

Delaware Consumers To Be Compensated Under Settlements With Volkswagen Over Emissions Fraud

VW required to repurchase or fix falsely-marketed diesel vehicles, provide restitution and address environmental harms; Attorneys General obtain civil penalties

An agreement with Volkswagen to resolve a series of state and federal settlements will provide cash payments to affected consumers, require Volkswagen to buy back or modify certain VW and Audi 2.0-liter diesel vehicles, and prohibit Volkswagen from engaging in future unfair or deceptive acts and practices in connection with its dealings with consumers and regulators, federal and state justice officials announced Tuesday.

Delaware Attorney General Matt Denn said the settlements will benefit more than 1,700 Delaware owners and lessees of certain 2.0-liter diesel Volkswagens from model years 2009 to 2015, make available funds for environmental mitigation efforts in Delaware, as well as pay penalties.

The coordinated settlements resolve consumer protection claims raised by a multistate coalition of 44 state and jurisdiction attorneys general 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 and United States Department of Justice, the Federal Trade Commission, California, and car owners in private class action suits.

Under the settlements, Volkswagen is required to implement a restitution and recall program for more than 475,000 owners and lessees across the nation of 2.0-liter diesel vehicles, listed in the chart below at a maximum cost of just over \$10 billion. Volkswagen will also pay more than \$570 million to the states 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 was an egregious, calculated, and intentional deception by a company affecting not only its customers but every member of the public,” Attorney General Denn said. “Customers will be able to sell their cars back to Volkswagen under this agreement, or have their cars fixed at Volkswagen’s expense if a proper fix is identified, and VW will have to pay to offset the damage it caused to the environment through its falsified emissions results as well as pay penalties for its actions.”

The investigation by state attorneys general confirmed that Volkswagen sold 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 (NOx) at rates many times higher than the law permitted.

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 NOx 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 (50 percent of the restitution available to owners). Additional components of today's settlements include:

- **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 \$2.5 million paid for affected vehicles Volkswagen sold and leased in Delaware, which the Attorney General's office will hold in escrow to ensure affected Delaware VW owners are properly compensated through the consumer portion of the settlement, and the environmental mitigation programs are funded, and then the settlement funds will be deposited in Delaware's Consumer Protection Fund as required by state law.
- **Environmental Mitigation Fund:** Volkswagen will pay \$2.7 billion into a trust to support environmental programs throughout the country to reduce emissions of NOx. This fund, also subject to court approval, is intended to mitigate the total, lifetime excess NOx emissions from the 2.0-liter diesel vehicles identified below. Under the terms of the mitigation trust, Delaware is eligible to receive more than \$9 million from the national trust

to fund mitigation projects.

- **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 Delaware maintains the right to seek additional penalties from Volkswagen for its violations of environmental and emissions laws and regulations.

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 Covered By Settlements

Model Year (MY)	EPA Test Group	Vehicle Make and Model(s)
2009	9VWXV02.035N	VW Jetta, VW Jetta Sportwagen
2010	9VWXV02.0U5N 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 2014	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