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CASE STUDY · MARLUC SYNOPSIS

Cruise robotaxi service

IMPLEMENTED 2022–2024 · TRANSPORT AND LOGISTICS · US · BAND F · PROVED

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Cruise, majority-owned by General Motors, ran driverless robotaxis in San Francisco. After an October 2023 crash in which a Cruise vehicle dragged a pedestrian, California suspended its permits, and Cruise paid fines and admitted a false report to federal investigators. In December 2024 GM stopped funding robotaxi development.

ABOUT THIS SYNOPSIS

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Facts and figures are as reported by the sources listed below, which may be incomplete, self-reported or out of date. Check the original source before relying on any figure.

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NOTICE WORDING LAST UPDATED 16 NOVEMBER 2026

AT A GLANCE

What went wrong: AI output or malfunction; Misleading AI claims.

Frontier case: AI used for a scientific, medical or engineering breakthrough. MarLuc grades what has changed in practice so far.

AI-native company: built around AI from the start to bring about transformational change. It has folded, so the case is graded F.

AI used: Autonomous driving system used in a driverless robotaxi service in San Francisco.

Implemented: 2022–2024. Grade: band F, Failure, Proved.

Headline result, as reported: California suspended Cruise's permits in October 2023; GM stopped funding robotaxi development in December 2024, after spending more than $10 billion since 2016, per CNBC

1 · The case

The facts, as reported by the 9 sources listed at the end. Where a source is silent, the field says "Not reported".

Organisation

Cruise (General Motors). Autonomous vehicle company, majority-owned by General Motors (about 90% before a 2025 buyout of other shareholders, per Bloomberg). Nearly 2,300 employees at the time of the December 2024 decision, per CNBC. Canvas block: 8. Governance and risk. Also 1. Strategy and business model, 4. Operations and process.

Business challenge

The challenge. GM had set out a goal to double revenue by 2030, in part by generating $50 billion from Cruise, per Bloomberg.

How it was addressed. Cruise ran driverless robotaxi rides in San Francisco. On 2 October 2023 a Cruise vehicle struck a pedestrian who had first been hit by another vehicle and dragged her more than 20 feet while pulling over, per prosecutors. On 24 October 2023 the California DMV suspended Cruise's deployment and driverless testing permits. Cruise later paid a $112,500 settlement to the CPUC, a $1.5 million NHTSA penalty (September 2024) and a $500,000 criminal fine under a DOJ deferred prosecution agreement (November 2024). In December 2024 GM said it would no longer fund Cruise's robotaxi development work. [1] [2] [3] [4] [5] [6] [7] [8] [9]

Who implemented it

In-house (In-house): Cruise: Developed and operated the robotaxi service..
In-house (In-house): General Motors: Majority owner and funder until December 2024..

Technology (SEAM pillar E)

SEAM types: T9 AI in physical systems. Deployment: Not reported. Vendors and products: Cruise autonomous driving system, Cruise Origin.

Where it was built in: Built into Cruise's own driverless vehicles for a ride-hailing service in San Francisco.

What changed

Before: Cruise held permits to run driverless paid rides in San Francisco. After: California suspended the permits, Cruise paused operations, nine top executives were fired, 25% of the workforce was laid off and GM wound down the robotaxi business (Bloomberg). [1] [2] [3] [4] [5] [6] [7] [8] [9]

Cost of failure

As reported: DOJ $500,000 criminal fine; NHTSA $1.5 million penalty; CPUC $112,500 settlement (TechCrunch). GM reached a settlement with the injured woman worth at least $8 million, per Reuters, citing a person who confirmed it. GM reported spending more than $10 billion on Cruise since 2016 (CNBC); $1.7 billion on Cruise in 2024; a $500 million one-time charge in the fourth quarter of 2024; and $1.1 billion of funding to wind down robotaxi operations in 2025 (10-K). These figures cover different items and periods and should not be added together.

What it saved

GM said ending robotaxi development would save about $1 billion a year (run-rate), against $1.7 billion spent on Cruise in 2024. [1] [2] [3] [4] [5] [6] [7] [8] [9]

Governance and control

The DMV order said Cruise did not show it the full video, and prosecutors said Cruise's report to NHTSA omitted the dragging. Cruise's founder resigned and nine top executives were fired (Bloomberg). Owner, safeguards for incident reporting before the crash: Not reported.

S2 · Accountable owner · Not reported
Not reported. After the incident Cruise's founder resigned and nine top executives were fired (Bloomberg). [5]

A1 · Safe use · Not reported
Not reported. The DMV said it can immediately suspend permits when there is an unreasonable risk to public safety. [1]

A2 · Human in the loop · Not reported
Not reported.

A3 · Monitoring and assurance · Missing (independent source shows it was absent)
The DMV order said the video Cruise showed ended at the vehicle's initial stop and Cruise did not disclose later movement; prosecutors said its report to NHTSA omitted the dragging. [2] [3]

A4 · Vendor AI · Not reported
Not reported.

A5 · Agent controls · Not reported
No agents described.

A6 · Standards and regulation · Outside scrutiny (a regulator, court, auditor or similar body acted)
The California DMV suspended permits, NHTSA imposed a $1.5 million penalty and consent order, and the Justice Department reached a deferred prosecution agreement with a $500,000 fine. [1] [3] [4]

What worked, what did not, what is unproven

WORKED

– Not reported

DID NOT

– The vehicle dragged a pedestrian more than 20 feet while pulling over after stopping, per prosecutors.

– The DMV said the footage Cruise showed ended at the vehicle's initial stop and that Cruise did not disclose the later movement.

– Cruise admitted to submitting a false report to NHTSA that omitted the dragging, and agreed a $500,000 criminal fine in a deferred prosecution agreement.

– NHTSA's consent order: $1.5 million penalty for incomplete crash reports, a corrective action plan and enhanced reporting.

– GM stopped funding robotaxi development in December 2024.

UNPROVEN

– Cruise's own account of why the dragging was left out of its report to NHTSA: Not reported in the sources checked.

– Total cost of the venture to GM across all years: Not reported as one figure; GM states that the Cruise restructuring activities were substantially complete at 31 December 2025.

Timeline

Oct 2023 A Cruise vehicle drags a pedestrian in San Francisco; California DMV suspends Cruise's permits [1]

2024 Cruise agrees to pay $112,500 to the California Public Utilities Commission [4]

Nov 2024 Cruise admits a false report and agrees a $500,000 fine in a deferred prosecution agreement [3]

Dec 2024 GM says it will no longer fund Cruise's robotaxi development work [5]

Jan 2025 GM reports a $500 million one-time charge and expects $1 billion annual savings [7]

Feb 2025 GM buys out other Cruise shareholders and winds down robotaxi operations [8]

2 · Grade and SEAM assessment

MarLuc's opinion, made on the evidence above. How cases are graded: marluc.co.uk/case-studies/how-we-rate

Level of change and impact

Claimed: Not applicable. Grade: F, Failure. Proof: Proved. Level of change: Not graded.

No level assessed: band F, a proved failure. A regulator suspended a driverless service after a crash and an incomplete disclosure, and the parent ended robotaxi funding.

Graded F. A regulator suspended the service after a crash and an incomplete disclosure, federal authorities found the company's report to NHTSA false, and the parent then stopped funding the robotaxi business. No band A is assessed: the sources describe a plan for large revenue, not an achieved transformation.

The SEAM view and lessons learnt

The failure sat at the join between the technology and the organisation's duty to report. The vehicle's behaviour after the first impact caused the injury, but regulators acted because the company did not give a full account of it. For a larger organisation, the transferable point is that incident reporting is part of the safety system: whoever speaks to a regulator needs the full record and a duty to correct it.

1. Give regulators the full incident record at the first contact.
2. Correct an incomplete report as soon as the gap is known.
3. Link scale-up decisions to safety evidence and reporting readiness.

Evidence

Score 4 of 4. Independent: a California DMV suspension, a Justice Department deferred prosecution agreement, an NHTSA penalty and GM's own annual report.

Evaluation method. Regulator and prosecutor actions (California DMV, NHTSA, US Department of Justice) as reported by the DMV, TechCrunch and Reuters, and GM's 10-K filing; the DOJ press release itself could not be opened.

Sources disagree. CBS reported that Cruise offered to pay $75,000 to settle the CPUC investigation, while TechCrunch reports $112,500 agreed. Totals for GM's spend differ by measure: more than $10 billion since 2016 (CNBC) and close to $10 billion (TechCrunch).

3 · Original sources

Read these in full. To challenge a fact or a grade, use the contact form at marluc.co.uk or the link on https://marluc.co.uk/case-studies/cruise-gm-robotaxi

[1] California DMV: DMV Statement on Cruise LLC Suspension (24 October 2023)
https://www.dmv.ca.gov/portal/?p=214013

[2] TechCrunch: California DMV immediately suspends Cruise's robotaxi permit (October 2023)
https://techcrunch.com/2023/10/24/dmv-immediately-suspends-cruises-robotaxi-permit-in-california/

[3] Reuters via Claims Journal: GM self-driving unit Cruise admits to submitting false report, will pay fine (November 2024)
https://www.claimsjournal.com/news/national/2024/11/18/327436.htm

[4] TechCrunch: GM's Cruise to pay $500,000 fine to DOJ, admits submitting false report (November 2024)
https://techcrunch.com/2024/11/15/gms-cruise-to-pay-500000-fine-to-doj-admits-submitting-false-report

[5] Bloomberg via The Star: General Motors to wind down robotaxi operations (December 2024)
https://www.thestar.com.my/business/business-news/2024/12/12/general-motors-to-wind-down-robotaxi-operations

[6] CNBC: From growth to gone: GM's Cruise robotaxi business is latest growth initiative to falter (December 2024)
https://www.cnbc.com/2024/12/15/end-of-gm-cruise-driverless-robotaxi.html

[7] TechCrunch: GM expects to save up to $1 billion on Cruise costs (January 2025)
https://techcrunch.com/2025/01/28/gm-expects-to-save-up-to-1-billion-on-cruise-costs

[8] General Motors: Form 10-K for fiscal year 2025 (text as mirrored by Boardroom Alpha)
https://www.boardroomalpha.com/sec/gm-10-k-2026-01-27-0001467858-26-000013

[9] California Public Utilities Commission: Resolution TL-19145 approving Cruise's expanded driverless deployment (10 August 2023)
https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M516/K812/516812218.PDF

Cruise (General Motors) website: https://www.gm.com

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VERSION HISTORY

v1.2 25 November 2026 Method update: technology type updated to T9 (AI in physical systems) and controls re-checked against sources; the CPUC's 2023 area and speed limits recorded as structural controls that fell short.
v1.1 15 November 2026 Method update: standards and regulation (A6) relabelled "outside scrutiny" because the evidence is a regulator, court, auditor or similar body acting, not the organisation's own compliance.
v1.0 15 November 2026 First published