
Recession reports - US auto dealers become lawsuit target

Wednesday, 15 Jul, 2009

Bloomberg reported that General Motors Corporation and Chrysler Group LLC dealers and suppliers, such as TRW Automotive Holdings Corporation, are becoming targets of product liability lawsuits in the wake of the automakers' bankruptcies.

Mr James Lowe clients' lawyer said that accident victims' lawyers in California, Texas, Ohio, South Carolina, Missouri and Colorado have sued dealers and parts makers on finding that GM and Chrysler are shielded from litigation by bankruptcy law. Attorneys may have no other way to seek compensation for some.

He added that "The car companies decided they didn't want to take responsibility for their own vehicles. I am suing component suppliers and dealers."

Targeting defendants previously protected by the deep pockets of the automakers, and by law in some states, adds a financial threat to suppliers and dealers facing the worst auto market in 30 years.

Chrysler formed a new company from the sale of its best assets June 10th 2009 with USD 12 billion in support from the Obama administration, which is trying to restructure the US auto industry to return it to profit.

Chrysler severed all the reorganized company's liability for cars built before the bankruptcy filing. GM agreed to accept potential liability for accidents occurring after its asset sale, even if they involve vehicles built before bankruptcy. It is shedding liabilities for existing accident claims, under a court order being appealed by attorneys for current GM plaintiffs.

In California, a case is about to be filed will include a request for damages from a fuel tank supplier on a Chrysler model instead of the automaker.

(Sourced from www.bloomberg.net)

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