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**BEFORE THE CALIFORNIA NEW MOTOR VEHICLE BOARD**

DECLARATION OF PATRICIA OSTERLOH

I, Patricia Osterloh, hereby state and declare as follows:

1. I am over the age of 18 and make this Declaration based on personal knowledge and information.

2. I am employed by and hold the position of Warranty Expense Control for Toyota Motor Sales, U.S.A., Inc. ("Lexus").

3. I was employed by Lexus at all times relevant to the issues discussed in this Declaration, and I make this Declaration based on my personal knowledge and information.

4. Putnam Lexus is an authorized Lexus dealer engaged in the business of selling and servicing Lexus vehicles at 390 Convention Way, Redwood City, California 94063.

5. As an authorized Lexus dealer, Putnam Lexus performs warranty service and repairs on Lexus vehicles, including recall repairs, and submits claims for warranty and recall service and repairs to Lexus for reimbursement.

6. In September 2010, Lexus issued a recall for a spring valve replacement known as the "ALE Safety Recall." Following the issuance of this recall, Putnam Lexus has submitted a total of 859 warranty claims representing that it has completed the ALE Safety Recall on customer vehicles.

7. Lexus has been contacted by another Lexus dealer who advised that it was performing work on a customer vehicle when it discovered that the ALE Safety Recall actually had not been performed on that vehicle, despite the fact that Putnam Lexus had indicated that Putnam Lexus completed the repair on that customer's vehicle.

8. Lexus confirmed that the ALE Safety Recall had not been completed on that vehicle as represented by Putnam Lexus. Lexus also discovered that Putnam Lexus had attempted

1 to cover up the non-performance of the ALE Safety Recall repair by applying a layer of black  
2 sealant over the factory-gray sealant original to the vehicle.

3 9. Lexus has confirmed sixteen separate instances in which Putnam Lexus submitted  
4 warranty claims to Lexus representing that it had completed the ALE Safety Recall on customer  
5 vehicles, but where it had not actually completed the ALE Safety Recall repair on those vehicles.  
6 A true and accurate list of those vehicles, with the VIN numbers redacted for confidentiality  
7 purposes, is attached as Exhibit A.

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9 10. Lexus also conducted an initial review of the 859 repair order submitted by Putnam  
10 Lexus in support of its warranty claims related to the ALE Safety Recall. Of the 859 ALE Safety  
11 Recall repair orders submitted by Putnam Lexus:

- 12 a. 475 repair orders that contained labor times inconsistent with Putnam Lexus  
13 actually completing the repairs;
- 14 b. 82 repair orders contained no customer authorization for the repair;
- 15 c. 25 repair order files were missing in their entirety; and
- 16 d. 76 repair orders lacked documentation that Putnam Lexus had completed the  
17 ALE Safety Recall repair.

18 11. These material deficiencies strongly suggest that many of the customers allegedly  
19 served by Putnam Lexus did not come to the dealership, and that Putnam Lexus likely did not  
20 complete the ALE Safety Recall on these vehicles.

21 12. Lexus also has been contacted by another Lexus dealer who advised that it was  
22 performing work on a customer vehicle when it discovered that Putnam Lexus did not complete a  
23 timing cover reseal that it claimed to have performed on a customer vehicle.

24 13. In order to complete a timing cover reseal, a dealership must remove the timing  
25 cover and subsequently reseal it. Although Putnam Lexus claimed to have completed this repair,  
26 Putnam Lexus did not remove the timing cover but instead applied a black sealant over the  
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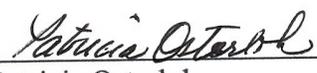
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1 original timing cover. A true and accurate copy of the repair orders and photographs related to  
2 this alleged repair, redacted for confidentiality purposes, is attached as Exhibit B.

3 14. Lexus has confirmed that many of these warranty claims were false. Based on the  
4 foregoing, Lexus also believes that many additional false claims have been submitted by Putnam  
5 Lexus and paid by Lexus based on information known by Putnam Lexus to be false at the time  
6 submitted.

7 I certify under penalty of perjury under the laws of the State of California that the  
8 foregoing is true and correct.

9 Executed this 20<sup>th</sup> day of March, 2015, in Torrance, California

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14 Patricia Osterloh

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