



June 28, 2016

## ATTORNEY GENERAL MADIGAN REACHES \$275 MILLION SETTLEMENT WITH VOLKSWAGEN OVER DIESEL EMISSIONS SCANDAL

### Multistate Settlement Requires VW to repurchase or fix falsely marketed diesel vehicles

**Chicago** — Attorney General Lisa Madigan today announced her office has reached \$275 million settlement with Volkswagen Group of America Inc. for misrepresenting the emissions of its 2.0-liter Volkswagen and Audi diesel engine cars sold in the U.S. As part of a multistate settlement, Madigan secured \$28.9 million for violations of Illinois' Consumer Fraud Act, and the state could see an additional \$150 million in consumer restitution based on consumer participation in the settlement. Illinois can also apply for an additional \$97 million from an environmental settlement reached by the U.S. Department of Justice and the U.S. Environmental Protection Agency (EPA).

The scandal uncovered in September 2015 affected approximately 29,800 cars sold in Illinois. The diesel cars branded environmentally friendly were equipped with defeat device software designed to reduce the effectiveness of the vehicles' emissions control systems and as a result emitted excess nitrogen oxides (NOx) throughout the state.

"Volkswagen deliberately defrauded its consumers and polluted our environment while promoting its cars as clean diesel vehicles," Madigan said. "This settlement is the result of the company's deliberate misconduct and egregious corporate consumer fraud."

Madigan was among 43 states and jurisdictions that settled with Volkswagen 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. The agreement is part of a series of state and federal settlements that will provide cash payments to affected consumers, require Volkswagen to buy back or modify certain VW and Audi 2.0-liter diesel vehicles, and prohibits Volkswagen from engaging in future unfair or deceptive acts and practices in connection with its dealings with consumers and regulators.

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 National Automobile Dealers Association/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:

- **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, Illinois is eligible to seek up to \$97 million from this fund to pay for emissions related 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 \$28.9 million paid for affected vehicles Volkswagen sold and leased in Illinois.

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

More information can be found at [www.VWCourtSettlement.com](http://www.VWCourtSettlement.com). Illinois consumers affected by the settlement can also contact Madigan's Consumer Fraud Hotline:

1-800-386-5438 (Chicago)

1-800-243-0618 (Springfield)

1-800-243-0607 (Carbondale)

Division Chief Deborah Hagan and Assistant Attorneys General Greg Grzeskiewicz and Cassandra Halm handled the consumer portion of the settlement with support from Richard Lewis, Eric Jagow and Philip Heimlich for Madigan's Consumer Protection Division. Division Chief Matthew Dunn, Environmental and Energy Counsel James Gignac, Supervising Attorney Gerry Karr, and Assistant Attorney General Angad Nagra handled the environmental portion of the settlement for Madigan's Environmental Division.

### **2.0 Liter Diesel Models**

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

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