

KOBE STEEL GROUP ADMITS TO “IMPROPER CONDUCT” AND NON-CONFORMING PRODUCTS

Corporate & Business Law Alert
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A global leading supplier of aluminum, copper, and steel, Kobe Steel, Ltd. and its group of companies, has admitted to falsifying data about the quality of its products. According to the company, inspection certificates improperly stated that products met customer specifications when, in fact, they did not. Those non-conforming products were shipped to customers who were led to believe the products met their requirements.

So far, Kobe Steel has identified the following products affected by its improper conduct, and the dates of shipment:

- Aluminum flat-rolled products (shipping period 9/1/16 – 8/31/17)
- Aluminum extrusions (shipping period 9/1/16 – 8/31/17)
- Copper strips and tubes (shipping period 9/1/16 – 8/31/17)
- Aluminum castings and forgings (shipping period 9/1/16 – 8/31/17)
- Steel powder for powder metallurgy (shipping period 2016)
- Sputtering target materials (shipping period November 2011 – present)
- Copper alloy tubes and molds (shipping period 9/1/16 – 8/31/17)
- Copper capillary tubes (shipping period 9/1/16 – 8/31/17)
- Aluminum alloy wires and alloy bars (shipping period 9/1/16 – 8/31/17)
- Steel wires (shipping period June 2011 – July 2017)
- Special steel (shipping period June 2008 – May 2015)
- Stainless steel wire (shipping period April 2007 – May 2016)
- Heavy plate processed products (shipping period November 2015 – September 2017)

Kobe Steel claims it “has been making full efforts” to confirm whether the non-conforming products used in customers’ products have affected the quality or safety of those products. The company plans to report the results of those efforts in the next few weeks.

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Kobe Steel also plans to establish an independent investigation committee consisting only of members outside the company to carry out investigations to determine the causes of the improper conduct and to implement preventative measures. In addition, Kobe Steel and its group of companies are undertaking self-inspections and tests to determine which products actually meet their customers’ required specifications.

The company has also received a request from the U.S. Department of Justice for the production of documents related to the non-conformity of specifications of Kobe Steel’s products. The European Aviation Safety Agency has advised manufacturers to perform a thorough review of their supply chains, suspend use of Kobe Steel products where alternative suppliers are available, and inform their customers and pertinent governmental authorities (if applicable) of use of Kobe Steel products.

What should you do if you believe you have received and used non-conforming products from Kobe Steel?

First, check to see if your company has purchased any of the affected products from Kobe Steel during the relevant shipment periods. You may be required to alert your customers that products you sold do not meet required specifications due to Kobe Steel’s misconduct. You may also be required to recall certain products if it is determined that the non-conforming products pose safety concerns. Kobe Steel’s CEO has said the company will bear the costs of any product recalls by its customers.

For more information about Kobe Steel’s announcement, or if you have questions about how this announcement may affect your company, please contact Mike Maxwell (716-848-1495) or Christine Bonaguide (716-848-1325).