



By Margaret Cronin Fisk

MARCH 19, 2004

March 19 (Bloomberg) -- Ford Motor Co., the second-largest North American automaker must pay \$52 million in punitive damages to the parents of a three-year-old boy who was killed when a F-350 pickup truck ran over him, a Nevada jury said today.

The parents of Walter White said a defective parking brake caused the Ford pickup to move as their son fell out of the truck. The verdict came after a retrial of a lawsuit that resulted in a \$153 million verdict against Ford in 1998, including \$151 million in punitive damages. In December 2002, an appeals court ordered a new trial for Ford just on punitive damages.

It is the third multi-million dollar verdict against Ford this month involving damages or deaths linked to its vehicles. The verdict is the 11th largest jury award in the U.S. this year, according to Bloomberg data.

"The verdicts won't affect Ford significantly because the company is sitting on very large pools of cash," said Michael Kastner, who helps manage \$12 billion in bonds at Deutsche Bank Private Banking in New York.

Automakers like Ford face such suits, he said. "It almost becomes a cost of doing business," he said.

"Our sympathy goes out to the family, but with the tragic accident resulting from a young child playing in a vehicle unsupervised, this is another sad reminder that children must not be allowed to play in vehicles, especially unsupervised," said Ford spokeswoman Kathleen Vokes.

Ford will appeal, she said. The verdict is "inconsistent" with recent supreme Court rulings on damages, she said.

Ford was aware before Walter White's death in November 1994 that the brake had a "skip-out" problem and could disengage, said the Whites attorney, [Shanin Specter](#).

Poor Design

The parking brake was poorly designed, Specter said. Ford had issued a technical service bulletin warning of the problem and subsequently recalled its trucks to fix it, he said.

"This was a really bad product and Ford waited to take it off the market," said Specter, of the Philadelphia firm Kline & Specter.

"The vehicle was recalled for a parking brake concern," Vokes said. "After the Whites received notice of the recall, they filed a lawsuit alleging that spontaneous release of the applied parking brake had caused the truck to roll." The recall "did not involve the spontaneous release of a properly-applied parking brake," she said.

In December 1998, the trial judge reduced the original punitive award to \$69.2 million. Ford appealed, and in December 2002, the 9th U.S. Circuit Court of Appeals ordered a new trial for the company on the punitive claim. The appellate court said the trial court judge failed to instruct the jury to limit punishment of Ford on behalf of Nevada customers only, not Ford customers nationwide.

Ford shares fell 26 cents to \$13.06 in New York Stock Exchange composite trading. Dearborn, Michigan-based Ford is the second largest North American carmaker after General Motors Corp.

The case is White v. Ford Motor Co., CV-N-95-0279-DWH, U.S. District Court, Reno, Nevada.

-With reporting by Bill Koenig in Southfield, Michigan. Editor: Oster.