The Virgin Islands Consortium

In Potential Win For VI Residents, Court Orders Takata To Pay Over $8 Million For Airbag Recall; $3 Million Going Directly To Consumers

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ST. THOMAS -- Attorney General Claude Walker and the Department of Justice have secured another potentially resounding victory for Virgin Islanders whose vehicles were equipped with the faulty Takata airbags, as Superior Court Judge Michael Dunston on Sunday issued a preliminary injunction against the company, ordering that Takata pays $9 million in damages to the USVI, $3 million of which will go directly to affected Virgin Islanders.

The preliminary injunction, if it holds, could represent another big win for Mr. Walker, who has become a bright spot in the Mapp administration with successive major announcements -- all of which are tied to seeking justice for Virgin Islanders.

And the order comes just as Tataka was set to announce that it had filed for bankruptcy, unable to overcome what has turned out to be the farthest-reaching auto safety crisis in history. The unusual Sunday ruling was the court's way of assuring that Takata would pay its penalties before going under bankruptcy protection; whether or not the court's action came too little too late will soon be known. A hearing on the matter is set for this morning at 9:00 a.m. at the Superior Court in St. Thomas, and it remains to be seen what will come out of the hearing with the preliminary injunction already in place.

The Takata airbag issue in the Virgin Islands was first brought to the fore by the Department of Justice in May 2016, when Mr. Walker revealed that over 7,000 vehicles in the territory had the faulty airbags. That number has since grown to approximately 11,905, according to the preliminary injunction, seen below. The May announcement caused D.O.J. as well as the Department of Licensing and Consumer Affairs to leap into action to protect residents, with D.O.J. immediately filing suit.

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If the preliminary injunction holds, out of the judge-ordered $8 million to be paid by Takata to the USVI, $3 million is for civil penalties (charge for Takata's wrongdoing); $1,088,457 will be placed in an escrow account for disgorgement for conduct constituting a violation of the Virgin Islands Criminally Influenced and Corrupt Organizations Act (CICO); another $1 million will be placed in an escrow account for outreach to consumers for Takata's conduct violating the CICO; and $2,976,250 for out-of-pocket expenses of USVI consumers.

Takata says it is facing between $10 billion and $50 billion in liabilities from almost a decade of recalls and lawsuits linked to its defective air bag inflators, which could explode with too much force, sending metal shrapnel into vehicle compartments. According to the latest data, at least 17 people have been killed and 180 injured globally. So far, about 100 million inflators have been slated for recall, a process which will take until about 2020 to complete.

At least one incident in the territory relating to the faulty airbag inflstors almost cost a woman her life when the Takata airbag in her vehicle exploded, according to Mr. Walker, speaking during a May 2016 press event. The victim received a cash settlement from the parties involved, according to D.O.J.

Part of the reason behind Takata's Chapter 11 filing is to stave off creditors. But it's also a move that clears the way for it to receive financial support from Key Safety Systems, a Chinese-owned company based in Michigan. Takata says it is seeking $1.6 billion in aid from KSS, which will allow Takata to continue to operate without interruptions.

D.O.J. has been reaching out to residents with "repair-a-thons" and through other means in the department's effort to compel residents to change the Takata airbags. The most recent event was held in January and paid for by Toyota, whose vehicles, along with Honda brands, were in great part affected by the malfunctioning airbags.

The $2.9 million to be divided between the 11,905 USVI consumers if the preliminary injunction holds, equates to $250 per affected consumer.