a draft protocol that he is getting
905 input. He is an independent--

906 Ms. {DeGette.} Would you please provide that to this
907 committee, the draft protocol?

908 Ms. {Barra.} We can.

909 Ms. {DeGette.} Thank you very much.

910 Ms. {Barra.} Can I add--

911 Ms. {DeGette.} And--

912 Ms. {Barra.} --a point?

913 Ms. {DeGette.} And--no. Let me ask you this. Will Mr.
914 Feinberg have discretion to make eligible for payment victims
915 beyond those identified by GM to date, because we are hearing
916 there may be up to 100 deaths from this?

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917 Ms. {Barra.} We want to capture every single person who
918 suffered serious physical injury or lost a loved one, every
919 single person as a result of the ignition switch--

920 Ms. {DeGette.} So your answer is yes?

921 Ms. {Barra.} Yes.

922 Ms. {DeGette.} Okay, and will those people who receive
923 payment through this program be required to release their
924 legal claims?

925 Ms. {Barra.} I am sorry, the voluntary program?

926 Ms. {DeGette.} No. If they get compensated by--from
927 Mr. Feinberg's program, will they have to release their legal
928 claims to go to court? Do you know?

929 Ms. {Barra.} This is--this program is in lieu of go--
930 taking this to court.

931 Ms. {DeGette.} So your answer is yes?

932 Ms. {Barra.} I can't say exhaustively, but as it
933 relates to this specific instance, yes.

934 Ms. {DeGette.} Okay, will you submit your answer please
935 and let me know that?

936 Mr. {Murphy.} Thank you.

937 Ms. {DeGette.} Thank you very much.

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938 Mr. {Murphy.} Gentlelady's time expired.

939 Now recognize Mr. Upton for 5 minutes.

940 The {Chairman.} Thank you again.

941 You know, I am a firm believer that you cannot solve a
942 problem that you don't acknowledge or fully understand, so
943 while I am going to be--try to be very interested in forward-
944 looking solutions, I want to begin by walking through and
945 defining some key problems that we identified from this
946 report.

947 First, a simple yes or no. Is it true that GM engineers
948 did not believe the ignition switch moving from run to
949 accessory and causing a stall, constituted a safety problem?

950 First, Ms. Barra--

951 Ms. {Barra.} Initially--

952 The {Chairman.} --and then--

953 Ms. {Barra.} --yes.

954 The {Chairman.} And Mr. Valukas?

955 Mr. {Valukas.} Yes.

956 The {Chairman.} Can you confirm that a GM engineer test
957 driving the Cobalt in '05 experienced a shutoff after hitting
958 the key with his knee, and that his report on the incident

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959 was categorized as an annoyance rather than a safety issue?

960 Ms. {Barra.} Yes, that was quite true.

961 The {Chairman.} So let us continue talking about how GM
962 employee warnings and experiences were handled. I read with
963 a lot of concern this morning's news coverage alleging that
964 employee safety concerns went unheeded. I won't ask you to
965 respond to a particular newspaper article, but I do want to
966 get your reaction to a case uncovered in our investigation
967 about a specific employee concern, and I want to know how it
968 was handled at the time and how it would be handled if it was
969 raised today. And you have a tab on page 83 in your binder,
970 but in '05, a GM employee drove an '06 Chevy Impala home from
971 work. When she hit a bump in the road, the ignition switch
972 fell out of the run position and stalled the car. Let me
973 read you from her email, which is up on the screen, sent in
974 October of '05 after she took the vehicle for repair. ``I
975 think this is a serious safety problem, especially if this
976 switch is on multiple programs. I am thinking big recall. I
977 was driving 45 miles per hour when I hit the pothole and the
978 car shut off, and I had a car driving behind me, swerving
979 around me. I don't like to imagine a customer driving with

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980 their kids in the backseat on I-75 and hitting a pothole in
981 rush-hour traffic. I think you should seriously consider
982 changing this part to a switch with a stronger detent.''

983 So to reiterate, nearly 9 years ago, a GM employee
984 suggested the stalling of the '06 Impala was a serious safety
985 problem, and speculated that a big recall was coming. So
986 when was the recall for the '06 Impala announced, do you
987 know?

988 Ms. {Barra.} I believe that was part of Monday's--
989 The {Chairman.} Two days ago. Monday. Nine years ago.
990 So looking at that case, and looking as if it happened today,
991 can you tell us specifically how a concern like this would be
992 handled if it was raised today?

993 Ms. {Barra.} Yes. We--as I testified when I was here
994 last time, we consider a stall to be a safety issue, and so
995 when a safe--a stall is brought forward, if we then learn and
996 understand it is because of a defect in the way the vehicle--
997 some part of a system in the vehicle is working, we are going
998 to address it. We do have to understand stalls also happen
999 when you run out of gas or pop the clutch, but if we are
1000 aware of a stall, and we then learn that it is because some

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1001 part of the vehicle or a system is not operating properly, we
1002 will immediately take action, and that is what represent--is
1003 represented in what we did on Monday.

1004 The {Chairman.} Mr. Valukas, in going through the
1005 report, there were some comments made as to the consumer
1006 friendliness of the TREAD Act requirements in terms of
1007 complaints that were received. What suggestions might you
1008 have relating to that, in terms of how we proceed in the
1009 future?

1010 Mr. {Valukas.} I don't have a specific legislative
1011 suggestion for you. I did include in the recommendations
1012 something which I think is very important for General Motors,
1013 which is they need to look at NHTSA as a partner in this
1014 issue, and not somebody to be held at bay, so that the
1015 transmission of information is a free flow of information and
1016 problems are elevated at the earliest possible point. It is
1017 clear to me from the earlier aspects of this investigation
1018 that there were times where it was almost an adversarial
1019 relationship rather than a passing of information, but I
1020 don't have a legislative suggestion for you.

1021 The {Chairman.} Ms. Barra, do you have a comment as it

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1022 relates to the compiling of the information for the TREAD Act
1023 for the complaints?

1024 Ms. {Barra.} I think it is very important that we have
1025 a productive relationship with the Agency, with NHTSA, and I
1026 do think there are things that can be done through the
1027 national VIN database and also improving the search
1028 capability and ability to use information--valuable
1029 information that is in the TREAD database.

1030 The {Chairman.} Okay. I yield back.

1031 Mr. {Murphy.} Thank you. I have a clarifying question
1032 based upon what--something Ms. DeGette and Mr. Upton said.
1033 Given that I think GM has now recalled something like 40
1034 million cars, do you have a revised number on the number of
1035 deaths that may be--and crashes that may have been associated
1036 with the faulty ignition switch? Do you have a number yet?

1037 Ms. {Barra.} The recall that we did on Monday, there's
1038 no known--we know of no fatalities.

1039 Mr. {Murphy.} But overall, related to what Ms. DeGette
1040 was saying, is there--

1041 Ms. {Barra.} With the information that we have as it
1042 relates to the Cobalt and the population of those vehicles,

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1043 the known number we have is still 13.

1044 Mr. {Murphy.} Thank you.

1045 Recognize Mr. Dingell now for 5 minutes.

1046 Mr. {Dingell.} Thank you, Mr. Chairman. Welcome to Ms.
1047 Barra and to Mr. Valukas. We appreciate you being here
1048 today.

1049 You, Mr. Valukas, and your team have compiled a report
1050 about serious internal shortcomings at General Motors that
1051 has contributed to the company's failure to report a safety
1052 defect in the Chevrolet Cobalt. I know that Ms. Barra shares
1053 my grave concern about the report's findings, and I look to
1054 her and the GM leadership for establishing more responsible
1055 and communicative cultures at GM.

1056 We all recognize your report as not an end to the
1057 investigation. It does impute a number of commonsense
1058 recommendations which I feel GM should commit to implementing
1059 in full.

1060 My questions to Ms. Barra today will require simple yes
1061 or no answers. Now, to Ms. Barra, we have learned that
1062 Cobalt's initial--ignition switch was redesigned, but it was
1063 not given a new part number. This obfuscated the company's

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1064 internal investigation, and contributed to a delay in defect
1065 reporting and subsequent recalls. Mr. Valukas suggests in
1066 his report that GM adopt procedures that include a specific
1067 protocol for reviewing authorizations of out-of-specification
1068 parts, tracking out-of-specification parts, identifying who
1069 should be notified of them, and identifying and elevating any
1070 particular safety issues that might be associated with the
1071 use of out-of-specification parts. The report goes on to
1072 suggest that high-level review should be required before
1073 approval of use of out-of-specification part.

1074 Now, does GM commit to implementing these particular
1075 suggestions in full, yes or no?

1076 Ms. {Barra.} Yes.

1077 Mr. {Dingell.} Now, Ms. Barra, subsequently, Mr.
1078 Valukas suggests in his report that GM make improvements in
1079 its problem resolution tracking system, PRTS. More
1080 specifically, his report suggests that the standard for
1081 closing PRTS without action is clearly defined and
1082 sufficiently rigorous. He goes on to suggest that PRTS
1083 should not be closed without action, absent clear sign-off by
1084 named individuals, and appropriate levels of review.

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1085 Furthermore, his report suggests that GM reaffirm that the
1086 lack of an acceptable business case is not an acceptable
1087 reason for closing out a PRTS if that involves a safety
1088 issue.

1089 Does GM commit to implementing all of these suggestions
1090 moving forward, yes or no?

1091 Ms. {Barra.} Yes.

1092 Mr. {Dingell.} Now, again, Ms. Barra, likewise I think
1093 we all agree with Mr. Valukas, that GM should implement more
1094 robust policies and training with respect to component and
1095 vehicle safety matters.

1096 At the most basic level, does GM commit to training its
1097 employees about the lessons learned from the Cobalt
1098 investigation, yes or no?

1099 Ms. {Barra.} Yes.

1100 Mr. {Dingell.} Now, again, Ms. Barra, will GM train
1101 employees to recognize and elevate safety issues, including
1102 the emphasis on the need to identify and address safety
1103 issues actively, regardless of whether the vehicles are in
1104 the design or production phase, yes or no?

1105 Ms. {Barra.} Yes.

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1106 Mr. {Dingell.} Now, again, Ms. Barra, when fostering a
1107 culture of safety, I think we all recognize it is very
1108 important that employees who recognize and report safety
1109 problems in components and vehicle feel comfortable in so
1110 doing.

1111 As such, does GM commit to promote visibility and
1112 enforce rigorously the non-retaliation policy contained in
1113 paragraph 19 of the May 16 NHTSA consent order, yes or no?

1114 Ms. {Barra.} Yes.

1115 Mr. {Dingell.} Now, Ms. Barra, it is also imperant that
1116 all automakers communicate clearly and promptly with NHTSA.
1117 I said all automakers.

1118 Will GM create a centralized database for all
1119 communications with NHTSA, and train its employees who
1120 communicate with NHTSA, to file their communications in this
1121 database, yes or no?

1122 Ms. {Barra.} Yes.

1123 Mr. {Dingell.} Now, do you think that that is good for
1124 other companies?

1125 Ms. {Barra.} Yes, I do.

1126 Mr. {Murphy.} Gentleman's time has expired.

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1127 Mr. {Dingell.} Mr. Chairman, I thank you for your
1128 courtesy.

1129 Mr. {Murphy.} Thank you very much.

1130 Now recognize the vice chair of the full committee, Mrs.
1131 Blackburn, for 5 minutes.

1132 Mrs. {Blackburn.} Ms. Barra, I thank you for coming
1133 back.

1134 I have a few questions for you, and I have to tell you,
1135 many of my questions that I asked and couldn't get answers
1136 for in April when you were with us, you said after Mr.
1137 Valukas finished the report, you hoped to be able to answer
1138 these questions.

1139 Now, since that time, I have been able to be on the
1140 floor at the Springhill facility which is there in my
1141 district. We have 1,868 employees that certainly do not want
1142 the GM brand to be tarnished by all of this, and so it is
1143 important to me on behalf of all those constituents that we
1144 get some answers, and that we do this very quickly. So we
1145 thank you for coming back to us today.

1146 I want to go back to something I asked you about in
1147 April, and you explained that a part that doesn't meet all

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1148 specifications can still be acceptable for safety, and the
1149 example that you used was with still. Now, we know that the
1150 Cobalt ignition switch was redesigned in '06, right? And
1151 testing documents from that time show that the torque of the
1152 redesigned switch was still below specifications, and yet
1153 after this change, the reported incidents of non-deployment
1154 in these vehicles dropped dramatically.

1155 Well, when we look at that and we read those documents,
1156 and the chairman mentioned, we have been through 1 million
1157 pages of documents, and 15,000 pages of documents from NHTSA.
1158 So we are not sitting idly on this, we are taking some
1159 action.

1160 So I want you to go back through this and elaborate on
1161 your response that something could still not meet
1162 specifications and be acceptable for safety, and I would like
1163 to hear from you when it is okay to deviate from
1164 specifications, and people in the process not be aware of
1165 this.

1166 Ms. {Barra.} Well, I think when you look, as you start
1167 developing something, you have a design specification, but
1168 what is most important, and the testing that we are doing now

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1169 is--and had done in the past, but are doing in a much more
1170 broad fashion now, relates to the actual performance of the
1171 part and how the part operates in a subsystem, how it
1172 operates in a broader system, and then how it operates in the
1173 vehicle. And so as we design now, we are validating that the
1174 part level, with the new organization we put together called
1175 the product integrity organization, they are actually now
1176 looking into a much more validation as it relates to
1177 subsystems, because you--what you really want to know is, as
1178 all the parts come together, that it is going to operate as a
1179 system and perform safely.

1180 Mrs. {Blackburn.} Okay.

1181 Ms. {Barra.} And that is what the new organization is
1182 accomplishing.

1183 Mrs. {Blackburn.} Okay, so what you are saying then, if
1184 it doesn't affect safety or effectiveness, it is okay not to
1185 meet specifications.

1186 Ms. {Barra.} I am saying there are times where, as long
1187 as--it has to meet the performance requirements.

1188 Mrs. {Blackburn.} Okay, then how should an engineer
1189 evaluate the performance, the part's performance, against the

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1190 technical specifications?

1191 Ms. {Barra.} Again, there is--you look at performance
1192 against requirements. What are the requirements of how that
1193 part needs to behave in the system, and that is how an
1194 engineer evaluates it. And, again, what we are doing now is
1195 taking that much more broadly, so we are not relying on one
1196 person--

1197 Mrs. {Blackburn.} Okay.

1198 Ms. {Barra.} --to understand across the whole vehicle.

1199 Mrs. {Blackburn.} Then in this product integrity
1200 system, how does GM track the deviations that are occurring
1201 from the technical specifications?

1202 Ms. {Barra.} That is all captured in, you know, very
1203 specific documents.

1204 Mrs. {Blackburn.} How transparent is it? Is it
1205 transparent to the--

1206 Ms. {Barra.} It is--

1207 Mrs. {Blackburn.} --engineer?

1208 Ms. {Barra.} It is available to the engineers, to the
1209 chief engineers in the organization?

1210 Mrs. {Blackburn.} Okay, was this done, when the switch

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1211 was approved in '02 and redesigned in '06?

1212 Ms. {Barra.} No, what I am talking about is what we
1213 have done this year.

1214 Mrs. {Blackburn.} Okay, so this was not done. So we
1215 still have--there was a glitch in the system and people
1216 approved a part that was not okay.

1217 Ms. {Barra.} Well, the problem with the specific change
1218 you are referring to was that change was made and it was not
1219 documented.

1220 Mrs. {Blackburn.} Okay, then how does a GM engineer
1221 know when there is a deviation from a specification if it is
1222 too much or too little, or if it is acceptable or if it is
1223 going to pose a safety problem?

1224 Ms. {Barra.} Again, I--there are a couple of aspects of
1225 this that you have to look at, but if you go back to when
1226 those changes were made and it wasn't documented, the records
1227 were not there to document there was a change, and that was
1228 something that is unacceptable, and the individual who didn't
1229 document that is no longer with the company. I am telling
1230 you that as you do good engineering, you are going to make
1231 sure you understand the requirements of what you are

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1232 designing, make sure the part, the subsystem, the system
1233 meets those requirements, and have full documentation.

1234 Mrs. {Blackburn.} Okay. All right, I will yield back.

1235 Mr. {Murphy.} The gentlelady yields back.

1236 Now recognize Mr. Braley for 5 minutes.

1237 Mr. {Braley.} Thank you, Mr. Chairman.

1238 Ms. Barra, welcome back. Mr. Valukas, welcome to the
1239 committee.

1240 Ms. Barra, I want to start with some of the comments you
1241 made in your opening remarks. I have a couple of questions I
1242 want to talk to you about.

1243 You mentioned specifically that you had promised that
1244 you would conduct a comprehensive and transparent
1245 investigation. Do you believe that that was accomplished?

1246 Ms. {Barra.} I think the Valukas report was
1247 comprehensive. It went--it was very far-reaching and we have
1248 shared that information.

1249 Mr. {Braley.} And you also said that you promised you
1250 would share the findings of the report with Congress, our
1251 regulators, NHTSA and the courts.

1252 This is a copy of the report that we received, and it

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1253 states on the very front page of the report, privileged and
1254 confidential, protected by attorney-client privilege and as
1255 attorney work product. You indicated that you hired Mr.
1256 Valukas to do this independent investigation, but it is
1257 obvious from the report that you considered this to be an
1258 attorney-client relationship, and the report itself has
1259 sections blacked out so that we, on this panel, don't know
1260 who some of the victims were that are identified in the
1261 report. Were you aware of that?

1262 Ms. {Barra.} Yes.

1263 Mr. {Braley.} You also indicated that you would engage
1264 Mr. Feinberg to develop a just and timely program for
1265 compensating the families who lost loved ones, and those who
1266 had suffered a serious physical injury, including the
1267 families who are represented here today. There was a recent
1268 news report from the Detroit News which indicated that Mr.
1269 Feinberg has confirmed that the compensation fund will not in
1270 any way address people who weren't killed, people who weren't
1271 seriously injured, whose value of the automobiles they
1272 purchased has been diminished because of all the controversy
1273 over these parts that we have been talking about. Were you

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1274 aware of that?

1275 Ms. {Barra.} The compensation program that Mr. Feinberg
1276 will independently administer is for those who lost loved
1277 ones or those who suffered seriously physical injury. The
1278 issue of the vehicle that--or the value of the vehicle is in
1279 front of the courts.

1280 Mr. {Braley.} And that will not be addressed by Mr.
1281 Feinberg?

1282 Ms. {Barra.} That is correct.

1283 Mr. {Braley.} Now, one of the things that we know is
1284 that this year alone, GM has issued an astonishing 44
1285 recalls, covering 17.7 million vehicles in the U.S., and more
1286 than 20 million worldwide. How many of those recalls, to
1287 your knowledge, relate to problems that were known to someone
1288 in GM before the bankruptcy sale order of July 2009?

1289 Ms. {Barra.} At the senior level of the company, none,
1290 or the action would have been taken.

1291 Mr. {Braley.} So it is your testimony that none of
1292 those are covered.

1293 Ms. {Barra.} I am not sure what the--what you just
1294 said.

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1295 Mr. {Braley.} You are saying here today that no one--
1296 that none of the recalls that have been initiated this year
1297 relate to problems known to someone at GM before the
1298 bankruptcy sale order in July of 2009.

1299 Ms. {Barra.} What I said was the senior leadership had
1300 no knowledge of those issues--

1301 Mr. {Braley.} And that is not my question. You did a
1302 very exhaustive investigation into the cultural problems at
1303 GM.

1304 Ms. {Barra.} Yes, we did.

1305 Mr. {Braley.} My question is, as part of that
1306 investigation, did you identify anyone working at GM who had
1307 knowledge relating to those product recalls that covered
1308 products affected by that bankruptcy discharge order in July
1309 of 2009?

1310 Ms. {Barra.} Again, if there was a known safety issue,
1311 there would have been a recall done.

1312 Mr. {Braley.} Did you attempt to determine that?

1313 Ms. {Barra.} I was not involved in that process so I
1314 can't comment.

1315 Mr. {Braley.} Isn't it possible that that discharge

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1316 order contributed to GM's lax approach to safety defects on
1317 cars built by the old GM?

1318 Ms. {Barra.} Absolutely not.

1319 Mr. {Braley.} Well, we have talked a lot about this
1320 culture of irresponsibility at GM. You have testified about
1321 it. It is covered in Mr. Valukas' report. How can you say
1322 absolutely not when you haven't even focused on that issue?

1323 Ms. {Barra.} There were many--evidence of that is there
1324 were many recalls that were conducted during that period of
1325 time, but I would say now with--we have re-doubled our
1326 efforts, and we have gone back even more exhaustively than
1327 looking at data from TREAD, data from customer feedback, and
1328 we are now even--with the product integrity organization, it
1329 is already accomplishing its task of going and looking at how
1330 the vehicle performs to a higher level, to ensure we have the
1331 safest vehicles.

1332 Mr. {Braley.} Mr. Valukas, you focused on this culture
1333 at GM in your report. You weren't here the first time when I
1334 showed Ms. Barra the screwdriver that was handed out by
1335 General Motors in the '70s and '80s as a promotional item,
1336 and it says safety comes first at GM on this screwdriver. As

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1337 part of your investigation into the history and culture of
1338 GM, did you look back at to whether the old GM had made
1339 safety a priority the same way that Ms. Barra says the new GM
1340 is committed to it here today, and aren't there institutional
1341 problems that are much far-reaching--much more far-reaching
1342 than simply firing 15 employees?

1343 Mr. {Valukas.} Congressman, good question. We looked
1344 back and solicited from everybody that we interviewed
1345 information about whether something they--something in the
1346 culture caused them to do something differently than they
1347 otherwise would have done, or whether safety became a
1348 secondary issue. Almost uniformly, people would say to us
1349 safety was the top priority, but we identified in this report
1350 all of the instances of which we were aware relating to this
1351 matter where people took a different position, so it is
1352 there. And I would not ascribe to everybody the conduct of
1353 the people involved here, but I do say that culture had
1354 something to do with the reason why this recall took so long.

1355 Mr. {Braley.} My time is up. Thank you--

1356 Mr. {Valukas.} Thank you.

1357 Mr. {Braley.} --for your testimony.

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1358 Ms. {Murphy.} Thank you.

1359 Now recognize Mr. Barton of Texas for 5 minutes.

1360 Mr. {Barton.} Thank you, Mr. Chairman. Ms. Barra, we
1361 are glad to have you back, and Mr. Valukas, we are glad to
1362 have you before us.

1363 Our opportunity or responsibility on the committee is to
1364 provide for the general welfare, and in doing that, get the
1365 facts on the table so that people can have faith that the
1366 products that your company produces are safe. And, of
1367 course, your requirement is to make sure that you do produce
1368 a safe product that hopefully results in a profit for the
1369 company and the stockholder, but we are both on the same
1370 side. We both want products that are safe, and let the
1371 public be aware of the capabilities, but also the shortfalls.

1372 I am going to ask most of my questions to Mr. Valukas,
1373 simply because we didn't have your report last time, but I
1374 will have one or two questions for Ms. Barra at the end of my
1375 time.

1376 I want to focus on the fact that the part number was not
1377 changed back in April of 2006. A GM engineer did approve
1378 changes to the ignition switch, but did not change the part

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1379 number. And, Mr. Valukas, in your report, you observed that
1380 the decision to not change the part number was not properly
1381 vetted or scrutinized. You note that a Mr. DeGiorgio did not
1382 recall why he did not change the part number. Is that
1383 correct, is that what your report says?

1384 Mr. {Valukas.} The--Mr. DeGiorgio told us that he did
1385 not change the part number, and that as he looked back at it,
1386 that he reflected that he should have changed the part
1387 number.

1388 Mr. {Barton.} Okay. And apparently, and obviously,
1389 that is very important because you have a part number change,
1390 then that creates a paper trail there was a--some sort of a
1391 problem that had to be corrected, and if you are doing an
1392 investigation, you can compare, and from that time forward,
1393 see if the problem was fixed.

1394 Now, I want to direct your attention to that big binder
1395 that we have right between you and Ms. Barra, and on tab 35--

1396 Ms. {Valukas.} Thirty-five?

1397 Mr. {Barton.} Yes, sir, 3-5.

1398 Mr. {Valukas.} Give me a moment.

1399 Mr. {Barton.} There is an April 5 chain of emails

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1400 between this Mr. DeGiorgio and the engineers at the switch
1401 supplier, Delphi, and some other GM employees. Attached to
1402 that exchange is a spreadsheet of upcoming changes to the
1403 Delta ignition switch. Can you locate that?

1404 Mr. {Valukas.} I think I have it, yes.

1405 Mr. {Barton.} Okay. Now, it is interesting to me that
1406 these emails, the subject is not anything that is safety-
1407 related. The subject matter is Delta ignition switch
1408 changes, tooling tweaks, increased process capability. And
1409 then it goes--in the email it talks about this is a black box
1410 design, and they want to change the part to increase the
1411 process capability. This will improve the fallout rate at
1412 the Delphi Condura plant.

1413 Well, first of all, what is a fallout rate?

1414 Mr. {Valukas.} I presume it is the rate in which
1415 something fails.

1416 Mr. {Barton.} Okay. So if you increase--improve the
1417 fallout rate, that means you are going to decrease the number
1418 of failures. Is it important, in your mind, that since they
1419 talk about a black box, apparently, anything within the black
1420 box they don't have to be too worried about it as long as

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1421 everything in the black box works as specified, because
1422 there, apparently, in retrospect, is quite a bit of
1423 commentary about, well, we didn't really pay much attention
1424 because it was all within the black box.

1425 Mr. {Valukas.} Well, that is the commentary, but when--
1426 there is a, you know, the general rules are to change fit,
1427 form or function, whether it is in the black box or
1428 otherwise, the part number ought to change. And in this
1429 situation, particular to this aspect of it which is
1430 increasing the torque, that would fall within one of those 3
1431 categories. And I think you can find an explanation, black
1432 box, but even Mr. DeGiorgio in his interview with us conceded
1433 that this was a change in fit, form and function, and would
1434 have required a change in the part number. And the
1435 consequences were devastating over the years. This was not
1436 the only time. That issue came up four times, as you
1437 properly note, where people came back to him and said did
1438 something change, and he said no, and that is one of the
1439 reasons why this took a decade.

1440 Mr. {Barton.} Well, do you think that this particular
1441 email exchange, they knew they had a safety problem and they

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1442 are couching their phraseology differently to hide it,
1443 because they don't really talk about a torque issue or
1444 anything, they are talking about a fallout rate and--within
1445 the black box. Do you think this was intentional or--

1446 Mr. {Valukas.} No.

1447 Mr. {Barton.} You don't.

1448 Mr. {Valukas.} I don't. I don't have--let me put it
1449 this way. All--we have not been given access to the Delphi
1450 witnesses. They have not been--we have not been permitted to
1451 interview them, and our receipt of documents has been limited
1452 from them. On the GM side of the process, the answer to that
1453 question is no.

1454 Mr. {Barton.} Okay. And, Ms. Barra, I am going to--in
1455 the time that I don't have anymore, my question to you, Mrs.
1456 Blackburn tried to elucidate an answer from you about a
1457 change in culture, and the fact that, even where they are
1458 making these specification changes, that they didn't meet the
1459 specification as, you know, wasn't that a problem and
1460 shouldn't you make sure that everything meets your
1461 specifications. And your answer was, well, if the overall
1462 system works, it is okay. Now, to me, that doesn't represent

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1463 a cultural change. And I have talked to the General Motors,
1464 the engineers and management team in my district down in
1465 Arlington, and they are vocally insistent that they are not
1466 going to use any part in their plant that doesn't meet the
1467 specification and operate just as it is supposed to.

1468 Ms. {Barra.} I totally agree with you. A part needs to
1469 operate just as it is supposed to, and there has been
1470 significant change. First of all, everything that is done,
1471 it is very--it is documented, it has gone through a
1472 validation process, it has also gone through a systems
1473 integration, so it is much more rigorous. And knowing that
1474 the part is good, and that the system is going to act, or the
1475 vehicle is going to perform safely and with quality. So--and
1476 as it relates to, you know, making a part change, absolutely
1477 acceptable. I ran an assembly plant and I totally agree with
1478 the people that you have talked to at the Arlington plant.
1479 If you do not have a documented part number you shouldn't be
1480 changing parts. So their answer is absolutely correct, and I
1481 appreciate the fact that they are committed to do that.

1482 Mr. {Barton.} Thank you, Mr. Chairman.

1483 Mr. {Murphy.} Thank you. The gentleman's time has

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1484 expired.

1485 Recognize Mr. Butterfield for 5 minutes.

1486 Mr. {Butterfield.} Thank you very much, Mr. Chairman.

1487 You know, Mr. Chairman, it is an unspeakable tragedy that so
1488 many families have suffered as a result of these shortcomings
1489 of General Motors, and some of these families are with us
1490 today. And as feeble as it may be, I simply want to offer my
1491 condolences to the families who have been affected.

1492 Let me start with you, Ms. Barra. Is it Barra or Barra?

1493 Ms. {Barra.} It is Barra.

1494 Mr. {Butterfield.} Okay. We have had a little debate
1495 about that back here, but, Ms. Barra, Mr. Boyer, who is on
1496 the public record as stating that the company has hired 40
1497 new defect investigators. How many of these individuals will
1498 be new to the company?

1499 Ms. {Barra.} I can't speak specifically, but I can tell
1500 you that I believe most of them came from within the company,
1501 they--but they came, and I know how the selection process
1502 was, and they were some of our very best engineers across the
1503 company, so they knew a broad--together, collectively, they
1504 knew a broad array of parts and systems in the vehicle.

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1505 Mr. {Butterfield.} Well, our information--

1506 Ms. {Barra.} They were handpicked.

1507 Mr. {Butterfield.} Our information and in acting with
1508 your company suggests that all 40 of these new individuals
1509 would be promoted from within the company. Do you dispute
1510 that?

1511 Ms. {Barra.} I--as I said, I believe--I knew the lion's
1512 share--I can't tell you if one or two came from outside. I
1513 know we did an exhaustive search inside to get some of the
1514 best and most experienced engineers into this role.

1515 Mr. {Butterfield.} Well, I think you have heard the
1516 theme throughout this committee today on both sides of the
1517 aisle that we are talking about a new culture within the
1518 company--

1519 Ms. {Barra.} Um-hum.

1520 Mr. {Butterfield.} --and I would strongly suggest that
1521 you look at bringing in some outside fresh blood to run that
1522 part of the company.

1523 How many vehicles has General Motors recalled since the
1524 Cobalt recall began in February? I have heard 40 million,
1525 but I know that is over a period of years, but how many

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1526 actually have been recalled since February of this year?

1527 Ms. {Barra.} I have to add up the count. I don't know
1528 if we have that information. I--

1529 Mr. {Butterfield.} Hundreds of thousands?

1530 Ms. {Barra.} It is several millions. In the tens of
1531 millions.

1532 Mr. {Butterfield.} And let me ask you this. How are
1533 vehicle owners informed by GM about these recalls? Do you
1534 email them, do you mail them, do you--how do you do it?

1535 Ms. {Barra.} Well, we follow--first of all, we follow
1536 what the regulations are, then it is a process. So we send a
1537 letter, but we have gone above and beyond that. We have sent
1538 additional letters in addition to the ones that are required
1539 as part of the NHTSA process. We have also gone out on
1540 social media, we have also hired more than 100 people to work
1541 in our customer engagement centers to call and reach out to
1542 these individuals. We also know dealers who have been great
1543 partners in this, have, in many cases, gone out and contacted
1544 or received calls and explained the situation.

1545 Mr. {Butterfield.} So you go beyond. You go beyond--

1546 Ms. {Barra.} We have gone well beyond--

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1547 Mr. {Butterfield.} --just sending a letter to the
1548 address of record?

1549 Ms. {Barra.} Absolutely.

1550 Mr. {Butterfield.} That is reassuring. When you
1551 communicate with vehicle owners, are they informed of the
1552 seriousness of these safety hazards posed by the ignition
1553 switch?

1554 Ms. {Barra.} Yes, in fact, very specifically in the
1555 letter it states that to operate the vehicle safely--safely,
1556 that you need to have the key or just the key in the ring,
1557 and take everything off your key ring. We have also to these
1558 individuals, as you know, made, if they are still
1559 uncomfortable, although we have demonstrated and NHTSA has
1560 reviewed and said it is safe to operate the vehicles these
1561 way--this way, again, with the key or the ring, if the
1562 individual still is uncomfortable, because we are customer-
1563 focused, we are putting these--or these individuals into
1564 loaner or rental vehicles.

1565 Mr. {Butterfield.} And what percentage of the people
1566 who were notified actually bring the cars back into the
1567 dealer?

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1568 Ms. {Barra.} Well, in general, we are in the 80's, and
1569 I have been told we are one of the highest of how we complete
1570 recalls, but in this case, we are still working through it.

1571 Mr. {Butterfield.} And once there, how long does it
1572 take to get it fixed?

1573 Ms. {Barra.} It is a matter of an hour or so.

1574 Mr. {Butterfield.} Just a couple of hours, it can--

1575 Ms. {Barra.} Right.

1576 Mr. {Butterfield.} --it can get done. It seems like
1577 there is a large volume of recalls, according to your
1578 testimony, and I am more concerned about how safely and
1579 timely can these corrections be made. I mean--

1580 Ms. {Barra.} Well, we have--

1581 Mr. {Butterfield.} With the large volume that--

1582 Ms. {Barra.} Yeah.

1583 Mr. {Butterfield.} --you are talking about.

1584 Ms. {Barra.} Right.

1585 Mr. {Butterfield.} You are talking about millions of
1586 cars.

1587 Ms. {Barra.} Right, but if you look at--

1588 Mr. {Butterfield.} Yeah.

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1589 Ms. {Barra.} --in some cases it is replacing a part, in
1590 some cases it is as simple as making sure a connection was
1591 made. In other cases, for instance, in some of our crossover
1592 vehicles, over time a crimp of a--of an electrical connection
1593 where it is simply going back and re-crimping and soldering
1594 that. We have been exhaustive, and I know it sounds like a
1595 large number of vehicles, it is, but we want to do the right
1596 thing for our customers. It--to my knowledge, this is the
1597 most expansive, comprehensive review we have done, because in
1598 some cases we are acting on vehicles where there is no TREAD
1599 data even to support there is an issue, but as we went in and
1600 looked at the subsystem performance, we wanted to make sure
1601 we were acting safely.

1602 Mr. {Butterfield.} One dealer can do dozens in a single
1603 day?

1604 Ms. {Barra.} I am sorry?

1605 Mr. {Butterfield.} One dealer, one large dealer, could
1606 do dozens in a single day.

1607 Ms. {Barra.} Dozens. Actually, we have dealers that
1608 are extending their hours and their service department to be
1609 responsive to customers to get these repairs made.

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1610 Mr. {Butterfield.} Finally, is GM currently
1611 investigating ignition systems of any other product lines
1612 which have not been recalled to date?

1613 Ms. {Barra.} We will continue, as I said, we plan to be
1614 substantially complete by the end of this month with the
1615 additional people we have put in, but we are going to
1616 continue until we are confident that if there are any issues
1617 on our vehicles, whether it is a different safety system or
1618 ignition switch, and--that we have reviewed it.

1619 Mr. {Butterfield.} Thank you. Mr. Valukas, we live by
1620 the clock up here, I am sorry.

1621 Mr. {Murphy.} Thank you.

1622 Mr. {Butterfield.} We will get you next time.

1623 Ms. {Murphy.} Now recognize Dr. Burgess for 5 minutes.

1624 Dr. {Burgess.} Thank you, Mr. Chairman. And, Ms.
1625 Barra, if we could just continue on that line of questioning
1626 that Mr. Butterfield was pursuing. How are your dealers, how
1627 are they holding up under what must be a massive onslaught of
1628 people needing their car--their cars fixed?

1629 Ms. {Barra.} Our dealers are doing a tremendous job of
1630 supporting the customer. As I said, we have many dealers who

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1631 are reaching out. We have had dealers who, you know, had an-
1632 -a customer that was several miles away, for instance, there
1633 was one who their--they were concerned because their daughter
1634 had the vehicle and there wasn't a dealership close by. The
1635 dealer went back and forth and got the vehicle, got the
1636 repair made, and gave a loaner. So I can't be more proud of
1637 how our dealers are supporting the customer.

1638 Dr. {Burgess.} And--but yet, you have millions of cars
1639 that need to get in and be attended to. Pretty hard to
1640 provide a loaner car for that population.

1641 Ms. {Barra.} Again, the loaner--well, first of all,
1642 most dealers for a simple repair have a loaner--have loaner
1643 programs. It depends on the dealer and the issue, but on
1644 specifically the Cobalt and the--that population of vehicles,
1645 we are providing loaners or rentals, and we have gone--worked
1646 with rental companies to make sure they have enough vehicles
1647 to do that, but again, in many of these cases, even though
1648 the vehicle is recall, it is a very simple visual inspection
1649 to know if the vehicle is okay or not, and the dealers are
1650 very equipped to do that with their service technicians.

1651 Dr. {Burgess.} And I just recall being on this

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1652 committee when we went through this with Toyota back in 2009,
1653 the Toyota dealership in the district that I represent had
1654 extended hours, would stay open until late at night to
1655 accommodate people who otherwise were working and couldn't
1656 get in. And you feel that that is the case currently with
1657 the GM dealers?

1658 Ms. {Barra.} I absolutely do. I have spoken to
1659 hundreds of dealers, and I know our North America vice--or
1660 president, Alan Batey, has also--we have regular
1661 communications--

1662 Dr. {Burgess.} But--

1663 Ms. {Barra.} --as they share with--

1664 Dr. {Burgess.} --let me interrupt me just because my
1665 time is going to run out. How are you doing--what seems to
1666 be the chokepoint in this? Is it getting the part to the
1667 dealer?

1668 Ms. {Barra.} Actually, we have produced and shipped
1669 over 400,000 parts. The challenge is getting the customer to
1670 come in and get the vehicle repaired, and that is why we have
1671 employed a lot of innovative ways to do that, and that is why
1672 the dealers are reaching out.

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1673 Dr. {Burgess.} And yet, in a story in the New York
1674 Times either yesterday or today, people talk about receiving
1675 multiple postcards, you have to come in and get your car
1676 fixed, and they say I have tried but they don't have the part
1677 available for me. Are we going to start hearing less and
1678 less of those stories?

1679 Ms. {Barra.} I think we should because we start another
1680 line within a week, so we are continuing to ramp up, but
1681 right now, we do have the parts, but we have tried to be
1682 incredibly fair and that--in a first-come-first-serve basis
1683 as customers raise their issues. Some of the postcards that
1684 we have sent are because they are required on a frequency by
1685 law, and we are complying with the law.

1686 Dr. {Burgess.} Thank you.

1687 Mr. Valukas, let me ask you a couple of questions. And
1688 I think I understood from your introduction that you are a
1689 trial attorney, is that correct?

1690 Mr. {Valukas.} I am.

1691 Dr. {Burgess.} I mean I have to tell you, at some
1692 point, were you just pulling your hair out over some of these
1693 things that--as your investigation churned through this

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1694 information? Let me specifically--you have the binder in
1695 front of you. I don't have--mine is not divided up into
1696 tabs, but page 119--118, 119--

1697 Mr. {Valukas.} Of the report?

1698 Mr. {Burgess.} In your report.

1699 Mr. {Valukas.} Thank you.

1700 Dr. {Burgess.} Here is a paragraph, witnesses have
1701 inconsistent recollection as to whether the product
1702 investigations group became involved in the Cobalt airbag
1703 non-deployment issues at this stage. Everest reports that in
1704 April '07, the FDA group transitioned the Cobalt airbag
1705 matter to the PI Group where it was taken on by an engineer
1706 named Eric Budress. Documents in Budress' file indicate he
1707 was working on the issue, and a May 4, 2007, investigation
1708 status review presentation planning worksheet states that he
1709 was scheduled to present on an issue described as Cobalt
1710 airbag discussion item. Budress had no recollection of the
1711 involvement. I mean they were right up to the point where
1712 they had an answer, and now this guy doesn't even remember
1713 working on it. Was that pretty frustrating from a trial
1714 lawyer's perspective?

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1715 Mr. {Valukas.} One of the key problems we found is the
1716 lack of documentation, which led to lack of accountability.
1717 And I think a classic example of that was what happened in
1718 2005, when we went back to find out why did they close the
1719 investigation into the Cobalt issue, and we found ourselves
1720 in a position where there were no notes with regard to the
1721 matter, everybody at the meeting pointed to somebody else in
1722 the meeting has having responsibility for having closed the
1723 matter, but we could not ascertain who actually had that
1724 responsibility, or what were the circumstances which caused
1725 the closure to take place.

1726 Dr. {Burgess.} All right.

1727 Mr. {Valukas.} And that lack of accountability is
1728 reflected in so many of those areas. When we went back, we
1729 were dealing in many instances with no documents.

1730 Dr. {Burgess.} Well, let me just ask you, because I am
1731 going to run out of time. The 15 individuals have been
1732 terminated by General Motors, is that correct, but we can't
1733 know those 15--as we read through this report, we can't know
1734 the names of those 15 individuals because of employee privacy
1735 concerns, is that correct?

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1736 Ms. {Barra.} It has been submitted to the committee.

1737 Dr. {Burgess.} To--it has been submitted to the
1738 committee?

1739 Ms. {Barra.} It has been--but we have asked that it be
1740 confidential to respect the--

1741 Dr. {Burgess.} All right--

1742 Ms. {Barra.} --privacy.

1743 Dr. {Burgess.} --thank you for that. Can you just tell
1744 us what the--what is--what was the basis for termination,
1745 because I go through this, it looks like a lot more than 15
1746 people should have been terminated.

1747 Ms. {Barra.} Yeah, and there was a senior group of my
1748 leaders that we looked, we read the report, and we were very
1749 thorough in looking at those who we believed didn't take the
1750 actions they should, and then those who simply didn't move
1751 with a sense of urgency. The people closest to us over a
1752 repeated period of time are those who are no longer with the
1753 company.

1754 Mr. {Murphy.} Thank you.

1755 Dr. {Burgess.} Thank you.

1756 Mr. {Murphy.} All right. Now recognize Mr. Green for 5

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1757 minutes.

1758 Mr. {Green.} Thank you, Mr. Chairman, and thank you for
1759 doing the follow-up hearing.

1760 Ms. Barra, you said that you had shipped 400,000 parts.
1761 Was that for the ignition issue?

1762 Ms. {Barra.} Yeah, that was--I was specifically
1763 referring--

1764 Ms. {Green.} How many--

1765 Ms. {Barra.} --to the ignitions--

1766 Mr. {Green.} How many do you estimate were recalled or
1767 the need--how many were recalled, because I keep hearing 16
1768 million, but I know there are other--

1769 Ms. {Barra.} Okay.

1770 Mr. {Green.} --issues.

1771 Ms. {Barra.} Of the specific ignition switch cylinder,
1772 because it is a kit now that we put together, the total
1773 number of vehicles produced globally was over 2.6 million.
1774 Now, we know not all of those are still in service today, and
1775 we have built kits to service the 2.6 population. We are
1776 already over 400,000. We will be complete by August 4--or,
1777 excuse me, October 4.

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1778 Mr. {Green.} Okay. You have been vocal about GM's
1779 effort to change its corporate culture, which you describe in
1780 your--in our last hearing in April as a cost culture. Mr.
1781 Valukas, can you describe some of the problems you saw with
1782 the corporate culture in your report, talk about the GM nod
1783 and the GM salute. What do these refer to?

1784 Mr. {Valukas.} Well, the--let me be specific on that.
1785 The GM--without using those phrases, you had a situation
1786 where it took a plaintiff's lawyer to do the simple thing of
1787 comparing two switches; one from 2006 with one from 2009, to
1788 find out that GM had manufactured two separate switches. No
1789 one goes back to revisit previously-made decisions, so they
1790 are stuck in if it is the decision we have made, we don't go
1791 back and revisit and look to see if there is something else.
1792 We have a situation where you had silos, you had people
1793 within GM who had certain levels of information that was not
1794 shared with other individuals, and so when the other
1795 individuals found that information, for instance, the Indiana
1796 report, Officer Young's report, that information was
1797 ultimately supplied by third parties outside of GM. GM did
1798 not know that they had that information within their own

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1799 files, at least some of that information, on files and some
1800 of it was in public records. You had circumstances where,
1801 among other things, you have a sensitivity to the use of the
1802 word stalls, which might have created for someone the
1803 impression that maybe we stay away from using words which
1804 will force people to ask hard questions, rather than taking
1805 an approach in which you ask the hard questions and--

1806 Mr. {Green.} Okay. Okay.

1807 Mr. {Valukas.} --take whatever those answers are. So
1808 we found instances of that which had a significant impact on--
1809 --at least in terms of the finding information, impact on how
1810 this investigation--how the investigation of the Cobalt
1811 switch--

1812 Mr. {Green.} Well, it sounds like the old GM's culture
1813 was mostly let us not talk about a problem. Is that what it
1814 is, without notes, and I understand we are both lawyers, you
1815 may say, well, I don't want to take notes because somebody
1816 can subpoena them, but--so GM just put them under the rug and
1817 now they are--it is coming home to roost.

1818 Let me--Ms. Barra, in our last hearing, you referred to
1819 the new GM in your responses to you questions, the culture

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1820 would change under your leadership. You testified that GM
1821 created a new vice president of global vehicle safety, it was
1822 filled by Jeff Boyer, and I know you have been with GM a
1823 number of years, and Mr. Boyer, is--has been with GM?

1824 Ms. {Barra.} Yes, he has been--

1825 Mr. {Green.} And so you all both worked for the old GM.
1826 Can you tell me what is going to be different in the new GM,
1827 even though everybody in the 40 inspectors that Congressman
1828 Butterfield talked about, are GM. You need a culture change
1829 and not just verbiage.

1830 Ms. {Barra.} I completely agree with you, so it will be
1831 the actions we take, the actions we are taking, but I can
1832 also tell you that the men and women of General Motors, the
1833 vast majority come to work every day and they want to do a
1834 good job. They heard me talk about this report. They are
1835 deep--as deeply troubled as I am, and they are taking action,
1836 and we are creating a culture. I have evidence of it every
1837 day where employees are coming forward, they want to do the
1838 right thing, they want to produce high quality safe vehicles.

1839 Mr. {Green.} Well, and I only have a minute, but--and I
1840 agree, but that needs to continue because, you know, I also

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1841 know how it works on the shop floor, that, oh, don't talk
1842 about that, just do your job, and that is what got GM into
1843 this position.

1844 Your company set up a compensation fund for victims of
1845 this fault, in recognizing that no amount of money can
1846 replace a loved one or can compensate for someone who is
1847 terribly injured, how would that fund be administered, and
1848 what in the mere total do you expect to compensate the
1849 victims with? Have you announced a total for that?

1850 Ms. {Barra.} We haven't announced a total. Again, it
1851 is being run by Ken Feinberg, who is known as an expert in
1852 this area. He will have complete--

1853 Mr. {Green.} I am familiar with Mr. Feinberg from the--

1854 Ms. {Barra.} He will--

1855 Mr. {Green.} --BP.

1856 Ms. {Barra.} --have complete independence, but I think
1857 it is important to note that General Motors wants to reach
1858 with this compensation program everyone who lost a loved one
1859 due to this issue, or suffered serious physical injury, and
1860 that is what we have communicated to Mr. Feinberg.

1861 Mr. {Green.} Well, I am out of time, but, you know,

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1862 there are a whole lot of GM customers out there who are
1863 frustrated because the--over the decade have been loyal, but
1864 now we are seeing the 16 million recalls. There is a
1865 problem, and I hope you will--you have it fixed.

1866 But, Mr. Chairman, I would hope we would continue this
1867 to make sure it is fixed.

1868 And I yield back my time.

1869 Mr. {Murphy.} Gentleman yields back.

1870 Now recognize Dr. Gingrey for 5 minutes.

1871 Dr. {Gingrey.} Ms. Barra, I want to ask you a question
1872 about the situation in the Cobalt. If one of my two, or
1873 twin, 16-year-old granddaughters driving in the Cobalt and
1874 inadvertently the ignition turns to the accessory position,
1875 if they, who just got their driver's license 3 months ago, I
1876 would think that their initial reaction would be to try to
1877 turn the car back on, start the car back again, although it
1878 is in drive and it is not in neutral, would the car start
1879 back up?

1880 Ms. {Barra.} Well, first of all, if they were driving
1881 the vehicle and they had just the key in the ring, this
1882 condition shouldn't happen.

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1883 Dr. {Gingrey.} No, but if it did happen.

1884 Ms. {Barra.} So--

1885 Dr. {Gingrey.} Let us assume that it did happen.

1886 Ms. {Barra.} Okay, so then you have to put the car--you
1887 have to restart the car. I guess--

1888 Dr. {Gingrey.} I think the answer is--

1889 Ms. {Barra.} --You would have to go--

1890 Dr. {Gingrey.} You would have to put it in neutral--

1891 Ms. {Barra.} Put it in neutral or park, right.

1892 Dr. {Gingrey.} --before it would start. And that would
1893 be pretty hard for a 16-year-old, inexperienced driver to
1894 even think of, with an 18-wheeler bearing down on them. And,
1895 you know, I just--as I listen and the other hearing that you
1896 were at several weeks ago, you--General Motors has got to
1897 have the best engineers in the world, whether they are
1898 electrical engineers or mechanical engineers, probably both.
1899 How in the world would they not know that when the vehicle,
1900 when the ignition inadvertently, because of the low torque,
1901 and it shifts to the accessory position, the engine stalls,
1902 that that would also deactivate the airbags? I would think
1903 that that kind of testing is done to a fare-thee-well before

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1904 a vehicle is approved for sale. I mean, well, how could they
1905 not know that?

1906 Ms. {Barra.} I can't speculate on why they didn't know.
1907 What I can tell you is any time a vehicle stalls now, we
1908 consider it to be a safety issue, and if we find that there
1909 is a malfunction in the--in a part or a defect in a part that
1910 causes the stall to occur, we are going to--

1911 Dr. {Gingrey.} Well, I would say a safety issue indeed
1912 if the--a side airbag would not inflate if they--if somebody
1913 got T-boned in the middle of an intersection when this
1914 happened, and a young person, even an experienced driver of
1915 40 years, is not going to think that quickly.

1916 Mr. Valukas, and I think you alluded to this a few
1917 minutes ago, if not for the Brooke Melton lawsuit, and
1918 Brooke's--I can't see the back of the room but her picture
1919 may be up there on the wall. She is in my district in
1920 Paulding County, Georgia, 11th Congressional District of
1921 Georgia. If not for the Brooke Melton lawsuit, and she was
1922 killed, and the fact that her lawyers figured out that the
1923 ignition switch part from model year 2008 was different from
1924 model years 2005, '06 and '07, on the Cobalt, would we even

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1925 know about this ignition switch problem today? Would we even
1926 be aware of it?

1927 Mr. {Valukas.} The answer is yes, because the--there
1928 was an open and, at that point, significant investigation
1929 going on at that particular point, and certainly, there was
1930 information and evidence that was accumulating as they were
1931 going forward, pointing to the fact that they had these non-
1932 deployments, pointing to the fact they had fatalities, and
1933 pointing to the fact--

1934 Dr. {Gingrey.} Well--

1935 Mr. {Valukas.} --that the switch had something to do
1936 with it.

1937 Dr. {Gingrey.} Well, that smacks--

1938 Mr. {Valukas.} I mean--

1939 Dr. {Gingrey.} That smacks of a big cover-up to me.
1940 And after General Motors learned of this change, it took
1941 months for GM outside experts to confirm that there had been
1942 a change. Why did this take so long?

1943 Mr. {Valukas.} I don't have a good answer for that. I
1944 tell--I can tell you it did take that long. I can tell you
1945 that from the time of April of 2013, when that deposition

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1946 took place, they knew or should have known at that--or they
1947 knew at that point that they had two different switches, and
1948 they gave it to Mr. Mellady, the expert, and he came back
1949 with his confirmation of what they were given in the way of
1950 information in April, and that took until almost October.

1951 Dr. {Gingrey.} Yeah, it is amazing, and that--and the--
1952 when the issue was presented to decision-makers in December,
1953 no recall was announced. It took another month and a half
1954 before GM finally decided to recall the Cobalt.

1955 What information was missing in December that prevented
1956 GM from issuing a recall at that time? Ms. Barra, can you
1957 tell me?

1958 Ms. {Barra.} I can't talk about the specific
1959 information. I think there was--we do know that not all the
1960 information was presented at that meeting. I would say when
1961 the right information was front of--in front of that group,
1962 they did make the right decision, but I would also say, and I
1963 have said publically--

1964 Dr. {Gingrey.} Well, let me just say in my concluding
1965 35 seconds, this whole sequence, this whole sequence, from
1966 the time the company learned of a potential difference in the

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1967 parts during the Melton litigation, to the time the recalls
1968 were announced, took 10 months. Ms. Barra, why the foot-
1969 drag? Is this typical of GM's investigations into a product
1970 concern, and how do you intend to change this?

1971 Ms. {Barra.} Well, we already have with the way we are
1972 working through recalls today. We have changed that process.
1973 It is expedited, and the most senior levels of the company
1974 are involved in it, and I think, again, although I don't want
1975 to do recalls, we are going to do what is right for our
1976 customers, and we are demonstrating it today.

1977 Dr. {Gingrey.} Thank you. And I yield back.

1978 Mr. {Murphy.} I should ask a clarifying question
1979 because the doctor referred to it, and a number of Members
1980 have asked with regard to the word cover-up. Can you define
1981 what cover-up means, Mr. Valukas?

1982 Mr. {Valukas.} In this instance, what we looked for was
1983 any evidence that individuals knew that they had a safety
1984 issue, and took steps to conceal the fact that they had a
1985 safety issue. That is what we were looking for in terms of
1986 cover-up. And then we interviewed individuals, we asked them
1987 questions to gather the facts to see whether, in fact, that

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1988 had taken place, and we sought to test those facts against
1989 the documents that we were reviewing. So if someone knew
1990 something on a given day, we identified that and we took
1991 steps to see whether they concealed what they knew from other
1992 individuals. We did not find that. That is what I am
1993 talking about.

1994 Mr. {Murphy.} Does your definition also include if
1995 people slow-walked moving on safety issues--

1996 Mr. {Valukas.} If it was a--

1997 Mr. {Murphy.} --is that also a cover-up?

1998 Mr. {Valukas.} If it was a--pardon me, I don't mean to
1999 interrupt.

2000 Mr. {Murphy.} That is okay.

2001 Mr. {Valukas.} If it was deliberately done, then it
2002 would encompass something like that. If it was a matter of
2003 someone being in a position, for instance, when Mr.--when one
2004 of the investigators was given the assignment, he was given
2005 no deadline, he was given no sense of urgency, so he put it
2006 into the queue with other investigation and it took its time.
2007 That I would not call a cover-up, I would call that something
2008 other than that.

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2009 Mr. {Murphy.} Thank you.

2010 All right, Mr. Yarmuth, you are recognized for 5
2011 minutes.

2012 Mr. {Yarmuth.} Thank you, Mr. Chairman.

2013 Ms. Barra, welcome back to the committee. When you were
2014 here on April 1, I told you that a member of my staff had had
2015 a Chevrolet Malibu that was subject to a recall. She found
2016 that out by going on the Web site, not through any personal
2017 notification. And she inquired of the dealership, how she
2018 should proceed and they said there is no fix, and I presented
2019 you with that dilemma and you said at the time there is a
2020 fix, whether it is a check or a replacement of the product,
2021 but that check--fix does exist for that specific vehicle.
2022 Well, I have here the important safety recall that she just
2023 received on Monday, so that is 2 1/2 months after you
2024 appeared here on April 1, notifying her of the recall, saying
2025 that her vehicle may experience a sudden loss of power
2026 steering assist, and then other language, which could result
2027 in an increased risk of a crash, and also informed her that
2028 the part doesn't exist yet to fix the product.

2029 So when you consider that situation, a different

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2030 vehicle, different problem, with the ignition problem that we
2031 have focused on, and you have already said that many of these
2032 vehicles will not be fixed, this--the ignition problem, until
2033 October, those parts won't be available, what are consumers
2034 supposed to do when they are going a period of up to 6 months
2035 or longer without any way to fix their vehicle? How do they--
2036 --can they assess the risk? I mean I don't know what my
2037 staffer should do. There is no--I mean I see all the
2038 pharmaceutical products, the long list of possible side-
2039 effects, and you have to calculate the risk, but would you
2040 advise or would you let your son or daughter drive these
2041 vehicles now with the level of risk that you may know more
2042 about than we do?

2043 Ms. {Barra.} Well, on the Cobalt specifically, we have
2044 done extensive testing on using the--or driving the vehicle
2045 with the key or the key in the ring, and it has validated
2046 that it is safe. We have also reviewed that with the
2047 technical experts at NHTSA and they have concurred. So, in
2048 that case, those vehicles are demonstrated safe to drive.

2049 Just in general, if people have concerns, they can go to
2050 their dealer or they can call our customer engagement center

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2051 and we walk them through the specifics of that specific--of
2052 their specific issue, because, again, in many of the recalls
2053 that we have done, it is not a part replace, it is a visual
2054 check, and depending on what happens, it would be if--what
2055 needs to be repaired. So each individual recall has a
2056 slightly different look and feel to it.

2057 Mr. {Yarmuth.} So I know you have talked about the
2058 possibility of loaner vehicles and rental cars and so forth,
2059 but--and I understand the difficulty with gearing--a supplier
2060 gearing up to produce a part that they may not have made in 4
2061 or 5 years, and they have to all of a sudden come up with
2062 several million of them. We have a part manufacturer in
2063 Kentucky in my district that services Peterbilt trucks, and I
2064 have been to theirs and I know how much work they have to do,
2065 but again, is there any alternative to--reliable alternative
2066 to these consumers who, again, face a very important decision
2067 as to whether--I mean I don't know what the risk--of whether
2068 NHTSA has assessed the risk of the--with regard to power
2069 steering assist, whether that is significant or not, but
2070 there are a lot of consumers out there, I am sure, who are
2071 wondering whether they should be driving or not.

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2072 Ms. {Barra.} Again, I would encourage them to call our
2073 customer engagement center or talk to the dealer, and we can
2074 talk about the specific situation.

2075 Mr. {Yarmuth.} Okay. I have no other questions.

2076 Ms. {DeGette.} The gentleman--

2077 Mr. {Yarmuth.} Yeah, I am sorry, yield to the ranking
2078 member.

2079 Ms. {DeGette.} I just wanted to ask you a question, Ms.
2080 Barra, since there is a little time here.

2081 So you had testified that out of the roughly 2.6 million
2082 of these cars that were recalled, you guys have sent 400,000
2083 parts out to your dealers, is that right?

2084 Ms. {Barra.} Produced and shipped.

2085 Ms. {DeGette.} I am sorry?

2086 Ms. {Barra.} Yes

2087 Ms. {DeGette.} Yeah, roughly. And as of Monday, it
2088 looks like about only 177,000 of these vehicles have been
2089 repaired. And you had testified a little bit earlier--so
2090 that is 177,000 vehicles out of 2.6 million vehicles. And we
2091 have talked about this before. This is one of our big
2092 concerns in this committee, is how do we get those folks to

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2093 take in those recalled vehicles to be repaired, and you said
2094 you are looking at some innovative ways to do that. I am
2095 wondering if you could just take a few seconds to talk about
2096 how GM is trying to get those people to take those cars in.

2097 Ms. {Barra.} Well, we are doing a lot on social media,
2098 and we are looking at, you know, the populations especially,
2099 you know, some of these vehicles are older vehicles, so we
2100 have done actual research to figure out what messages would
2101 be most compelling to have these individuals come in to get
2102 their vehicles fixed. I would also say we are, you know, the
2103 dealers are working to get--to do specific arrangements with
2104 each individual to make it as inconvenient or to--

2105 Ms. {DeGette.} As convenient.

2106 Ms. {Barra.} As convenient as possible, to reduce the
2107 inconvenience. And so there are a number of steps. You
2108 know, right now, we are in a--

2109 Ms. {DeGette.} Or let me ask you because we are--

2110 Mr. {Murphy.} No, we are--

2111 Ms. {DeGette.} --can you meet the October 4 NHTSA
2112 deadline?

2113 Ms. {Barra.} We are on track. I, you know, I have

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2114 talked to the CEOs of the companies making these parts, and
2115 we monitor it on a daily basis.

2116 Ms. {DeGette.} Okay.

2117 Mr. {Murphy.} All right, thank you.

2118 Okay, Mr. Olson, 5 minutes.

2119 Mr. {Olson.} I thank the chair. And welcome, Ms.

2120 Barra, and, Mr. Valukas.

2121 I approach issues like these from the perspective as a
2122 Naval officer and a pilot. Leaders in The Navy are called
2123 skippers. Good skippers give credit for others who do good.
2124 When good things happen in a squadron, they give credit to
2125 others. Bad skippers take all--I'm sorry. Good skippers
2126 give the credit and take all the blame. By that definition,
2127 Ms. Barra, you are a decent skipper, but people have died
2128 because of GM's defective product.

2129 As we knew, and Mr. Valukas' report shows clearly, those
2130 deaths occurred because our ship, GM, had some problems that
2131 can't be fixed overnight. As GM's skipper, the burden to fix
2132 these problems is upon you, ma'am. Squarely upon you, and I
2133 think you know that. GM has to rebuild its trust with the
2134 American people, and part of that trust is being

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2135 straightforward on the number of deaths that have occurred
2136 because of these defect Cobalts.

2137 You have testified that 13 deaths occurred because of
2138 these cars, is that right, ma'am?

2139 Ms. {Barra.} I have testified that with the information
2140 we have--

2141 Mr. {Olson.} Okay.

2142 Ms. {Barra.} --we believe that the ignition switch may
2143 have been related to 13, but I don't have all the
2144 information.

2145 Mr. {Olson.} Okay, because that is a problem because on
2146 the wall behind you, there are 15 photographs of tragedy and
2147 loss from Cobalt vehicles.

2148 Ms. {Barra.} And that is why we are doing the
2149 compensation program. It will be independently administered
2150 by Mr. Feinberg, and I can assure you that I and General
2151 Motors want to make sure that anybody who was harmed as a
2152 result of the ignition switch defect is a part of that
2153 program.

2154 Mr. {Olson.} I will get to that compensation fund
2155 later.

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2156 How about injuries? Any number of injuries you think
2157 that has been caused by defective Cobalt--injuries, not
2158 deaths but injuries? What is the number? Any idea,
2159 ballpark?

2160 Ms. {Barra.} Again, I don't have the specific number in
2161 front of me, but we don't have a complete number because we
2162 only have the information that is available to us, but again,
2163 that is why Mr. Feinberg, who is an expert in doing this, and
2164 we want to have everybody who had suffered serious physical
2165 injury or suffered the loss of a loved one, we want everyone
2166 to be a part of this program.

2167 Mr. {Olson.} And thank you very much, Mr. Feinberg
2168 because, as you know, restoring trust--restoring the trust of
2169 the American people, part of that is having a viable, robust
2170 compensation program for the victims' families. And I know
2171 you have tasked Mr. Feinberg, as you have mentioned, to
2172 evaluate options for the compensation trust fund, my question
2173 is, from your opening statements, it sounds like GM has not
2174 put any limits on Mr. Feinberg. Is that true? No limits on
2175 the compensation? What is--he has got all options out there
2176 to determine the compensation trust fund?

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2177 Ms. {Barra.} I didn't hear the beginning of your
2178 question, I am sorry.

2179 Mr. {Olson.} The question is, you have tasked Mr.
2180 Feinberg to have this compensation fund, are there any limits
2181 upon him because he is out there doing whatever he wants to
2182 do. I mean what are--

2183 Ms. {Barra.} He is independent, and he will determine
2184 those who qualify that meet his protocol and the appropriate
2185 amounts.

2186 Mr. {Olson.} Will your Board have oversight--have to
2187 approve his recommendations or--

2188 Ms. {Barra.} No.

2189 Mr. {Olson.} --just--no, so he is--

2190 Ms. {Barra.} He is--

2191 Mr. {Olson.} --an independent operator.

2192 Ms. {Barra.} He is independent.

2193 Mr. {Olson.} Have families that have previously reached
2194 settlements with GM, will they be eligible for this trust
2195 fund?

2196 Ms. {Barra.} They are eligible to apply.

2197 Mr. {Olson.} How about the families whose claims were

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2198 before GM's bankruptcy, they--

2199 Ms. {Barra.} Eligible to apply.

2200 Mr. {Olson.} They are eligible as well. Do you expect-
2201 -how much do you expect the fund to be? Any ballpark?

2202 Ms. {Barra.} Without knowing the protocol, I can't
2203 speculate on that. If the--by the time Mr. Feinberg shares
2204 with us his protocol, then we will have to take an
2205 appropriate estimate, but we really won't know until the
2206 program has been fully administered, and we have indicated
2207 that we will share the number of incidents and also the
2208 total.

2209 Mr. {Olson.} Is there a chance the fund will be capped,
2210 a limit?

2211 Ms. {Barra.} No.

2212 Mr. {Olson.} No chance. Okay, I yield back. Thank
2213 you, sir.

2214 Mr. {Murphy.}

2215 Dr. {Burgess.} Will the gentleman yield?

2216 Mr. {Olson.} I will.

2217 Dr. {Burgess.} Let me just ask you, Ms. Barra, along
2218 the lines of do people know how to get in touch with you if

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2219 they are having trouble getting their car fixed?

2220 Ms. {Barra.} Again, in the letters that we sent, and we
2221 send to the, you know, the record, we go to Polk and get
2222 registration data, and that is the best information we have.
2223 That is why one of the things that would be very helpful is
2224 to have a national VIN database. That would be incredibly
2225 helpful to make sure we are reaching them directly. But in
2226 the communications that we have had, there is information on
2227 how to contact us as well as their dealer.

2228 Dr. {Burgess.} So you--the message should be, a person
2229 should contact their dealer?

2230 Ms. {Barra.} Well, they--there is a--they can contact
2231 our customer engagement center. There is also a number at
2232 the back--a 1-800 number at the back of their owner's manual,
2233 but then in addition, we know many people will contact their
2234 dealer.

2235 Dr. {Burgess.} Before this testimony concludes today,
2236 could you provide us with that 800 number?

2237 Ms. {Barra.} Sure.

2238 Dr. {Burgess.} A lot of people are watching this
2239 hearing, and I mean I am getting a lot of activity on

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2240 Twitter, people wanting to know how to get their cars fixed.

2241 Ms. {Barra.} Sure.

2242 Dr. {Burgess.} So you would help us if you did that.

2243 Mr. {Murphy.} Okay.

2244 Dr. {Burgess.} Thank you.

2245 Mr. {Murphy.} Thank you.

2246 Now recognize Ms. Castor for 5 minutes.

2247 Ms. {Castor.} Thank you, Mr. Chairman.

2248 The Valukas report refers to the Board's commitment to
2249 improving the quality of GM's vehicles through a bonus plan
2250 for corporate officers and employees at the executive,
2251 director and supervisor levels, and part of whether the
2252 calculation for whether a bonus would be payable was
2253 improvement in the quality of GM's vehicles.

2254 Mr. Valukas, do you know what improvement in quality
2255 means, or how it is quantified for the purposes of the bonus
2256 calculation?

2257 Mr. {Valukas.} I can't give you the calculation. I can
2258 tell you that within the quality calculation, it is supposed
2259 to be safety, that the individuals which we interviewed
2260 identify quality--improvement in quality as relating to the

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2261 safety issues, so that it would include--

2262 Ms. {Castor.} So safety is supposed to be a quality--

2263 Mr. {Valukas.} Absolutely.

2264 Ms. {Castor.} --component, but how is that quantified?

2265 Mr. {Valukas.} I don't have an answer for you on that.

2266 Ms. {Castor.} Okay. Ms. Barra, did you receive bonuses

2267 through this bonus program during the last decade while the

2268 ignition switch issues were ongoing with GM?

2269 Ms. {Barra.} There were many years where there was no

2270 bonus paid, but there are some years where there was. Not

2271 all of those years there was quality, but I can tell you that

2272 the quality components, one aspect of it is, is external

2273 surveys in which safety is an element of that.

2274 Ms. {Castor.} How many years did you receive those

2275 bonuses?

2276 Ms. {Barra.} I would have to go back and check.

2277 Ms. {Castor.} Okay, so you will provide those to the

2278 committee?

2279 Ms. {Barra.} Sure.

2280 Ms. {Castor.} Thank you. And, Ms. Barra, will GM's

2281 bonus program be revised to include an explicit safety

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2282 component?

2283 Ms. {Barra.} You know, the--it already has quality that
2284 already has safety as a piece of it. I will commit though, I
2285 will go back and review to make sure it is explicit.

2286 Ms. {Castor.} Because Mr. Valukas just said he is not--
2287 he reviewed it and he is not certain how expansive that is,
2288 and what really goes into considerations of safety.

2289 Ms. {Barra.} I will make sure it is explicit. It is a
2290 good suggestion.

2291 Ms. {Castor.} Okay. Ms. Barra, will GM's compensation
2292 structure for all employees, including those below the
2293 leadership levels, now include a safety component?

2294 Ms. {Barra.} Again, there is--when you speak of all
2295 employees, 220 employees--220,000 employees, or over 200,000
2296 around the world, and we comply with the different laws in
2297 those compensation programs, but we have sent a strong signal
2298 that quality is important, and that represents 25 percent
2299 across all levels.

2300 Ms. {Castor.} I would recommend that, as part of your
2301 overhaul for all employees to encourage considerations of
2302 safety, that it is made much more explicit to all of those

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2303 employees. In the past, GM has put into place incentives for
2304 high-level employees to make improvements. If GM is serious
2305 about its new focus on safety, there should be stronger
2306 incentives in place for executives and all of the other GM
2307 employees, at the very least, to identify safety problems and
2308 improve the safety of all GM's vehicles.

2309 And now I would like to ask about the adequacy of the
2310 recall. GM has assured the public that the replacement part
2311 for the recalled vehicles will fix the defect; low torque
2312 that causes the ignition switch to turn too easily from the
2313 run position to the off or accessory position. Ms. Barra, I
2314 hope you can assure me that this is the case?

2315 Ms. {Barra.} It has been validated extensively, and
2316 then NHTSA has as well reviewed it.

2317 Ms. {Castor.} And--but here is my concern. There
2318 seemed to be two problems with these vehicles' ignition
2319 switches. Issue number one is that the force required to
2320 turn the switch is too low. And issue number two is that a
2321 driver's knee can hit the key or key fob and inadvertently
2322 turn the switch to the off position because of it is placed
2323 too low. The fix to the recall will be to install a new

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2324 ignition switch with higher torque, requiring more force to
2325 turn off the switch. Is that correct?

2326 Ms. {Barra.} Right, but if you look at the switch, the
2327 cylinder and the key, and then you look at how that works as
2328 a system, it has been validated to not only talk about the
2329 issue that you are talking about, about turning, but also the
2330 knee--potential knee interference. Both have been validated.

2331 Ms. {Castor.} What will the torque specification that
2332 the new switches will make? What is the new torque
2333 specification?

2334 Ms. {Barra.} Well, I believe--the specification is 20
2335 plus-or-minus 5, but the more important thing to look at is
2336 the overall performance of the system, and that is what we
2337 have done.

2338 Ms. {Castor.} Is that 20 newton centimeters?

2339 Ms. {Barra.} It is 20 newton meters--newton
2340 centimeters, yes.

2341 Ms. {Castor.} And do you know how GM arrived at that
2342 specification?

2343 Ms. {Barra.} Well, that was a specification, but we
2344 have gone back and tested extensively with varying levels of

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2345 keys on rings, and with varying heights of, you know, people-
2346 -size of people. It has been an exhaustive testing--

2347 Ms. {Castor.} Well, here is our--

2348 Ms. {Barra.} --that has been done.

2349 Ms. {Castor.} --concern, because when the committee
2350 interviewed several GM engineers, Mr. DeGiorgio, Mr. Altman
2351 and Mr. Stouffer, they all told us they had no idea of the
2352 basis for that specification. And GM has received multiple
2353 reports indicating that the placement of the ignition switch
2354 in these vehicles could cause a driver's knee to hit the key
2355 or the key fob and turn off the switch, isn't that right?

2356 Ms. {Barra.} Neither of those individuals have been a
2357 part of the company as we have done, or been involved in, all
2358 of the extensive testing and validation that we have done
2359 specifically with the new product integrity organization, so
2360 they are really not in a position to comment.

2361 Ms. {Castor.} But certainly, that would raise a concern
2362 if your former engineers continue to have concerns over the
2363 fix.

2364 Ms. {Barra.} Well, I don't find Mr. DeGiorgio credible,
2365 and I personally reviewed the testing that has been done by

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2366 very experienced, seasoned engineers, and I am confident that
2367 the right validation has been done of the system in the
2368 vehicle.

2369 Ms. {Castor.} I yield back.

2370 Mr. {Murphy.} Thank you.

2371 Now recognize Mr. Griffith for 5 minutes.

2372 Mr. {Griffith.} Thank you, Mr. Chairman.

2373 Ms. Barra, we have talked a little bit about the
2374 compensation trust fund, and you have indicated that Mr.
2375 Feinberg is going to set parameters, but you don't have those
2376 yet. He is going to determine who is eligible, and he is
2377 going to make the determination as to how much they are
2378 eligible for. Is that correct?

2379 Ms. {Barra.} That is correct.

2380 Mr. {Griffith.} And do you know if he is going to
2381 determine--is he looking just as--because most people have
2382 focused just on the airbag deployment, and your list of 13
2383 that you know of at this point only includes airbag
2384 deployment issues. Do you know if he is looking at other
2385 parameters?

2386 Ms. {Barra.} We have told him that we want to make sure

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2387 anybody who suffered harm, either lost a loved one or
2388 suffered serious physical injury because of a--the defect
2389 with the ignition switch, that they should be a part of the
2390 program.

2391 Mr. {Griffith.} So you acknowledge what Mr. Gingrey was
2392 getting to earlier, and that is, if you are traveling down
2393 the highway at a fairly good rate of speed, whether it be 48
2394 miles or more, or 35 miles an hour, and all of a sudden your
2395 car goes into a stall or the ignition turns off, you have to
2396 put that into neutral and restart it, that is going to have
2397 been responsible for a number of the accidents that took
2398 place, whether or not the airbags were deployed or, in fact,
2399 even if the airbag not being deployed didn't cause the death
2400 or injury, there might still have been an injury as a result
2401 of that. You acknowledge that?

2402 Ms. {Barra.} If the ignition switch was part of the
2403 issue, we want them in the program. And there are other
2404 incidences.

2405 Mr. {Griffith.} So then I have to question why you have
2406 one of the two folks in the accident that was referred to in
2407 Mr. Young's--Trooper Young's report--accident report, one of

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2408 those two individuals is on the list of 13, but Natasha
2409 Weigel is not, and that raises the question, because she was
2410 in the backseat. So the airbag didn't affect her, but
2411 clearly that accident may very well have been the result of
2412 the fact that you had a young driver, as pointed out by Mr.
2413 Gingrey, who suddenly finds themselves in an emergency
2414 situation on the highway, going 48 miles an hour, and they
2415 don't have an engine that works anymore. And you would agree
2416 that if the engine is not working, if the power is off, you
2417 don't have power steering anymore either, do you?

2418 Ms. {Barra.} We were clear about the 13, and--but
2419 again, we want to get everybody who was affected, and that is
2420 what we are focused on. And so, again--

2421 Mr. {Griffith.} And you want to make sure that
2422 everybody is fully and fairly compensated, is that correct?

2423 Ms. {Barra.} That is correct.

2424 Mr. {Griffith.} Then I have to ask you this question,
2425 Ms. Barra. Why are your lawyers still trying to seek
2426 protection in the bankruptcy court?

2427 Ms. {Barra.} We are not going to revisit those
2428 decisions. I think what we are doing is going above and

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2429 beyond with this compensation program to get to the people.
2430 This was a unique series of mistakes that was made over a
2431 long period of time, and we feel it is the right thing to do
2432 to--

2433 Mr. {Griffith.} So you feel it is the right thing for
2434 GM to continue to ask your bankruptcy lawyers to defend them
2435 and get the shield from the bankruptcy court in the bank--in
2436 that court, and not have to deal with these cases that come
2437 up, and to only let the only solution be Mr. Feinberg, if
2438 there has not already been a settlement, isn't that correct?

2439 Ms. {Barra.} Mr. Feinberg--

2440 Mr. {Griffith.} Yes or no.

2441 Ms. {Barra.} Mr. Feinberg's program is a voluntary
2442 program, otherwise people have the same rights they have
2443 today.

2444 Mr. {Griffith.} They have the same rights, but you are
2445 trying to block those rights in the bankruptcy court, yes or
2446 no?

2447 Ms. {Barra.} Our intent is to do a compensation
2448 program, is to do the right thing for these individuals.

2449 Mr. {Griffith.} But you are not instructing your

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2450 lawyers to back off of their claims in the bankruptcy court,
2451 that you want to be shielded from the--in the bankruptcy
2452 court from any claims that these outside parties might bring.
2453 So if Mr. Feinberg's parameters don't fit, but a competent
2454 court might find that they should fit, not going to matter to
2455 you because you have the bankruptcy protection. I will move
2456 on to another question.

2457 I am concerned a little bit about the fact that your
2458 legal department didn't pick this up, and I want to know were
2459 any of the lawyers fired for not being diligent?

2460 Ms. {Barra.} I have stated that there were four
2461 different functions in which individuals were fired at all
2462 levels of the company, legal being one of them, engineering,
2463 quality and public policy.

2464 Mr. {Griffith.} Okay, because it did concern me that
2465 the--that Trooper Young's report was sitting in the GM files
2466 in the legal department for a period of about 6 years, and
2467 only one person opened the file during that time period, and
2468 that was a legal assistant.

2469 Let me ask you this. Can the lawyers, and I think they
2470 ought to be, but can the lawyers start a safety

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2471 investigation?

2472 Ms. {Barra.} Anyone in the company can raise a safety
2473 issue. We want them to--

2474 Mr. {Griffith.} Uh-huh.

2475 Ms. {Barra.} --and they--thank you, they are more than
2476 able to do that.

2477 Mr. {Griffith.} And in this case, the lawyers didn't do
2478 that, is that why one of them might have been fired, or some
2479 of them may have been terminated?

2480 Ms. {Barra.} You know, clearly, there were people that
2481 didn't share information to pull all the pieces together in
2482 this, and it is unacceptable, and those individuals that were
2483 in the best position to share are no longer with the company.
2484 And we are strongly encouraging everybody in the company to
2485 raise issues. I will tell you specifically--

2486 Mr. {Griffith.} All right, I am about to run out of
2487 time, so I appreciate that, but let me just state this in
2488 closing. If GM truly wants to compensate everybody who has
2489 been harmed, fully and fairly, they ought to ask their
2490 lawyers to stop asking the bankruptcy court for bankruptcy
2491 court protection, and let these matters work their way out.

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2492 Thank you. Yield back.

2493 Mr. {Murphy.} Gentleman yields back.

2494 Now recognize Ms. Schakowsky for 5 minutes.

2495 Ms. {Schakowsky.} Thank you, Mr. Chairman.

2496 The Valukas report identifies Mr. Ray DeGiorgio, who you
2497 said, Ms. Barra, has no credibility, that the GM design
2498 release engineer, that was his title, as being almost solely
2499 responsible for key decisions to approve the deadly ignition
2500 switch in 2002, and to modify it in 2006.

2501 Mr. Valukas, your report states that one of the key
2502 failures was ``the decision by a single engineer who did not
2503 advise others of his decision to accept an ignition switch
2504 with full knowledge that it fell well below GM's own
2505 specifications.'' Is that correct?

2506 Mr. {Valukas.} Right.

2507 Ms. {Schakowsky.} The implication here is that Mr.
2508 DeGiorgio acted alone, but the report describes problems
2509 associated with the ignition switch, aside from low torque,
2510 many of which were known as early as 2001, according to the
2511 report, the ``entire electric--electrical concept needed to
2512 be redesigned''. The switch had significant problems that

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2513 were known to GM. In his interview with the committee, and
2514 at this point I just want to congratulate the staff of our
2515 committee for the amazing work that they did independently to
2516 investigate the--all these issues, that in his interview with
2517 the committee, Mr. DeGiorgio told committee staff that he met
2518 with his superiors around February 2002 to inform them that
2519 the ignition switch would be delayed. Attendees at the
2520 meeting included the vehicle's chief engineer, the program
2521 engineering manager and electrical directors. It was clear
2522 this switch was getting a lot of attention.

2523 So, Ms. Barra, is it your belief that one engineer, Mr.
2524 DeGiorgio, unilaterally approved a part that had been plagued
2525 by problems from the start?

2526 Ms. {Barra.} I--the basic issue is that the switch that
2527 he approved to go into production did not meet the
2528 performance requirements. That was the first mistake.

2529 Ms. {Schakowsky.} And it was DeGiorgio's alone?

2530 Ms. {Barra.} He was the one responsible for it.

2531 Ms. {Schakowsky.} Knowledge of the problem is
2532 important. Torque problems plagued the switch from the
2533 start, and the Valukas report says in 2006, Mr. DeGiorgio,

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2534 again, unilaterally approved changes to the switch to
2535 increase the torque. Mr. Valukas' report notes ``there is no
2536 evidence that DeGiorgio told others at GM, including
2537 engineers on the Cobalt program, about the spring change to
2538 the ignition switch that he authorized in April of 2006.''

2539 So, Mr. Valukas, the report does note that other GM
2540 employees had received documents describing the ignition
2541 switch change as early as June 2006, and that these documents
2542 clearly indicated that the switches used in pre-2007 models
2543 were not within specifications. Is that correct?

2544 Mr. {Valukas.} The answer to that question is there
2545 were emails which were forwarded to other individuals which,
2546 contained within those emails, after the change was made,
2547 information about the fact that the torque had changed. We
2548 interviewed those individuals. Those individuals were by and
2549 large in the warrantee area. They had no--they were looking
2550 at something that--it meant nothing to them as they--the two
2551 that we were able to locate and find, it was not--they were
2552 totally unaware of the issues concerning the switch not
2553 deploying any aspect of it. So the one individual who did
2554 know all of the facts and had that information was Mr.

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2555 DeGiorgio. The other engineers who were on this email chain,
2556 it meant nothing to them.

2557 Ms. {Schakowsky.} Okay. So--but there is an email--

2558 Mr. {Valukas.} Yes.

2559 Ms. {Schakowsky.} --I am holding it here, cited in your
2560 report, discusses implementation of the new--

2561 Mr. {Valukas.} At page 102 and--

2562 Ms. {Schakowsky.} I believe that is right. And the
2563 quote is ``increased torque forces to be within
2564 specifications'', and it was sent to 5 GM employees on June
2565 2, 2006. But we have also obtained another document that was
2566 not included in your report, and this document indicates that
2567 another GM contract engineer may have approved the 2006
2568 change. It is a production part approval process report
2569 obtained by Delphi through GM's global quality tracking
2570 system. It is dated June 1, 2006, and it lists GM supplier
2571 quality engineer--a GM quality--supplier quality engineer.
2572 The document has a section labeled ``supplier quality
2573 engineer notes'', and these notes read, new PC--this is a
2574 quote, ``new PCB and spring plunger implementation for
2575 performance improvement. Park approved per supplier.

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2576 Submitted, warrant and GM 3--3660.''

2577 So, Mr. Valukas, have you seen that report, the global
2578 quality tracking system?

2579 Mr. {Valukas.} Yes.

2580 Ms. {Schakowsky.} So did you interview the listed
2581 supply quality engineer, or look into what role he might have
2582 played in approving the switch change in 2006?

2583 Mr. {Valukas.} We did the following. We looked at that
2584 form change, and what happened with that form change is the
2585 following. So the supply quality engineer's function is to
2586 determine whether the boxes are filled out and materials are
2587 properly identified here, and then he submits that and puts
2588 that into the system. He does not have, as understand it,
2589 anything to do with making decisions on the change. He's
2590 actually functioning as somebody putting something into the
2591 system. And--did we do an interview? I don't think we
2592 interviewed that particular individual. We know what his
2593 function was and what the role was.

2594 Ms. {Schakowsky.} Well, I don't want to minimize Mr.
2595 DeGiorgio's role or excuse his actions in any way, but I do
2596 think these documents going to the fact that the problem at

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2597 GM is deeper than just one rogue engineer.

2598 And I yield back.

2599 Mr. {Murphy.} Thank you. Yields back.

2600 And now recognize Mr. Johnson from Ohio for 5 minutes.

2601 Mr. {Johnson.} Thank you, Mr. Chairman.

2602 Mr. Valukas, your report discusses an early May 2005

2603 email related to a customer concern about the ignition

2604 switch. That is at tab 12 of the folder that you have there.

2605 Your report focused on Mr. DeGiorgio's awareness of this

2606 exchange. There were others on this change, including Doug

2607 Parks. What was Doug Parks' position at the time?

2608 Mr. {Valukas.} I honestly don't recall his title at

2609 that time.

2610 Mr. {Johnson.} Wasn't he the vehicle chief engineer?

2611 Mr. {Valukas.} He may well have been. I, as I say, I

2612 don't recall.

2613 Mr. {Johnson.} Why was it more significant that Mr.--

2614 let us assume that he was, because that is what we think he

2615 was, why was it more significant that Mr. DeGiorgio was aware

2616 of this exchange rather than the vehicle chief engineer?

2617 Mr. {Valukas.} I don't know that it was more

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2618 significant. It was significant because Mr. DeGiorgio
2619 ultimately made the decision to change the part. And in our
2620 interviews with him, he said that he was not aware of the
2621 fact that this was an issue, that he was not aware of the
2622 publicity and was not aware of the email traffic concerning
2623 this, while we had information that that was not, in fact,
2624 the case.

2625 Mr. {Johnson.} What is the chief engineer's
2626 responsibility?

2627 Mr. {Valukas.} Within the company?

2628 Mr. {Johnson.} Yes.

2629 Mr. {Valukas.} And I do not have an answer for that.

2630 Mr. {Johnson.} Okay.

2631 Mr. {Valukas.} But I can find out and I would be happy
2632 to submit that information.

2633 Mr. {Johnson.} Ms. Barra, do you know what the chief
2634 engineer's responsibility is?

2635 Ms. {Barra.} The chief engineer's--is responsible for
2636 the overall integration of the vehicle, and making the
2637 balance and tradeoff decisions for that vehicle.

2638 Ms. {Johnson.} Okay. What--

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2639 Ms. {Barra.} And if issues are raised to him, then he
2640 or she will deal with that.

2641 Mr. {Johnson.} Okay. What knowledge should someone in
2642 the chief engineer position have about the vehicle, compared
2643 to someone such as Mr. DeGiorgio? I mean would it be
2644 reasonable that the chief--the vehicle chief engineer would
2645 have known about this situation?

2646 Ms. {Barra.} Again, a vehicle--there are 30,000 parts
2647 on a car. The chief engineer has to count on the people
2648 doing their job. We have now put--there is--in the mid-
2649 2000's, there were validation engineers that were added to
2650 make sure that the process was done well, and now with the
2651 product integrity organization, we will be validating the
2652 subsystems. So--but the chief engineer, you know, the--

2653 Mr. {Johnson.} Takes information from those that--

2654 Ms. {Barra.} Right.

2655 Mr. {Johnson.} --come up, okay.

2656 Ms. {Barra.} The system works--

2657 Mr. {Johnson.} In a--let me--I have to move on. In a
2658 May 4 response to this chain, Mr. Parks requests a plug to
2659 insert in the key head, since it appears to be the only, in

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2660 his, ``only real quick solution.'' But this solution was not
2661 implemented for months.

2662 Mr. Valukas, do you know why?

2663 Mr. {Valukas.} Park of the dysfunction of what was
2664 happening in the organization. They were treating this as a
2665 customer convenience issue, rather than safety issue, so they
2666 looked at issues in terms of price, expense, cost--

2667 Mr. {Johnson.} Rather than safety.

2668 Mr. {Valukas.} That was it.

2669 Mr. {Johnson.} Okay. A few weeks later on May 17, a
2670 new PRTS was initiated. At the time, the program team
2671 decided to pursue additional solutions beyond the service fix
2672 for the key insert, a short-term production fix for a new key
2673 that changed the slot to a hole, and a long-term solution to
2674 introduce a more robust ignition switch. Whose--who was
2675 responsible for initiating and implementing these changes?

2676 Mr. {Valukas.} These would have been the committees
2677 which were involved in the--and I don't have the committee
2678 name in front of me, I will look at the report, but the
2679 committees that were involved in the review, and ultimately
2680 they didn't make the--they didn't do what they said they were

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2681 going to do.

2682 Mr. {Johnson.} Did--were they reviewed by the vehicle
2683 chief engineer?

2684 Mr. {Valukas.} I don't know that.

2685 Mr. {Johnson.} You don't know. Do you know?

2686 Ms. {Barra.} As I read the Valukas report, I think
2687 that--I think what you are referring to was continuous
2688 improvement team--

2689 Mr. {Johnson.} Okay.

2690 Ms. {Barra.} --and I believe the chief was not there,
2691 it was the program engineering manager.

2692 Mr. {Johnson.} Why did it take until 2009 to implement
2693 the new key head, and who was responsible for ensuring that
2694 this change was implemented? Do either of you know?

2695 Mr. {Valukas.} I can tell you that the reason it was
2696 delayed was because it was treated again as a customer
2697 convenience issue. They had an issue with regard to their
2698 supplier, and a dispute with regard to his ability to
2699 deliver, and it wasn't until 2009 that the dispute was
2700 resolved, and they ultimately made that change with regard to
2701 the key.

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2702 Mr. {Johnson.} Okay. Ms. Barra, in my previous life, I
2703 worked in a publically-traded company as a part of the
2704 executive team. We had a risk and compliance department. We
2705 had a risk and compliance director. As--my understanding of
2706 this issue, part of the concern that you have addressed, and
2707 that you are continuing to address, is that this information
2708 never bubbled up to some of the key decision-makers. The SEC
2709 requires, there are laws that require reports of risk and
2710 compliance-related issues. Were any of the SEC reports, or
2711 did the risk--were the risk and compliance folks notified
2712 that millions were being paid out for claims a result of some
2713 of these problems? How does it break down that bad in a
2714 company that is, you know, publically traded?

2715 Ms. {Barra.} I can't speak to specifically what was,
2716 you know, in an SEC report, but what I can tell you, it is
2717 unacceptable the way things broke down, and that is why we
2718 have made dramatic process changes. But as Congresswoman
2719 DeGette indicated as well, we have to make substantial
2720 changes in the culture, and we are well on our way to doing
2721 that. And I believe the men and women of General Motors want
2722 to be--make sure we have the safest and the highest-quality

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2723 vehicles on the road.

2724 Mr. {Johnson.} Okay. Thank you, Mr. Chairman. I yield
2725 back.

2726 Mr. {Murphy.} Gentleman yields back.

2727 Now recognize Mr. Tonko for 5 minutes.

2728 Mr. {Tonko.} Thank you, Mr. Chair. And welcome to our
2729 panel.

2730 As we examine what went wrong on this terrible tragedy,
2731 the most important job, I believe, for Congress is to
2732 strengthen and improve auto safety laws to ensure that
2733 something like this never happens again. We owe that--
2734 certainly owe it to the families of the victims of this
2735 tragedy, many of whom are in our audience today for the
2736 hearing.

2737 That being said, one area that I believe we need to
2738 address is to improve early warning report data.

2739 Mr. Valukas, can you describe briefly early warning
2740 report data?

2741 Mr. {Valukas.} What is the data itself?

2742 Mr. {Tonko.} Yes.

2743 Mr. {Valukas.} Information that comes to the attention

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2744 of the company which indicates that there are problems--
2745 safety--potential safety problems of which they are required
2746 to make alerts.

2747 Mr. {Tonko.} And I believe the 2000 TREAD Act requires
2748 that the information be reported to NHTSA?

2749 Mr. {Valukas.} That is correct.

2750 Mr. {Tonko.} So, Mr. Valukas, you describe a number of
2751 cases where GM investigators analyzed this TREAD data to
2752 attempt to identify or explain airbag non-deployment in
2753 Cobalts and Ions. Is that not correct?

2754 Mr. {Valukas.} In the Ions, yes. The answer is I
2755 cannot give you a number of where that was done.

2756 Mr. {Tonko.} And the federal regulators also conducted
2757 analyses of the early warning report data, but were not able
2758 to separate the wheat from the chaff, so to speak, and
2759 identify the defect?

2760 Mr. {Valukas.} They--the issue of the non-deployment of
2761 the airbag was a matter of discussion in 2007 between NHTSA
2762 and General Motors. It was--we note--it was NHTSA saying we
2763 note that there are these non-deployments. GM's response to
2764 that was to begin an investigation with--under Mr. Sprague to

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2765 see, you know, to keep a chart of what was taking place.

2766 There were no major further discussions about that issue

2767 until 2013.

2768 Mr. {Tonko.} It seems that part of the problem here is
2769 that early warning report data provided to NHTSA reported in
2770 23 broad categories. In the case of this defect, the early
2771 warning data provided to NHTSA spans several categories,
2772 including engine, airbags, and a category of other. NHTSA is
2773 able to request more detailed information from auto
2774 manufacturers for individual warrantee claims and field
2775 reports, but it is difficult to know what is--what to
2776 request, given the minimal level of detail provided in the
2777 first place. NHTSA needs more detailed early warning data so
2778 that they can spot trends, and request the most useful
2779 follow-up information from the auto manufacturers, and more
2780 early warning data should be available to the public. We can
2781 all appreciate the value of outside experts in spotting
2782 issues that otherwise go undetected.

2783 Finally, NHTSA needs appropriate enforcement mechanisms
2784 to ensure auto manufacturers comply with the laws, especially
2785 when safety is at stake.

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2786 On May 16, GM agreed to pay the maximum fine for failure
2787 to report a safety-related defect to NHTSA, and that, I
2788 believe, is \$35 million. Ms. Barra, what was GM's net income
2789 in 2013?

2790 Ms. {Barra.} Three point--yeah, I was going to say, it
2791 was just under \$4 billion.

2792 Mr. {Tonko.} Just under \$4 billion. So the penalty for
2793 failing to report the ignition switch defect is less than 1
2794 percent of GM's earnings for last year.

2795 Ms. {Barra.} That is correct math, but I think, you
2796 know, our intent is that we deal with safety issues. By the
2797 time you get to talking about a fine, the customer has
2798 already been impacted in an incredibly negative way. We want
2799 to make sure we are putting high quality, safe vehicles on
2800 the road, and we want to work, you know, in cooperation with
2801 NHTSA to do that.

2802 Mr. {Tonko.} Nonetheless, it is not much of a
2803 deterrent, Mr. Chair. We need to increase this maximum
2804 penalty. Thirty-five million dollars is not an adequate
2805 deterrent to a large profitable company like GM. If the
2806 penalty for inaction had been higher, GM might not have

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2807 waited over a decade to report this safety defect to NHTSA.
2808 And it is clear to me that NHTSA needs higher penalty
2809 authorities. We need to make certain that the penalty for
2810 not reporting a safety defect is a sufficient threat to deter
2811 auto companies from needlessly delaying safety decisions.
2812 Fixes in these areas, like the TSB's public improving early
2813 warning report data, and increasing penalties, should be easy
2814 for us to agree upon.

2815 And with the seconds that I have remaining, the GM
2816 recall Web site indicates that, even after the new switch is
2817 installed, customers should ``only utilize the key, key ring
2818 and key fob, if equipped, that came with the vehicle.

2819 Ms. Barra, many consumers have key chains with multiple
2820 keys. Why, if the new replacement switch is adequate, does
2821 GM still recommend that consumers not use their full key
2822 rings the way they would normally use them?

2823 Ms. {Barra.} Again, the system meets and has been
2824 validated, and that has been validated also by NHTSA, but I--
2825 as I have gone through this process over the last 3 months, I
2826 have seen incredible things on key chains that, across the
2827 industry--I think this is actually an industry issue that we

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2828 have to look at. I notice key chains everywhere I go now,
2829 and I just think it is a--something that needs to be
2830 addressed more broadly across the industry.

2831 Mr. {Tonko.} Thank you, Mr. Chair. I yield back.

2832 Mr. {Murphy.} Thank you.

2833 Now recognize Mr. Long for 5 minutes.

2834 Mr. {Long.} Thank you, Mr. Chairman. And thank you all
2835 for being here.

2836 Mr. Valukas, do you feel like that you conducted a
2837 thorough investigation?

2838 Mr. {Valukas.} Yes.

2839 Mr. {Long.} According to what you testified to today,
2840 if my math is right, how many people were on that team? How
2841 many people investigated along with you?

2842 Mr. {Valukas.} The number of individuals who were
2843 employed at one point or another in reviewing documents,
2844 doing interviews, several hundred.

2845 Mr. {Long.} Several hundred. According to my math, you
2846 all looked at 1,220 a minute.

2847 Mr. {Valukas.} I am sorry, say that again, Congressman.

2848 Mr. {Long.} I said, according to my math, you all

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2849 looked at 1,220 documents a minute, if you said you had
2850 access to 41 million documents over a 70-day period, that--I
2851 don't know how in the world you could do a thorough
2852 investigation in that time frame.

2853 Mr. {Valukas.} Congressman, we used computers and
2854 programs to analyze the documents for purposes of kicking out
2855 those documents which are reflective of the issues that are
2856 here. We used as part of that database, requests were being
2857 made by Congress, requests were being of us by the United
2858 States Attorney's Office, by NHTSA, and we isolated those
2859 documents and then gave them, through three levels of review,
2860 for purposes of determining whether they were relevant to any
2861 aspect here. I feel very comfortable, I can't tell--

2862 Mr. {Long.} But back to my first question, do you think
2863 it was a thorough investigation? I am not in your business,
2864 and you are, so I am just trying to learn here.

2865 Mr. {Valukas.} Well, I am--I am sorry.

2866 Mr. {Long.} Yeah, I just--so the report that you
2867 released, were you given a deadline by General Motors on when
2868 that needed to be out?

2869 Mr. {Valukas.} I think what--General Motors, the Board

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2870 of Directors, when they employed me to do this investigation,
2871 asked me whether I could get it done within a certain time
2872 frame, and I told them we could. That was the deadline; was
2873 my commitment that we could do it in that time period. Part
2874 of that was associated with the fact that they wanted to know
2875 because there were deaths involved here, what caused it, what
2876 were the problems. Part of it was because of the--that we
2877 wanted to get the report out or to be able to respond to
2878 Congress. So we had that deadline.

2879 Mr. {Long.} And you got your report completed, or once
2880 you completed the report, to whom at General Motors did you
2881 present the results?

2882 Mr. {Valukas.} The Board of Directors.

2883 Mr. {Long.} Okay. And what was their reaction?

2884 Mr. {Valukas.} The reaction. I can't tell you what
2885 their reaction was. I know the reaction was that, as what
2886 you have seen with Ms. Barra here, which is--or here, is that
2887 to follow-up on it.

2888 Mr. {Long.} Okay, so you didn't receive any resistance
2889 to your findings or your recommendations from the Board?

2890 Mr. {Valukas.} None. None.

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2891 Mr. {Long.} And were you asked to make any changes to
2892 your report?

2893 Mr. {Valukas.} No, I was not, and what I did tell them,
2894 and what I have mentioned to your--to staff here, that if we
2895 found something different as we pursued, you know, gathered--
2896 continued to gather documents because of there were requests
2897 here and elsewhere, we would review the report, and if there
2898 was anything in the report that we found to be in error, or
2899 needed to be corrected, or changed or anything, we would
2900 report that back to the Board, and I presume they would
2901 report it back to you.

2902 Mr. {Long.} So other than that, your report, does that
2903 end your investigation. And I apologize, I have been here
2904 for about 90 percent of the hearing, but I did have to step
2905 out for a few minutes a few minutes ago, so--

2906 Mr. {Valukas.} No, if we are--we believe we have
2907 completed the inquiry, but as I say, we would update it if we
2908 found something which changed in any significant way. I
2909 believe back last week we found something in the report that
2910 we corrected, and we notified your staff of that immediately.

2911 Mr. {Long.} Okay, thank you. And I yield back.

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2912 Mr. {Murphy.} Mrs. Ellmers, now--you are now recognized
2913 for 5 minutes.

2914 Mrs. {Ellmers.} Thank you, Mr. Chairman. And thank you
2915 to Ms. Barra and Mr. Valukas for being here today for this
2916 very, very serious subcommittee hearing. And I too, as some
2917 of my colleagues have said, extend my condolences to the
2918 families. It must be very difficult for you to be here and
2919 listening to this dissection of information. As important as
2920 it is, these are your loved ones.

2921 Mr. Valukas, I do want to--this is more of a process
2922 question that I have for you, sir. Going back, again, over
2923 the investigation and what you have reported, back March
2924 2007, it says staff from NHTSA approached GM personnel in
2925 between meetings in Washington and mentioned a concern about
2926 non-deployments of the Cobalts and Ions. What is your
2927 understanding of the information that was shared by NHTSA?

2928 Mr. {Valukas.} My understanding, it comes from the
2929 interviews. I did not talk to anybody from NHTSA. We did
2930 not think that we were going to be interviewing federal
2931 officials. We interviewed the people at GM, and looked at
2932 the documents and materials which they produced as a result

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2933 of that meeting--

2934 Mrs. {Ellmers.} Um-hum.

2935 Mr. {Valukas.} --and it was that, in the course of that
2936 meeting, NHTSA noted that there had been these non-deployment
2937 cases and asked General Motors about them. The response to
2938 that was the assignment of Mr.--I believe it was Mr. Sprague
2939 at that point, to look into it and how to get--document what
2940 was taking place, to keep a chart essentially as to are these
2941 happening, how many are there, et cetera.

2942 Mrs. {Ellmers.} Okay, and the gentleman that you are
2943 referring to, what division was he in as far as--I am
2944 assuming General Motors or NHTSA? What division was he part
2945 of?

2946 Mr. {Valukas.} He was an investigator, I believe, with
2947 FPA. Yeah, FPA investigator, which means he would have been
2948 detailed into the legal department.

2949 Mrs. {Ellmers.} Okay, so according to our information,
2950 when the engineers returned to Michigan, apparently after
2951 being here in DC, the product investigations team, the group
2952 that determines the root cause of the problem, reviewed the
2953 claims relating to the Cobalt non-deployment, but ultimately

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2954 decided not to pursue it. Why did product--why did the
2955 product investigations not pursue this matter at the time?

2956 Mr. {Valukas.} That is a very good question, and the
2957 answer is, this was some--one of those things that was passed
2958 off to another agent. Sprague was keeping track of--Mr.
2959 Sprague was keeping track of it. The other investigators
2960 weren't following up with regard to it. They were gathering
2961 information, if you will, but that is where they went with
2962 it.

2963 Mrs. {Ellmers.} Okay. So when you say that it was kind
2964 of handed over somewhere else, the--you are referring to the
2965 product--the field performance assessment--

2966 Mr. {Valukas.} Yes.

2967 Mrs. {Ellmers.} --division?

2968 Mr. {Valukas.} Yes.

2969 Mrs. {Ellmers.} Okay, because according, again, to our
2970 information, it says after the product investigators declined
2971 to investigate, the responsibility for tracking these claims,
2972 or tracking these claims, I mean I--there again, I think that
2973 is something significant as well, was assigned to the field
2974 performance assessment division.

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2975 Mr. {Valukas.} Right.

2976 Mrs. {Elmers.} Now, do you consider this to be
2977 unusual, like an unusual pattern to have followed? I mean is
2978 this--would this be typical in a situation where there has
2979 been an obvious issue that has come to light, and it just
2980 kind of be passed off to another--and I guess I would like to
2981 know too, one, it was given to another division, but what
2982 exactly is the field performance assessment division
2983 responsible for, and, you know, was this just a way to kind
2984 of, you know, put aside the problem because they weren't
2985 focusing on it?

2986 Mr. {Valukas.} Well, I don't know if it is typical. I
2987 do know it happened in this case, and it was one of the
2988 things we called out on the report of passing off
2989 responsibility from one committee to another committee. FPA
2990 would be focused on potential claims in the legal department--
2991 -

2992 Mrs. {Elmers.} Um-hum.

2993 Mr. {Valukas.} --and whether or not to have litigation,
2994 or things like that, which indicate the existence of these
2995 problems, but they are not the products investigators, they

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2996 are a different group. But then here is what you have, is
2997 you had it passed off to Mr. Sprague--

2998 Mrs. {Elmers.} Um-hum.

2999 Mr. {Valukas.} --who then conducted--gathered
3000 information about it for years, and nothing else was taking
3001 place other than gathering that information, until 2009. So
3002 everything was in hiatus.

3003 Mrs. {Elmers.} Could--do you know who it was that
3004 actually made or authorized that change, who gave the
3005 assignment to Mr. Sprague?

3006 Mr. {Valukas.} No, I don't. I mean I don't know if we
3007 have a name. I can get a name for you if--

3008 Mrs. {Elmers.} Okay. I--

3009 Mr. {Valukas.} --you want a name.

3010 Mrs. {Elmers.} --if you could, that would be
3011 incredibly--

3012 Mr. {Valukas.} Absolutely.

3013 Mrs. {Elmers.} --important information for us as a
3014 committee to have. Thank you.

3015 Mr. {Valukas.} I know the legal department was at the
3016 meeting with NHTSA, so it was as if the legal department

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3017 said, well, we will take a look at this and then they went
3018 forward. But I will get you a name.

3019 Mrs. {Elmers.} Did the FPA ever attempt to evaluate
3020 the matter, you know, back in the product investigation? Was
3021 there ever an attempt, according to your investigation, did
3022 anybody address these issues?

3023 Mr. {Valukas.} Yes, in--well, in 2009, when they had
3024 the second continental--

3025 Mrs. {Elmers.} Um-hum.

3026 Mr. {Valukas.} --report, then it became elevated, if
3027 you will. They looked at it, they realized that it was
3028 something that could be associated with the switch as being
3029 the cause of the non-deployment--

3030 Mrs. {Elmers.} Um-hum.

3031 Mr. {Valukas.} --and at that point, you know, other
3032 things started to take place, including Mr. Sprague going to
3033 visit Mr. DeGiorgio and asking him whether there had been a
3034 change in the switch, and him saying no.

3035 Mrs. {Elmers.} Okay, so I guess my last and final
3036 question here was basically, you know, was there a reluctance
3037 there, but I believe you just indicated that there was, that

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3038 --and a reluctance to actually acknowledge and address the
3039 issue.

3040 Mr. {Valukas.} I can't--I am sorry, I--

3041 Mrs. {Ellmers.} That would be a--I am sorry, that would
3042 probably be hypothesizing on your--thank you, Mr. Chairman,
3043 for your time, and thank you.

3044 Mr. {Murphy.} Gentlelady's time has expired.

3045 Now it is the committee's practice that if--another
3046 member of the full committee can ask questions after other
3047 members have asked theirs. And so we now recognize Mr.
3048 Terry, who is the chairman of the Subcommittee of Commerce
3049 and Manufacturing, for 5 minutes.

3050 Mr. {Terry.} Thank you, Mr. Chairman. And I too want
3051 to recognize the parents and family members in the back.
3052 Those photographs up there really keep reminding us why we
3053 are here and investigating today.

3054 I want--Mr. Valukas, I want to ask you because I want to
3055 go back to--I am still stuck on how this--sub-spec parts were
3056 even allowed at the very beginning of the process. So in
3057 that regard, the production part approval process that they
3058 go through when they do the testing, would that 2002 PPAP

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3059 package be a key document in this investigation?

3060 Mr. {Valukas.} It certainly would be something I would
3061 want to see. I think we started out, I don't think we ever
3062 found it, and we have asked Delphi for it and we don't have
3063 it.

3064 Mr. {Terry.} And Delphi wouldn't produce it?

3065 Mr. {Valukas.} They informed us they don't have it.

3066 Mr. {Terry.} They don't have. Do you believe that?

3067 Mr. {Valukas.} I can only report what they told us. We
3068 made requests from them from the very beginning for access to
3069 any and all documents relating to this matter. What they
3070 produced to us were a limited number of documents which were
3071 documents that had actually been exchanged with us, at least
3072 initially. I think we may have received a few additional
3073 documents over the time, but that is what we got.

3074 Mr. {Terry.} So no one has been able to locate the PPAP
3075 on the ignition parts?

3076 Mr. {Valukas.} That is my understanding.

3077 Mr. {Terry.} Ms. Barra, do you know whether or not the
3078 PPAP for this ignition parts from 2002 exist?

3079 Ms. {Barra.} I don't. I, you know, I believe Mr.

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3080 Valukas and his team would have found it if it does exist,
3081 but what I can tell you is the part should have never been
3082 put in production.

3083 Mr. {Terry.} Agree, and I am proud you said that, but
3084 it would have been great to discover that in 2002 during the
3085 PPAP process. And the fact that it wasn't is disturbing in
3086 and of itself, and that is why I think those documents are
3087 extremely important, as you do, Ms.--Mr. Valukas.

3088 Should this committee consider a subpoena of those
3089 records--

3090 Mr. {Valukas.} I--

3091 Mr. {Terry.} --since they were not produced? Even
3092 though--

3093 Mr. {Valukas.} I--you are putting me where I cannot go.
3094 I--the committee is going to conduct its investigation. Let
3095 me say this, and I think this is important. It is clear, at
3096 least from my--from our fact-finding, that Mr. DeGiorgio
3097 approved this part--

3098 Mr. {Terry.} Yes.

3099 Mr. {Valukas.} --and he approved this part knowing it
3100 was well beyond--well below specifications, and we did not

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3101 find anybody else who was involved in it, though Delta--
3102 Delphi certainly knew that the part that was being approved
3103 was below specification.

3104 Mr. {Terry.} And in that respect, you have this--or
3105 binder by you, and if you would turn to tab 4, and it is a
3106 memo from Raymond DeGiorgio regarding the talc issue. Now,
3107 this is an email from around April 2002, it is around the
3108 time the original switch was actually being approved, is that
3109 correct?

3110 Mr. {Valukas.} Yes.

3111 Mr. {Terry.} And the subject here is GMX 357 talc issue
3112 for the Saturn Ion, correct?

3113 Mr. {Valukas.} Correct.

3114 Mr. {Terry.} And that talc--what rule does the talc
3115 testing have on the approval of the switch, do you know?

3116 Mr. {Valukas.} It is part of the process. It is how
3117 does it feel--as I--it has been explained to me, how does it
3118 feel when you make the turn, you know, they wanted to make it
3119 feel like it was a European sports car or something like
3120 that.

3121 Mr. {Terry.} Well, does this email from Raymond

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3122 DeGiorgio--to Raymond DeGiorgio the answer from Mr. Reineke,
3123 does that raise any concerns to you as the investigator,
3124 particularly the sentence that Mr. Reineke did not find
3125 spring back from crank run to accessory as Terry Meehan and
3126 others had observed.

3127 Mr. {Valukas.} No.

3128 Mr. {Terry.} Were you aware of these discussions around
3129 the time of the switch approval about the feel of that
3130 ignition switch?

3131 Mr. {Valukas.} Yes.

3132 Mr. {Terry.} Okay. In the last 30 seconds, you
3133 mentioned that there was an adversarial feeling regarding
3134 the--between NHTSA and GM. Who--have you concluded whether--
3135 who is responsible for the adversarial relationship?

3136 Mr. {Valukas.} No, I have not, but I just noted from
3137 the documents, and this is not from testimony; more from the
3138 documents, just the tone of the documents, and that is maybe
3139 a--an incorrect way to assume something, but that from the
3140 tone of the documents, it suggested that there was some
3141 nature of adversarial activity here.

3142 Mr. {Terry.} Do you--the--one quick last question.

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3143 There were many times, looking through the documents, that
3144 under the TREAD Act, GM should have provided notice to NHTSA.
3145 Does this adversarial relationship between the two impact
3146 their decision not to provide that notice?

3147 Mr. {Valukas.} No. Let me--when I say no, let me
3148 explain what we did, and someone else will make that
3149 judgment, you know, in a different context. We went back
3150 through all of the disclosures, the TREAD Act disclosures, to
3151 look to see whether something was or was not disclosed, and,
3152 at least as best we could tell, marking those disclosures,
3153 what the information which was then in possession by virtue
3154 of the interviews or documents we had, it appeared to us that
3155 the TREAD disclosures were compliant, but I will not be the
3156 ultimate judge of that.

3157 Mr. {Terry.} Thank you, Mr. Chairman. Thank you for
3158 the additional time.

3159 Mr. {Murphy.} Thank you. Gentleman yields back.

3160 Now Ms. DeGette and I will each have the final 5
3161 minutes. All right, Ms. DeGette, recognized for 5 minutes.

3162 Ms. {DeGette.} Thank you, Mr. Chairman.

3163 Mr. Valukas, I wanted to follow up on a couple of

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3164 questions Mr. Johnson was asking you. You--your report says
3165 on page two, ``GM engineers concluded that moving stalls were
3166 not safety issues because drivers could still maneuver their
3167 cars. As a result, GM personnel viewed the switch problem as
3168 a customer convenience issue, something annoying but not
3169 particularly problematic, as opposed to the safety defect it
3170 was.' ' Is that right?

3171 Mr. {Valukas.} Correct.

3172 Ms. {DeGette.} And you told Mr. Johnson--so, therefore,
3173 because they called it a customer convenience issue, they
3174 looked at issues of pricing and issues like that, not issues
3175 of safety. Is that right?

3176 Mr. {Valukas.} That is correct.

3177 Ms. {DeGette.} And this was despite the fact that,
3178 really pretty early on, GM started getting a lot of
3179 complaints about the ignition shifting into neutral, and the
3180 car losing all power. Is that right?

3181 Mr. {Valukas.} That is correct.

3182 Ms. {DeGette.} In fact, there was a--in a review of the
3183 Cobalt in the New York Times, the--no, in a review in the New
3184 York Times, the freelance writer said that his test Cobalt

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3185 driven by his wife stalled after her knee bumped the steering
3186 column, right?

3187 Mr. {Valukas.} There were reports in New York Times and
3188 other newspapers--

3189 Ms. {DeGette.} And Cleveland--and others, and so I
3190 find--this kind of boggles my mind. A car could be going
3191 down the highway at a high rate of speed, 65 miles an hour,
3192 and it gets bumped, it goes into neutral, and then everything
3193 stops, the power steering, the brakes, the airbags. That is
3194 what happened to Brooke Melton, where she is driving down the
3195 highway in Hiram, Georgia, on her twenty-ninth birthday, the
3196 ignition stops, the car loses power, she goes into the other
3197 lane and she is killed. Do you know about that case?

3198 Mr. {Valukas.} I know about that case.

3199 Ms. {DeGette.} Yeah.

3200 Mr. {Valukas.} I certainly do.

3201 Ms. {DeGette.} And so yet the GM engineer said that
3202 this was a convenience issue, right?

3203 Mr. {Valukas.} They not only said it internally, they
3204 said it publically when they were interviewed by the Press.
3205 They said this is our position, that a stall does not

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3206 constitute a safety issue, and that--

3207 Ms. {DeGette.} But that--

3208 Mr. {Valukas.} --was one of--

3209 Ms. {DeGette.} I mean that--that is just insane, isn't
3210 it?

3211 Mr. {Valukas.} I--it is--I don't--won't use the word
3212 insane, but--

3213 Ms. {DeGette.} Okay.

3214 Mr. {Valukas.} --I am troubled by that.

3215 Ms. {DeGette.} Yeah, okay, good. Now, at the same
3216 time, GM was talking to NHTSA about whether stalling was a
3217 safety risk. Are you aware of that?

3218 Mr. {Valukas.} I am aware there were conversations for
3219 all this period of time.

3220 Ms. {DeGette.} Now, Ms. Barra, were you aware that at
3221 the same time NHTSA was talking to GM in June 2004, that
3222 General Motors recalled 15,000 Oldsmobile Bravadas and Envoys
3223 because of stalling risks?

3224 Ms. {Barra.} I was not involved in that area at that
3225 time.

3226 Ms. {DeGette.} So you are not aware of that?

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3227 Ms. {Barra.} No.

3228 Ms. {DeGette.} Now, did you--well, Gay Kent signed that
3229 notice, and was Gay Kent reporting to you at that time?

3230 Ms. {Barra.} No.

3231 Ms. {DeGette.} Okay. Did Gay Kent ever express any
3232 concern to you about the stalling and safety risks from the
3233 Ions and Cobalts?

3234 Ms. {Barra.} No.

3235 Ms. {DeGette.} Okay, so basically, what you are saying
3236 in your report, Mr. Valukas, is you have these cars that
3237 stall out at any speed really, and all of the power goes out,
3238 but yet the GM personnel maintained this was a customer
3239 convenience issue?

3240 Mr. {Valukas.} That is where they were, absolutely,
3241 from 2005 through 2009 at least.

3242 Ms. {DeGette.} Okay. Now, have you ever talked to a
3243 fellow named Karen--Clarence Ditlow who is with the Center
3244 for Auto Safety?

3245 Mr. {Valukas.} I have received correspondence from him.

3246 Ms. {DeGette.} Did you receive this letter dated June
3247 17, 2014, from him?

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3248 Mr. {Valukas.} In the packet?

3249 Ms. {DeGette.} I am sorry?

3250 Mr. {Valukas.} Is it in the material that was just
3251 given to me?

3252 Ms. {DeGette.} I don't know, but we can hand you a--
3253 yes, we can--we will hand you a copy. And Mr. Ditlow's
3254 conclusion is that the Valukas report is clearly flawed and
3255 accepting GM's explanation that its engineers and senior
3256 managers did not know stalling was safety-related. Are you
3257 aware of this claim that Mr. Ditlow made?

3258 Mr. {Valukas.} I am aware of his claim. I--actually I
3259 know I read this letter and I sent him back a nice note
3260 saying thank you for the information.

3261 Ms. {DeGette.} And what is your view of that?

3262 Mr. {Valukas.} My view is that he didn't read the
3263 report and understand what my responsibility was here. You
3264 have asked for my view, let me give my view. What we were
3265 charged to do, and I think this is very important to
3266 understand, we were charged by the Board of Directors, find
3267 the facts concerning how and why this occurred. We were
3268 charged with laying those facts before the Board, and we were

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3269 charged with making recommendations. And the Board was
3270 charged with the responsibility, I presume, of making
3271 decisions whether or not the employees within the
3272 organization, to the top level, lived up to their
3273 responsibilities. That was where the Board's responsibility
3274 was. So the suggestions in here that, you know, we didn't
3275 cover people or we were--we didn't--

3276 Ms. {DeGette.} So--

3277 Mr. {Valukas.} --that we exonerated certain people is
3278 not--is just simply not correct.

3279 Ms. {DeGette.} Mr. Valukas, I really appreciate that
3280 answer because you clearly delineated what you were hired to
3281 do, and you believe you were hired to do that, correct?

3282 Mr. {Valukas.} That is correct.

3283 Ms. {DeGette.} Now, so there may be other information
3284 that this committee needs to gather beyond your report,
3285 right--

3286 Mr. {Valukas.} That is--

3287 Ms. {DeGette.} --and conclusions?

3288 Mr. {Valukas.} --absolutely possible, and as I said
3289 before, if we found new information as we went along which

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3290 reflected that, we would share it.

3291 Ms. {DeGette.} You will share it with this committee,
3292 correct?

3293 Mr. {Valukas.} Share it with the--

3294 Ms. {DeGette.} Thank you. Mr. Chairman, I would ask
3295 unanimous consent to place this June 17 letter into the
3296 record, and also a report by the American Association for
3297 Justice, entitled *Driven to Safety*, from June 2014, talking
3298 about some of the lawsuits that we have involved in this
3299 issue.

3300 Mr. {Murphy.} Without objection, so ordered.

3301 [The information follows:]

3302 ***** COMMITTEE INSERT *****

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|

3303 Ms. {DeGette.} Thank you very much. And thank you
3304 again for coming, both of you, today.

3305 Mr. {Murphy.} Thank you. Dr. Burgess wanted to make
3306 that follow-up question about the phone number.

3307 Dr. {Burgess.} The unanimous consent request, since I
3308 brought it up, to put into the record 1-800-222-1020, is the
3309 customer service number that should be available to customers
3310 of General Motors, and also just the observation we are
3311 talking about the non-deployment of an airbag, which is a
3312 supplemental restraint system, the primary restraint system
3313 is the seatbelt, and I do encourage people, you have to wear
3314 your seatbelts when you drive on the highways.

3315 And I will yield back.

3316 Mr. {Murphy.} Thank you.

3317 I now recognize myself for a final 5 minutes here.

3318 I just want to be clear, Mr. Valukas, so when you said
3319 when you get additional data, and it was very clear in your
3320 mandate from Ms. Barra that she wanted to be--this to be
3321 thorough, basically no stones unturned, that if you received
3322 that other information from plaintiffs' attorney, I hope you

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3323 will share that with us. You said that they have not
3324 responded to you as of yet, but if there was information that
3325 they have with regard to delays from General Motors'
3326 attorneys in getting them information, I hope you will review
3327 that and let us know.

3328 Mr. {Valukas.} And I would like to be clear, simply
3329 because of my responsibilities here, I will get--gather that
3330 information. Whatever we do, we would have to share with the
3331 Board of Directors. They will make the decision as to
3332 disclosure, but as--in this instance, they have made those
3333 decisions up to this point, so--

3334 Mr. {Murphy.} Thank you.

3335 Ms. Barra, a couple of points. I want to make sure we
3336 are--now with the benefit of time, we recognize that the
3337 Cobalt and several other automobiles had a defective switch.
3338 That switch, for a couple of reasons, hitting a pothole, a
3339 bump, bumping the key ring with your knee, or a heavy key
3340 fob, could have moved that on switch into an accessory
3341 position, correct, cause a stalling of the vehicle,
3342 subsequent loss of power steering and power brakes when the
3343 engine was not on, and also the airbags would not deploy.

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3344 All those things are clear, right?

3345 On page eight of Mr. Valukas' report, he--there is
3346 reference to a technical service bulletin from 2005, and it
3347 says in here that the technical service bulletin counseled
3348 customers to remove heavy items from the key rings, and
3349 offered an insert to the key that would reduce the likelihood
3350 that the ignition switch would rotate inadvertently. That
3351 bulletin did not refer to the problem as ``stalling,``
3352 however, precisely because General Motors believed customers
3353 might associate stalling with a safety problem, and only a
3354 customer who had already experienced a stall who came to a
3355 dealer to complain, would get information about the proposed
3356 solutions. Other customers would remain unaware of the
3357 problem, as well as GM's proposed solutions.

3358 I am assuming that if you knew then what you knew now,
3359 you would not have allowed that sort of bulletin to be
3360 written in that way?

3361 Ms. {Barra.} That is correct.

3362 Mr. {Murphy.} Thank you. Now, I want to, however,
3363 refer to something that is taking place today, which it is
3364 important you know. That is, I took a look at the GM current

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3365 Web site with regard to the safety recall. Your comments are
3366 under your speech, et cetera, and I go to the section marked
3367 frequently asked questions. Under the item number 7, are the
3368 recalled vehicles safe to drive. You say, the simple answer
3369 to that question is yes. The GM engineers have done
3370 extensive analysis to make sure if you use only the ignition
3371 key with no additional items in the key ring, that the
3372 vehicle is safe to drive.

3373 Ms. {Barra.} And that is true. We have validated that.
3374 It has also been validated by NHTSA.

3375 Mr. {Murphy.} The old Cobalts that could also go into a
3376 stall--

3377 Ms. {Barra.} We are talking about as long as you have
3378 just the key or the ring, you don't end up having the moment
3379 and you don't have an ability to trap it with your knee, that
3380 that condition is not going to occur. That is what that
3381 statement is referring to.

3382 Mr. {Murphy.} They still could not hit it with their
3383 knee? Okay.

3384 Ms. {Barra.} You--the issue is when you look at just
3385 the key, there is not--there--you don't create a moment to be

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3386 able to do that.

3387 Mr. {Murphy.} But still what it does not say at all in
3388 this statement, customer, if you don't do this, your car may
3389 stall, you may lose power steering, you may lose your brakes,
3390 you won't have your airbag, this is an extreme safety
3391 concern. It simply says this isn't a big safety deal. And
3392 then you even say once a service repair is completed, can
3393 customer put a heavy key ring back on, you say, well, we
3394 recommend only utilize the key, key ring and key fob, if
3395 equipped, that came with the vehicle. So you say if you
3396 repair this, with the previous item that I just quoted, if
3397 you repair this, you will be fine, and later on you say, but
3398 don't change the key issue, so I don't understand how that is
3399 fixed.

3400 Ms. {Barra.} Well, first of all, on the FAQ, the
3401 frequently asked questions that you are referring to, that--
3402 there are a number of questions, and there were also opening
3403 statements. I know I personally recorded videos that we have
3404 on our Web site to truly communicate what we need to do. It
3405 has been included in our letters. So I think you have to
3406 look at the complete communication, not one question.

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3407 {Voice.} Sorry.

3408 Ms. {Barra.} Okay.

3409 Mr. {Murphy.} But I--my point is this. I am making
3410 recommendations to you. You have come before our committee
3411 and I believe you have been trying to be honest and
3412 straightforward. My recommendation to you is there are how
3413 many Cobalts still out there, how many Ions, how many other
3414 cars that are affected by this?

3415 Ms. {Barra.} Something less than 2.6 million.

3416 Mr. {Murphy.} Two point six million. And so far, I
3417 forget how many you said in your Web site have been repaired.

3418 Ms. {Barra.} Almost 200,000.

3419 Ms. {Murphy.} Okay. That is a lot of cars out there--

3420 Ms. {Barra.} Right.

3421 Ms. {Murphy.} --that could still stall, you lose power
3422 steering, you can lose power brakes, you could lose control
3423 of the car, you could crash, your airbags won't deploy, some
3424 will be injured or die. I hope that that becomes a lot more
3425 glaring than simply have him go through and says, no, it is
3426 safe to drive. I don't think it is safe to drive.

3427 Ms. {Barra.} Congressman Murphy, we have done--we have

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3428 sent letters, we have gone on social media, I have done
3429 videos, our dealers have been informed, we have done special
3430 training sessions. Believe me, we take it very seriously,
3431 and we want people to know that until their vehicle is
3432 repaired, that we want them to only use the key and the ring.
3433 We have done extensive communications because I don't want
3434 any other incidents to occur.

3435 Mr. {Murphy.} Ma'am, I hear what you have done. I am
3436 talking about what you--I would recommend you still do.

3437 Look, the unfortunate thing about this is that with all
3438 the things that you do, like in our lives, to all the things
3439 we do to try to communicate with people, many times people
3440 don't read mail, they don't watch commercials on TV, they
3441 don't look at things like this, and so you have to try all
3442 levels in that. It isn't until it maybe gets on a comedy
3443 network or something that people pay attention. I would
3444 highly recommend that what you do in this situation is make
3445 it very clear that if you don't do this, this is a
3446 consequence. I would hope that that would be something GM
3447 would make abundantly clear because I may not know a lot
3448 about--but I know as a psychologist what motivates people,

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3449 and if you give them the bold, blasting facts, if you don't
3450 do this, you could be in a serious accident, that might wake
3451 up people to understand that in order for GM to work on
3452 safety, customers have to pay attention to this too, and I
3453 hope that that is something that people across America will
3454 pay attention to.

3455 As I said before, I thought this report could be
3456 subtitled, don't assume malfeasance when incompetence will
3457 do. There is more to it than that. We all have to take
3458 responsibility. And I see this as something that I still
3459 hope GM does more with communication.

3460 Ms. {Barra.} We will redouble our efforts there.

3461 Mr. {Murphy.} Thank you.

3462 I now want to say I ask unanimous consent that the
3463 Members' written opening statements be introduced into the
3464 record, and without objection, those documents will be
3465 entered into the record.

3466 [The information follows:]

3467 ***** COMMITTEE INSERT *****

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3468 Mr. {Murphy.} And I ask unanimous consent that the
3469 document binder from this hearing be entered into the record,
3470 subject to appropriate written actions by staff.

3471 [The information follows:]

3472 ***** COMMITTEE INSERT *****

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3473 Mr. {Murphy.} In conclusion, I want to thank the
3474 witnesses today and the Members that participated in today's
3475 hearing.

3476 I remind Members they have 10 business days to submit
3477 questions to the record, and I ask that the witnesses all
3478 agree to respond promptly to questions.

3479 And with that, I adjourn this hearing.

3480 [Whereupon, at 12:50 p.m., the subcommittee was
3481 adjourned.]