

INFORMATION FROM THE NEVADA ATTORNEY GENERAL'S OFFICE FOR NEVADA CONSUMERS WHO OWN VOLKSWAGEN OR AUDI DIESEL VEHICLES

Nevada Attorney General Adam Paul Laxalt recently announced a settlement with Volkswagen requiring the manufacturer to pay nearly \$5.3 million to the State of Nevada. The settlement resolves consumer protection claims raised by a multistate coalition of 44 state attorneys general and other 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. Nevada participated on the Executive Committee in this multi-state action.

"Consumers deserve to have all of the facts before buying or leasing any vehicle," said Laxalt. "This comprehensive settlement holds Volkswagen accountable for past practices, provides restitution to affected consumers and prevents consumers from being misled in the future. By participating on the Executive Committee, attorneys within my Office were able to take a more active role in the investigation and resolution of this case to ensure that Nevadans receive the compensation they are rightfully owed."

The investigation concluded that Volkswagen violated state laws prohibiting deceptive trade practices by marketing, selling and leasing diesel vehicles equipped with illegal and undisclosed defeat device software. The investigation also 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. The investigation also revealed that Volkswagen actively concealed the existence of the defeat device from regulators and the public.

In addition, a partial, but thorough, settlement of many claims relating to Volkswagen's "Dirty Diesel" emission fraud case was recently announced by the federal court in San Francisco where a federal EPA lawsuit, a federal FTC lawsuit and consumer class action lawsuits were filed. Among other things, the settlement provides consumers with the option to either sell affected vehicles back to VW, or to have the vehicles repaired to fix the emissions violations. About 5,200 2.0 liter vehicles were sold in Nevada.

The details of the settlement are available at www.VWCourtSettlement.com, and through the Federal Trade Commission website, www.ftc.gov/VWSettlement. Additional online resources will likely be made available by VW and the court.

1. What is the problem with VW diesel cars?

Volkswagen of America Group was being investigated for installing software in certain diesel cars that senses when an emission test is being administered and falsifies the results. Volkswagen recently came to a partial settlement with various parties, described below. The settlement only covers 2.0 liter engines.

Volkswagen has admitted that certain four-cylinder Volkswagen and Audi diesel cars from model years 2009-2015 have illegal software that circumvents EPA emissions standards for certain air pollutants. This software is called a "defeat device." In September 2015, EPA issued

a notice of violation of the Clean Air Act (CAA) to Volkswagen for producing and selling diesel cars with this software. Volkswagen and EPA recently came to a partial settlement agreement. Volkswagen also settled with 44 state and other jurisdictions, including Nevada, on some of the consumer claims.

You can find a list of the vehicles with this software and answers to Frequently Asked Questions at EPA’s website: <https://www.epa.gov/vw>. On or before July 26, 2016, the settlement website will allow class members to enter their Vehicle Identification Number (VIN) and mileage to see the exact Vehicle Value and Owner (or Lessee) Restitution amount for their vehicle, based on its model year, trim line, and factory options.

2. Is my Volkswagen vehicle covered by the settlement?

Although the diesel emissions fraud involved “defeat devices” installed in both 2.0 liter and 3.0 liter engine cars and SUVs, **the current settlement covers only vehicles with the 2.0 liter engines**. VW, the state attorneys general, federal regulators, and the consumer class action lawyers continue to negotiate about what relief will be available later to owners of the 3.0 liter engines.

The specific 2.0 liter engine vehicles covered by the settlement are the following vehicles purchased or leased in the US:

Model Year	Vehicle Make and Model
2009	VW: Jetta, Jetta Sportwagen
2010	VW: Golf, Jetta, Jetta Sportwagen Audi: A3
2011	VW: Golf, Jetta, Jetta Sportwagen Audi: A3
2012	VW: Golf, Jetta, Jetta Sportwagen, Passat Audi: A3
2013	VW: Beetle, Beetle Convertible, Golf, Jetta, Jetta Sportwagen, Passat Audi: A3
2014	VW: Beetle, Beetle Convertible, Golf, Jetta, Jetta Sportwagen, Passat
2015	VW: Beetle, Beetle Convertible, Golf, Golf Sportwagen, Jetta, Passat Audi: A3

2. What was the result of the recently announced settlement between Volkswagen and the various governmental entities? What should I do now?

On June 28, 2016, Volkswagen agreed on terms to settle a consumer class action lawsuit, and also reached settlement agreements with various state and federal regulators, including the Nevada Attorney General. These settlements concern Volkswagen's concealment of "defeat devices" in various Volkswagen and Audi diesel vehicles that were marketed as featuring "clean diesel" technology. However, the current settlements do not resolve all claims against Volkswagen, and the class action settlement is still pending final court approval.

Assuming the settlement is approved, it will provide restitution and a buy-back or fix option for owners and lessees of certain Volkswagen and Audi 2.0 liter diesel vehicles, model years 2009 to 2015. The claims of consumers with certain 3.0 liter diesel vehicles have not yet been resolved.

Cars sometimes change hands, so class members are grouped into three different categories: Eligible Owners, Eligible Sellers, and Eligible Lessees. Eligible Owners are those who owned their vehicles on September 18, 2015, and who still have the car. Eligible Sellers are those who sold their cars after September 18, 2015. Eligible Lessees are those who lease their vehicles.

a. Eligible Owners (pre-September 18, 2015)

The settlement terms provide that all class members who still own their 2.0 liter diesel car will receive a restitution payment of at least \$5,100, and some owners may receive more. In addition to the restitution payment, current owners will also have the option to either (a) sell their car back to Volkswagen at a negotiated price, or (b) have Volkswagen fix the defect pursuant to a plan approved by the U.S. Environmental Protection Agency; if no plan is approved for fixing the cars, those owners would still have the option to sell their car back to Volkswagen. Class members can choose a Buyback immediately upon settlement approval, or can wait to make a decision until it is determined whether a fix for their specific vehicle type will be available.

The Buyback and Restitution Option

If a class member who owns a car chooses a Buyback, the negotiated price VW will pay is the September 2015 (pre-disclosure) National Automobile Dealers Association ("NADA") Clean Trade In value of the car adjusted for options and mileage ("Vehicle Value"), plus an additional cash payment ("Owner Restitution"). The minimum Owner Restitution payment for any vehicle—to be paid on top of the Vehicle Value—will be \$5,100, and some class members may receive as much as \$10,000, calculated at 20% of the September 2015 Vehicle Value plus around \$3,002. The Vehicle Value is frozen as of September 2015, which means the car's value will not decrease/depreciate if the class member waits before choosing a Buyback, except for an adjustment that might apply if the class member drives the car more than a standard number of miles per year.

For those owners who have an outstanding loan obligation, if the amount of the obligation is less than or equal to the sum of the vehicle value and Owner Restitution, then Volkswagen will apply that sum to pay off the outstanding loan obligation, and any remaining portion of the Vehicle Value and Owner Restitution is then paid to the owner. Conversely, if the amount of the

loan obligation is greater than the sum of the Vehicle Value and Owner Restitution, then the owner will not receive any payment directly from Volkswagen. However, in that case, Volkswagen will pay the lender the lesser of (i) the full amount required to pay off the loan obligation, or (ii) 130% of the sum of the Vehicle Value and Owner Restitution, to apply toward loan forgiveness.

The Repair and Restitution Option

Car owners who want to keep their vehicle and get it fixed and modified to meet the EPA emissions requirements will need to wait for final EPA approval of VW's proposed engine modifications. Once a modification is approved, consumers can bring their vehicle into a local dealership to be fixed at no cost to them; they also will receive at that time an Owner Restitution payment as described above. That means owners who keep their cars will receive between \$5,100 - \$10,000 each, in addition to the repairs at no cost. VW will also offer extended warranties and disclosures of the modifications made to fix the emissions problem.

Note that the EPA approval process might not be complete for many months, perhaps as late as 2018 for some engine models. Consumers who want to keep their vehicles will therefore need to wait to find out whether their car can be fixed with an Approved Emission Modification.

If a modification for a particular engine type ultimately is not approved, owners who waited for a potential repair and fix would be eligible to get a Buyback on the same terms as described above.

b. Eligible Seller and Post-September 18 Eligible Owners

For those owners who sold the car after September 18, 2015, the settlement equitably divides the Owner Restitution payment approximately 50/50 between the previous owner before September 18, 2015 and the current owner. Current owners will have the same sell-back or repair and restitution option listed above.

c. Eligible Lessees

Lessees may terminate their leases without any termination fee and receive a cash Restitution payment comprised of two components: a variable component and a fixed component. The variable component is 10% of the eligible vehicle's base value, adjusted for options but not mileage, and the fixed component is \$1,529. The fixed component of the Restitution is the same for every eligible lessee and is equal to half of the average fixed component of owner restitution for eligible owners. However, unlike the restitution payments to owners, there is no minimum amount of Restitution for lessees.

Consumers with an active lease who want to hold on to their cars may choose to wait to see whether there will be an Approved Emissions Modification for their car, as described above. If those lessees elect to keep their cars under their leases with the repairs, they too will receive Restitution.

d. Other Terms

Subject to court approval, Volkswagen has also committed to pay \$2.7 billion into a trust to support environmental programs throughout the country to reduce nitrogen oxide emissions. Under its settlement with various states attorneys general, Volkswagen has also agreed to pay more than \$1,000 per car to resolve the states' claims that it violated numerous state consumer protection laws.

The preliminary approval hearing for the settlement is scheduled for July 26, 2016. Details of the settlement are available online at VWCourtSettlement.com, and that website should be checked regularly for updates, such as (i) how class members can confirm the amount of their restitution payment and the buyback value of their vehicle, and (ii) how class members can access a claims portal to submit their claim.

Finally, owners and lessees that desire to opt out from the class, or object to the settlement, must follow the procedures outlined in the class notice that will be issued by Volkswagen.

3. What changes would need to be made to my car to meet air pollution control standards under the Clean Air Act? What would it mean for my car?

It is unknown at this time. As stated above, Volkswagen is still working on a fix for the affected vehicles that will need to be approved by the EPA.

4. When will I be able to sign up for the settlement option I choose?

By late July 2016 the VW settlement website will allow consumers to enter their Vehicle Identification Number (VIN) and mileage to see the exact Vehicle Value and Owner (or Lessee) Restitution amount for their vehicle, based on its model year, trim line, and factory options.

VW has committed to processing approximately 5,000 bought back cars per week. VW has agreed to begin the Buyback program immediately after the Court grants final approval of the settlement, most likely by the end of the summer of 2016.

5. Will my car pass a Nevada State Inspection before it is repaired? Can I still drive my car?

Yes, vehicles with the affected emissions systems will pass a Nevada emissions test. According to a [statement from the DMV](#), a vehicle with this problem will not fail the emissions system component of the inspection process. In this instance, consumers will not be held responsible for a problem created by the manufacturer.

However, once an acceptable emissions system modification is accepted, we encourage owners and lessees to either obtain the emissions fix or sell their vehicle back to VW.

6. What if I own a 3.0 Liter vehicle?

VW continues to negotiate with class members and state and federal regulators for an appropriate resolution to the separate claims regarding the defeat devices that were installed on certain Audi, Porsche and VW vehicles with 3.0 liter engines. The 2.0 liter engines represent the

great majority of impacted vehicles, and the settlements announced on June 28th should allow all parties to focus on addressing the 3.0 liter engines and reach a timely resolution.

7. Do I need to file a complaint with the Nevada Attorney General? When will I receive notice about the settlement?

The summary here is not intended to provide specific guidance on participating in the VW Restitution program, as the state of Nevada is not administering the program, nor is Nevada processing any claims or handling any disputes. Consumers who have an affected vehicle should receive notice from Volkswagen beginning fifteen days after the Court's approval of the Consent Decree explaining in more detail the process for obtaining a fix or buyback. In the meantime, consumers who believe they have an affected vehicle should go to the VW or FTC websites listed above and follow the appropriate steps to determine eligibility and to participate in any of the available remedies. In addition, many consumers will receive notices from the federal court regarding their rights as potential beneficiaries of the private class action lawsuits filed against VW. Those court class action notices will contain important information about the legal rights of VW owners and lessees, including instructions for participating in the program or opting out.