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January 28, 2020

Chairman Graham Filler
House Judiciary Committee
Michigan House of Representative
N-1197 House Office Building
P.O. Box 30014
Lansing, MI 48909

Re: Honda's Support for House Bills 4923 & 4924 (Prohibiting Counterfeit Airbags)

Dear Chairman Filler and members of the Committee:

Thank you for the opportunity to express Honda's strong support for House Bills 4923 and 4924, which prohibit the knowing and intentional trafficking of counterfeit supplemental restraint systems and nonfunctional airbags. Honda is aware of several instances across the country where these products have seriously injured or even killed motorists. Last year CBS news did a story highlighting one such fatality in Texas.¹ To combat this problem Honda is taking a holistic approach, and has spent the past several years working with a broad coalition of stakeholders to raise awareness of this problem, remove internet listings of these products, support federal law enforcement investigations and prosecutions, and to supplement federal law with state laws to protect consumers from these dangerous knockoffs.

While counterfeit parts are not new to the industry, automakers have seen a dramatic rise in the number of counterfeit and otherwise "nonfunctional" critical safety components entering the marketplace in recent years. These products primarily originate in China and are imported to the United States. Here they are sold online to unscrupulous repair shops who install these products in the vehicles of unknowing consumers. While consumers may not be able to tell the difference between real and fake airbags, those manufacturing, selling and installing these products can. There are a number of physical tells and other red flags that are obvious to repair professionals, several of which are explained in detail on the attached "SPOT A FAKE" handout.

Thousands of these imitation airbags have been tested over the years and in every case these knockoffs have failed to meet federal crash worthiness standards, often catastrophically. In 2012 The National Highway Traffic Safety Administration (NHTSA) issued a consumer advisory warning the public about this problem and released a now famous video showing just how dangerous these products can be.² Because of the cost and precision involved in replicating airbag technology, many counterfeiters do not even bother to try. Instead they chose to fill airbags with sawdust, newspaper, paper towels, Styrofoam or other debris that were never intended to provide vehicle occupants with protection during a crash.

The automotive industry is working closely with federal authorities in Homeland Security, Customs and Border Protection and the FBI to identify counterfeit airbags and prosecute those responsible when

¹ <https://dfw.cbslocal.com/2019/02/25/fake-airbag-filled-black-tape-shop-rag-deadly-crash/>

² <https://www.youtube.com/watch?v=TSk2JUuQ3j0>

possible. Unfortunately, despite their best efforts, federal agents have limited authority to combat this problem. Federal authorities are only able to prosecute counterfeiters when they violate federal trademark law. This occurs when a registered trademark or a mark substantially similar to a registered trademark is used on an airbag without the approval of the rights-holder. Because the majority of legitimate airbags and airbag components do not contain trademarks, those trafficking in fakes cannot be prosecuted under trademark law. Even when these fakes are discovered by authorities they are often eventually released and can find their way into the marketplace. Additionally, in some cases counterfeiters are shipping airbags without an affixed trademark in order to avoid confiscation and prosecution. Once in the country, the manufacturer's insignia is attached and the counterfeit is sold.

Because of these shortcomings, Honda has worked with a coalition of stakeholders to push for legislation in states across the country to supplement federal law. Over time, this coalition has grown to include automakers, auto dealers, insurers, automotive recyclers and several safety advocates. Current law in Michigan does not prohibit the installation or reinstallation of bad airbags, and does not address the truly bad actors who are knowingly and intentionally importing, manufacturing and selling these products en masse. These bills would address that problem and allow state and federal cooperation to address this critical safety issue.

Over the past five years our coalition has enacted similar laws in twenty-two other states with overwhelming bipartisan support. This legislative effort has also been adopted as model legislation by the Council of State Governments in the 2015 "Suggested State Legislation" docket and was endorsed by the National Foundation of Women Legislators in November of 2017. Honda respectfully asks for your support in enacting this important consumer safety legislation in Michigan as well.

Thank you again for your time and interest in this important safety issue. Customer safety has always been at the core of Honda's philosophy, which is why eleven Honda and Acura models earned the Insurance Institute for Highway Safety's Top Safety Pick award for model year 2019 and why Honda is considered a safety leader in the industry.

Honda is proud of its relationship with Michigan, which is home to our research and development facility and represents a cumulative capital investment in the state north of \$73 million dollars. Michigan is also home to 400 authorized Honda and Acura dealers who employ over 4,100 people and provide Michigan consumers with a wide range of products that utilize the latest environmental and safety technologies. For more information about Honda's presence in the United States or our safety leadership, please visit www.hondainamerica.com or follow us on Twitter @HondaInAmerica.

Thank you for your time and attention on this very important consumer protection issue. If you have any questions, or if Honda can otherwise be a resource for you please do not hesitate to contact me.

Sincerely,

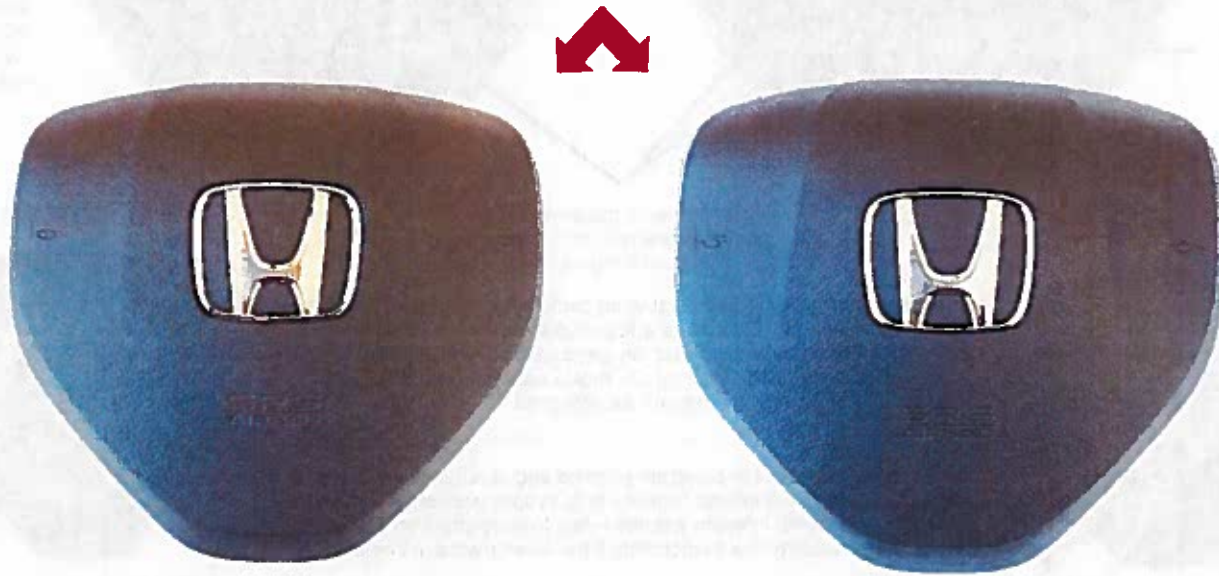


Craig Orlan
Senior State Relations Specialist
Honda North America, Inc.

SPOT A FAKE



HOW TO IDENTIFY A COUNTERFEIT AIRBAG?



Counterfeit airbags are out there, and pose a serious risk to consumer safety!

The following 22 states have enacted Honda's model legislation to prohibit the trafficking of dangerous counterfeit and nonfunctional airbags:

AL | CA | CT | FL | GA | IA | LA | MA | MD | NC | ND | NE | NJ | NM | NY | OH | RI | SC | TN | TX | VA | WA



Still images taken from NHTSA's test video of counterfeit airbags in 2012

Over the past several years, tens of thousands of ineffective counterfeit airbags have been discovered by multiple law enforcement agencies in raids across the country. These products are imported to the United States where they are sold online to unscrupulous repair shops who knowingly and intentionally install these products in the vehicles of unwitting consumers. In 2012 the National Highway Traffic Safety Administration (NHTSA) issued a consumer advisory alerting vehicle owners about the danger these airbags pose. This is a problem that impacts not just Honda vehicles, but nearly every make and model vehicle on the road, putting thousands of motorists at risk for serious injury or death.

Flip the page to learn more about the key differences between genuine OEM airbags and counterfeit airbags

HONDA

Genuine Honda

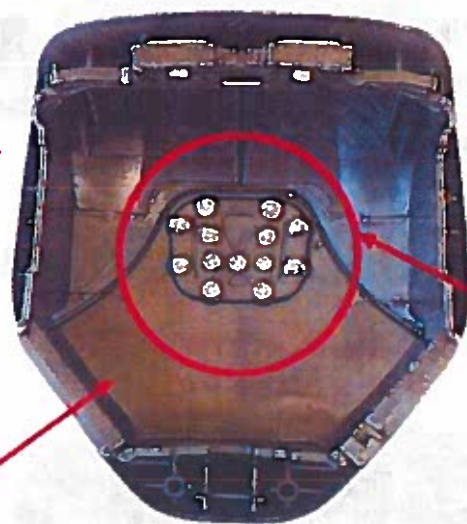
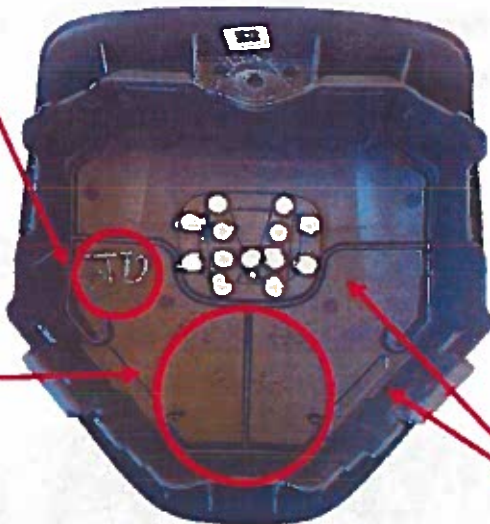
Counterfeit

Quality inspector's initials

OVERALL REAR DESIGN OF THE COUNTERFEIT IS NOT CONSISTENT WITH THAT OF THE GENUINE

Information used for quality control

Emblem improperly attached by melting with heat



Genuine Honda

Counterfeit

The tear seam patterns on the counterfeit are not consistent with those of the genuine.



Airbag covers are engineered so that upon deployment, the cover splits along well designed tear seams. This creates a flap that allows the rapidly inflating bag to pass through the cover and create an air cushion without injuring the vehicle occupants. Counterfeits use poor quality molds and materials that do not open as designed.



Genuine OEM inflators are precisely secured and carefully fitted over a metal plate to ensure that the inflator remains in its proper position in the event of a collision. Counterfeit inflators are often very loosely attached presenting a serious safety risk to motorists if the inflator were to deploy.

Genuine Honda

Counterfeit



Genuine airbags are labeled and precisely folded to ensure a consistent and safe deployment in the event of a collision. Counterfeit airbags are often haphazardly packed and folded, which can result in an improper and extremely dangerous deployment. Because of the cost and precision involved in replicating genuine airbag technology, many counterfeiters do not even bother to try. Instead they chose to fill airbags with Styrofoam or other debris that will not provide occupants with any protection in the event of a collision.

Genuine Honda

Counterfeit



New genuine OEM airbags can only be purchased from authorized OEM dealerships as required by state motor vehicle franchise laws and OEM / dealer contracts. Because of the explosive nature of these products, they are carefully packaged and labeled as a Class 9 Hazmat as required by federal law. Counterfeit airbags are sold over the internet on various e-commerce websites, often at unreasonably low price points. They are improperly packaged without proper indications that a hazardous material is in the box.

While some of these differences may not be obvious to consumers, they are to automotive repair professionals!

If you have any questions please feel free to reach out to Ember Brillhart or Craig Orlan in Honda's Government Affairs office at 202.661.4400