



News Release

Office of the Attorney General

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Attorney General Slatery Announces \$570 Million in Settlements with Volkswagen
VW required to compensate consumers and buy back or fix falsely-marketed diesel vehicles

Attorney General Herbert H. Slatery III, along with the Division of Consumer Affairs, today announced a settlement requiring Volkswagen to pay more than \$570 million for violating state laws prohibiting unfair or deceptive trade practices by marketing, selling, and leasing diesel vehicles equipped with illegal and undisclosed “defeat device” software. This agreement is part of a series of state and federal settlements that will provide cash payments to affected consumers and require Volkswagen to buy back or modify certain VW and Audi 2.0-liter diesel vehicles. Additionally, the settlement prohibits Volkswagen from engaging in future unfair or deceptive acts and practices in connection with its dealings with consumers and regulators.

“Our primary objective was to make sure consumers were compensated, as they should be,” Attorney General Slatery said. “When a company exploits its own customers and misleads regulators the way Volkswagen did, it should be penalized. This settlement is a stiff but reasonable penalty for Volkswagen’s deception and most importantly, it is a fair result for consumers.”

Today’s coordinated settlements resolve consumer protection claims raised by a multistate coalition of State Attorneys General co-led by attorneys general in Connecticut, Massachusetts, New York, Oregon, Tennessee, and Washington, and joined by 37 other states and jurisdictions against Volkswagen AG, Audi AG, and Volkswagen Group of America, Inc., Porsche AG and Porsche Cars, North America, Inc. – collectively referred to as Volkswagen. They also resolve actions against Volkswagen brought by the United States Environmental Protection Agency (EPA) and Department of Justice (DOJ), the Federal Trade Commission (FTC), California and car owners in private class action suits.

The attorneys general’s investigation confirmed that Volkswagen sold more than 570,000 2.0- and 3.0-liter diesel vehicles in the United States equipped with “defeat device” software intended to circumvent applicable emissions standards for certain air pollutants, and actively concealed the existence of the defeat device from regulators and the public. Volkswagen made false statements to consumers in their marketing and advertising, misrepresenting the cars as environmentally friendly or “green” and that the cars were compliant with federal and state



emissions standards, when, in fact, Volkswagen knew the vehicles emitted harmful oxides of nitrogen (NO_x) at rates many times higher than the law permitted.

Under the settlements, Volkswagen is required to implement a restitution and recall program for more than 475,000 owners and lessees of 2.0-liter diesel vehicles, of the model year 2009 through 2015 listed in the chart below at a maximum cost of just over \$10 billion. This includes 11,448 vehicles in Tennessee.

Once the consumer program is approved by the court, affected Volkswagen owners will receive restitution payment of at least \$5,100 and a choice between:

- A **buy back** of the vehicle (based on pre-scandal NADA value); or
- A **modification** to reduce NO_x emissions, provided that Volkswagen can develop a modification acceptable to regulators. Owners will still be eligible to choose a buyback in the event regulators do not approve a fix. Owners who choose the modification option would also receive an Extended Emission Warranty and a Lemon Law-type remedy to protect against the possibility that the modification causes subsequent problems.

The consumer program also provides benefits and restitution for lessees (restitution and a no-penalty lease termination option) and sellers after September 18, 2015 when the emissions-cheating scandal was disclosed. Additional components of today's settlements include:

- **Environmental Mitigation Fund:** Volkswagen will pay \$2.7 billion into a trust to support environmental programs throughout the country to reduce emissions of NO_x. This fund, also subject to court approval, is intended to mitigate the total, lifetime excess NO_x emissions from the 2.0-liter diesel vehicles identified below. Under the terms of the mitigation trust, Tennessee is eligible to receive an initial allocation of \$42,407,793.83 to fund mitigation projects.
- **Additional Payment to the States:** In addition to consumer restitution, Volkswagen will pay to the states more than \$1,000 per car for repeated violations of state consumer protection laws, amounting to \$570 million nationwide. This amount includes \$12,592,800 paid for affected vehicles Volkswagen sold and leased in Tennessee.
- **Zero Emission Vehicles:** Volkswagen has committed to investing \$2 billion over the next 10 years for the development of non-polluting cars, or Zero Emission Vehicles (ZEV), and supporting infrastructure.
- **Preservation of Environmental Claims:** Today's settlement by state attorneys general preserves all claims under state environmental laws, and Tennessee maintains the right to seek additional penalties from Volkswagen for its violations of environmental and emissions laws and regulations.



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Volkswagen will also pay \$20 million to the states for their costs in investigating this matter and to establish a fund that state attorneys general can utilize for future training and initiatives, including investigations concerning emissions violations, automobile compliance, and consumer protection.

The full details of the consumer program will be available online at VWCourtSettlement.com and www.ftc.gov/VWSettlement.

2.0 Liter Diesel Models

Model Year (MY)	EPA Test Group	Vehicle Make and Model(s)
2009	9VWXV02.035N	VW Jetta, VW Jetta Sportwagen
2010	AVWXV02.0U5N	VW Golf, VW Jetta, VW Jetta Sportwagen, Audi A3
2011	BVWXV02.0U5N	VW Golf, VW Jetta, VW Jetta Sportwagen, Audi A3
2012	CVWXV02.0U5N	VW Golf, VW Jetta, VW Jetta Sportwagen, Audi A3
2013	DVWXV02.0U5N	VW Beetle, VW Beetle Convertible, VW Golf, VW Jetta, VW Jetta Sportwagen, Audi A3
2014	EVWXV02.0U5N	VW Beetle, VW Beetle Convertible, VW Golf, VW Jetta, VW Jetta Sportwagen
2012 2013	CVWXV02.0U4S DVWXV02.0U4S EVWXV02.0U4S	VW Passat
2015	FVGAV02.0VAL	VW Beetle, VW Beetle Convertible, VW Golf, VW Golf Sportwagen, VW Jetta, VW Passat, Audi A3

