SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF ALBANY

THE PEOPLE OF THE STATE OF NEW YORK and the NEW YORK STATE DEPARTMENT OF ENVIRONMENTAL CONSERVATION, by LETITIA JAMES, Attorney General of the State of New York, Plaintiffs, v. MERCEDES-BENZ USA, LLC and MERCEDES-BENZ GROUP AG Defendants.	**CONSENT ORDER AND JUDGMENT** Index No.

CONSENT ORDER AND JUDGMENT

WHEREAS, the Plaintiffs, the People of the State of New York and the New York State Department of Environmental Conservation (together, "Plaintiffs" or "State"), by Letitia James, Attorney General of the State of New York, brought this action pursuant to (a) Article 19 of the New York State Environmental Conservation Law ("ECL"), and its implementing regulations at Title 6 of the New York Codes, Rule and Regulations ("NYCRR") Parts 200 *et seq*., including the "Emission Standards for Motor Vehicles and Motor Vehicle Engines" set forth in 6 NYCRR Part 218; (b) New York's Vehicle and Traffic Law ("VTL") §§ 375.28-a and 375.28-c; (c) General Business Law ("GBL") Article 22-A, §§ 349 and 350; and (d) Executive Law § 63(12), alleging that Mercedes-Benz USA, LLC and Mercedes-Benz Group AG (f/k/a Daimler Aktiengesellschaft) (hereinafter collectively, the "Defendants") manufactured, marketed, advertised, and/or engaged in the

wholesale distribution of certain model year 2009–2016 vehicles equipped with "BlueTEC" Diesel Technology (the "Subject Vehicles," as specifically defined below), including more than 211,000 Subject Vehicles in the states, commonwealths, and territories that comprise the Multistate Working Group (at least 19,237 of which were registered in New York); and that the Subject Vehicles contained undisclosed software allegedly intended to circumvent federal or state emission standards and concealed this software from the public and state and federal regulators;

WHEREAS, the Plaintiffs, along with the Attorneys General of 48 other States or Commonwealths and the District of Columbia, and territories, as well as state environmental enforcement agencies, formed the Multistate Working Group to investigate the Defendants in connection with the emission control systems of the Subject Vehicles and the design, manufacture, import, marketing, offer, sale, or lease of those vehicles;

WHEREAS, the Plaintiffs and the Defendants (collectively, the "Parties") have agreed to resolve the Environmental and UDAP Claims raised by the Covered Conduct by entering into this Consent Judgment (hereinafter, the "Judgment");

WHEREAS, each member of the Multistate Working Group and the Defendants are entering into agreements memorializing or implementing a settlement, and as part of the relief provided in these settlements, the Defendants will pay One Hundred Twenty Million Dollars ($120,000,000) to the Multistate Working Group in aggregate (the "Initial Multistate Working Group Settlement Amount");

WHEREAS, as more fully set forth in the US-CA Consent Decree (*United States, et al., v. Daimler AG, et al.*, No. 1:20-cv-02564 (D.D.C.)) and the California Partial Consent Decree (*People of the State of California v. Daimler AG, et al.*, No. 1:20-cv-02565 (D.D.C.)), the Defendants have agreed to offer to owners and lessees of Subject Vehicles an Approved Emission Modification that is expected to ensure the vehicles comply with Clean Air Act and California Health and Safety Code emissions requirements and to offer an Emission Control System Extended Modification Warranty for Subject Vehicles that receive the Approved Emission Modification; and the Defendants have agreed to engage in Environmental Mitigation Projects to fully mitigate any lifetime excess emissions of oxides of nitrogen ("NO_x") from Subject Vehicles in the United States;

WHEREAS, the Defendants agreed to fund settlement payments to current and former owners and lessees of the Subject Vehicles in New York and throughout the United States as more fully set forth in the Class Action Settlement Agreement and Release (*In re Mercedes-Benz Emissions Litigation*, Case No. 2:16-cv-881 (D.N.J.)) pursuant to which eligible class member owners and lessees whose Subject Vehicles received an Approved Emission Modification have received up to $3,290 per vehicle and eligible class member lessees and former owners and former lessees have received up to $822.50 per vehicle, in addition to other potential payments;

WHEREAS, the Defendants deny the material factual allegations and legal claims the Plaintiffs may assert, including, but not limited to, any and all charges of wrongdoing or liability arising out of any of the conduct, statements, acts or

omissions that could have been alleged in this action related to the Covered Conduct, and the Parties agree that nothing in this Judgment shall constitute an admission of any wrongdoing or admission of any violations of law by any Party; and

WHEREAS, for the reasons set forth in the contemporaneously filed Complaint, and for the purpose of avoiding prolonged and costly litigation, and in furtherance of the public interest, the Plaintiffs and the Defendants consent to the entry of this Judgment;

NOW, THEREFORE, IT IS ADJUDGED, ORDERED AND DECREED:

I. JURISDICTION AND VENUE

1. Defendants consent to this Court's continuing subject matter and personal jurisdiction solely for the purposes of entry, enforcement, and modification of this Judgment and without waiving or in any way affecting their right to contest this Court's jurisdiction in other matters. This Court retains jurisdiction of this action solely for the purposes of enforcing or modifying the terms of this Judgment or granting such further relief as the Court deems just and proper.

2. Defendants consent to venue in this Court solely for the purposes of entry, enforcement, and modification of this Judgment and do not waive or in any way affect their right to contest this Court's venue in other matters.

3. Defendants hereby accept and expressly waive any defect in connection with service of process in this action issued to each Defendant by the Attorney General of the State of New York and further consent to service upon the below-

named counsel via email of all process in this action only. Defendants do not require issuance or service of Summons for purposes of this action only.

II. DEFINITIONS

4. As used herein, the below terms shall have the following meanings (in alphabetical order):

a. "Affiliates" means the following United States-based subsidiaries of Mercedes-Benz USA, LLC or Mercedes-Benz Group AG: Daimler Vans USA, LLC; Mercedes-Benz Manhattan, Inc.; Mercedes-Benz Research & Development North America, Inc.; Mercedes-Benz U.S. International, Inc.; and Mercedes-Benz Vans, LLC.

b. "AEM Installation Incentive Payment" means the $2,000 payment Defendants shall pay Eligible Owners and Eligible Lessees who have submitted Valid Claims under the AEM Installation Incentive Program.

c. AEM Installation Incentive Program has the meaning set forth in Section IV.B herein.

d. "Approved Emission Modification" or "AEM" has the meaning set forth in the US-CA Consent Decree.

e. "Attorney General" means the New York State Attorney General's Office.

f. "Auxiliary Emission Control Device" or "AECD" means "any element of design which senses temperature, vehicle speed, engine RPM, transmission gear, manifold vacuum, or any other parameter for the purpose

of activating, modulating, delaying, or deactivating the operation of any part of the emission control system." 40 C.F.R. § 86.1803-01.

g. "BlueTEC Diesel Technology" means selective catalytic reduction technology used in diesel vehicles.

h. "Business Day" means a calendar day that does not fall on a Saturday, Sunday, or federal holiday. In computing any period of time under this Judgment, where the last Day would fall on a Saturday, Sunday, or federal holiday, the period shall run until the close of business of the next Business Day.

i. "CARB" means the California Air Resources Board.

j. "Claim Submission Deadline" means September 30, 2026.

k. "Class Action" means the class action litigation styled as *In re: Mercedes-Benz Emissions Litigation*, Case No. 2:16-cv-881 (D.N.J.).

l. "Covered Conduct" means any and all acts or omissions, including all communications, occurring up to and including the Effective Date of this Judgment, relating to: (i) the design, installation, presence, or failure to disclose any Defeat Device or Undisclosed AECD in any Subject Vehicle; (ii) the marketing or advertisement of any Subject Vehicle as green, clean, environmentally friendly (or similar such terms), and/or compliant with state or federal emissions regulations and/or standards, including the marketing or advertisement of any Subject Vehicle without disclosing the design, installation, or presence of a Defeat Device or Undisclosed AECD; (iii)

any emissions-related conduct in connection with the distribution to, offering for sale, delivery for sale, sale, lease, updating, maintaining, or warrantying of any Subject Vehicle in any State; (iv) statements or omissions concerning the Subject Vehicles' emissions and/or the Subject Vehicles' compliance with applicable emissions regulations and/or standards, including, but not limited to, certifications of compliance or other similar documents or submissions; (v) conduct alleged, or any related conduct that could have been alleged, in any complaint, notice of violation, executive order or notice of penalty filed or issued, or that could have been filed or issued, by any State or State agency, that the Subject Vehicles contain prohibited Undisclosed AECDs or Defeat Devices that cause the Subject Vehicles to emit emissions in excess of applicable legal standards, or that as a result of or in connection with any such conduct, Defendants falsely reported the Subject Vehicles' emissions, Defendants tampered with any emissions control device or element of design related to emissions controls installed in the Subject Vehicles, Defendants affixed labels related to emissions to the Subject Vehicles that were false, invalid or misleading and/or Defendants breached their emissions warranties relating to the Subject Vehicles; and (vi) the effect of the conduct described in subparts (i) and (ii) giving rise to violations of laws or regulations governing air pollution, including, without limitation, emission standards, emission control system standards, on-board diagnostics standards, and certification and disclosure requirements.

m. "Day" means a calendar day, unless expressly stated to be a Business Day. In computing any period of time under this Judgment, where the last day would fall on a Saturday, Sunday, or federal holiday, the period shall run until the close of business of the next Business Day.

n. "Dealers" means entities authorized by Mercedes-Benz USA, LLC or Daimler Vans USA LLC, subject to a written dealer agreement, to sell and/or service Subject Vehicles in the United States.

o. "Defeat Device" means an AECD "that reduces the effectiveness of the emission control system under conditions which may reasonably be expected to be encountered in normal vehicle operation and use, unless: (1) Such conditions are substantially included in the federal emission test procedure; (2) The need for the AECD is justified in terms of protecting the vehicle against damage or accident; (3) The AECD does not go beyond the requirements of engine starting; or (4) The AECD applies only for emergency vehicles," 40 C.F.R. § 86.1803-01. A Defeat Device includes "any part or component intended for use with, or as part of, any motor vehicle or motor vehicle engine, where a principal effect of the part or component is to bypass, defeat, or render inoperative any device or element of design installed on or in a motor vehicle or motor vehicle engine in compliance with [the Emission Standards for Moving Sources section of the Clean Air Act], and where the person knows or should know that such part or component is being offered for sale or installed for such use or put to such use." 42 U.S.C. § 7522(a)(3)(B).

p. "NYSDEC" means the New York State Department of Environmental Conservation.

q. "Effective Date" means the date on which this Judgment has been signed by the Parties and entered as an order by the Court.

r. "Eligible Lessee" means the lessee or lessees of an Eligible Vehicle with an active lease as of the date the Eligible Vehicle receives the AEM.

s. "Eligible Owner" means the owner or owners of an Eligible Vehicle on the day that the Eligible Vehicle receives the AEM.

t. "Eligible Vehicle" means any vehicle in an Emission Modification Category identified in Appendix B, Attachment I to the US-CA Consent Decree that is (1) registered with a state Department of Motor Vehicles or equivalent agency or held by a Dealer or unaffiliated dealer and located in the United States or its territories; and (2) Operable as of the date the vehicle is brought in for the AEM.

u. "Emission Control System Modification Warranty" has the meaning set forth in the US-CA Consent Decree.

v. "Environmental Claims" means claims or potential claims, arising from or relating to the Covered Conduct, including for emissions mitigation or NO_x mitigation, or for any emissions-related payments, that were brought or could be brought under Environmental Laws by the Attorney

General, including in its sovereign enforcement capacity or as parens patriae on behalf of its citizens, or by NYSDEC.

w. "Environmental Laws" means any potentially applicable federal, state and/or local laws, rules, regulations and/or common law or equitable principles or doctrines under which the Environmental Claims may arise including, without limitation, ECL Article 19 and its implementing regulations at 6 NYCRR Parts 200 *et seq*., VTL" §§ 375.28-a and 375.28-c, and laws, rules and/or regulations regarding air pollution control from motor vehicles, mobile source emissions, certification, reporting of information, inspection and maintenance of vehicles and/or anti-tampering provisions, together with related common law and equitable claims.

x. "Environmental Mitigation Projects" has the meaning set forth in the US-CA Consent Decree.

y. "EPA" means the United States Environmental Protection Agency.

z. "Final Subject Vehicle Report" means the report due by October 31, 2026 pursuant to Paragraph 24.

aa. "Final Suspended Settlement Amount" means the settlement amount due to the Multistate Working Group following completion of the AEM Installation Incentive Program.

bb. "Initial Multistate Working Group Settlement Amount" means the settlement amount due, in aggregate, to the Multistate Working Group

following entry of this Consent Judgment and pursuant to Paragraph 9 totaling One Hundred and Twenty Million Dollars ($120,000,000).

cc. "Initial Suspended Settlement Amount" means the Multistate Working Group settlement amount suspended until completion of the AEM Installation Incentive Program, totaling Twenty-Nine Million Six Hundred and Seventy-Three Thousand Seven Hundred and Fifty Dollars ($29,673,750).

dd. "Initial New York Settlement Amount" means the amount due to New York following entry of this Consent Judgment and pursuant to Paragraph 10.

ee. "Interim Subject Vehicle Report" means the report due by January 31, 2026 pursuant to Paragraph 24.

ff. "Multistate Executive Committee" means the Executive Committee of the Multistate Working Group consisting of the following states: Alabama, Connecticut, Delaware, Georgia, Maryland, New Jersey, New York, South Carolina, and Texas.

gg. "Multistate Working Group" or "MWG" means the Attorneys General of Alabama, Alaska, Arkansas, Colorado, Connecticut, Delaware, the District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North

Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming.

hh. "MWG Member" means any state, commonwealth, or territory that is a member of the Multistate Working Group.

ii. "Operable" means that a vehicle so described can be driven under its own engine power.

jj. "Subject Vehicle" means a "Subject Vehicle" as defined in the US-CA Consent Decree, which includes the BlueTEC II diesel vehicles listed in the table below.

BlueTEC II Diesel Vehicles	
Model	**Model Year(s)**
E250	2014-2016
E350	2011-2013
GL320	2009
GL350	2010-2016
GLE300d	2016
GLE350d	2016
GLK250	2013-2015
ML250	2015
ML320	2009
ML350	2010-2014
R320	2009
R350	2010-2012
S350	2012-2013
Mercedes-Benz or Freightliner Sprinter (4-cylinder)	2014-2016
Mercedes-Benz or Freightliner Sprinter (6-cylinder)	2010-2016

kk. "UDAP Claims" means claims or potential claims arising from or related to the Covered Conduct the State asserted or could assert in its sovereign enforcement capacity or as parens patriae on behalf of its citizens under UDAP Laws, as well as common law and equitable claims, including

claims or potential claims that could be brought for injunctive relief and/or restitution or other monetary payments to consumers under UDAP Laws.

ll. "UDAP Laws" means all potentially applicable consumer protection and unfair trade and deceptive acts and practices laws, rules and/or regulations, including, without limitation, GBL Article 22-A, §§ 349 and 350 and New York Executive Law § 63(12), as well as under federal, state and/or local laws, rules, regulations and/or common law or equitable principles or doctrines.

mm. "Undisclosed AECD" means an AECD that was not disclosed to federal or state regulators in the course of applying to such regulators for certification of emission compliance or Executive Order.

nn. "US-CA Consent Decree" means the Consent Decree lodged with the United States District Court for the District of Columbia on or about September 14, 2020 and entered on or about March 9, 2021, in United States v. Daimler AG, et al., No. 1:20-cv-02564, as agreed by (1) the United States on behalf of the EPA; (2) the People of the State of California, by and through the Attorney General of California, and CARB; and (3) Defendants, resolving disputes between those parties on the terms described therein.

oo. "Valid Claim" means an AEM Installation Incentive Program claim that is accurate, truthful, complete, executed by an Eligible Owner or Eligible Lessee or authorized representative, and submitted to Defendants or a claims administrator designated by Defendants by the Claim Submission

Deadline. A Valid Claim must include all required documentation, including proof that the AEM has been installed in the Eligible Vehicle between August 1, 2023 and August 31, 2026. The claim must be submitted by an Eligible Owner or Eligible Lessee or their representative via the methods described in the notice of the AEM Installation Incentive Program, attached as Exhibit 1 to this Judgment.

III. EFFECT OF JUDGMENT

5. This Judgment fully and finally resolves and disposes of the Environmental Claims and UDAP Claims that were alleged in the Complaint in this matter or that could be brought by the State, in its sovereign enforcement capacity or as parens patriae on behalf of the citizens of the State or by NYSDEC.

6. The Judgment will, upon its Effective Date, constitute a fully binding and enforceable agreement between the Parties, and the Parties consent to its entry as a final judgment by the Court.

7. Defendants have entered into other settlements, consent decrees, consent judgments, and agreements with other governmental and private parties with respect to the Subject Vehicles and the Covered Conduct. Nothing in this Judgment is intended to alter in any way the obligations assumed, or rights obtained, by Defendants under those other settlements, consent decrees, consent judgments, or agreements.

IV. RELIEF

8. Without admitting any of the factual or legal allegations in the Complaint, the Defendants have agreed to the following relief.

A. MONETARY RELIEF

9. Defendants shall pay the Multistate Working Group the Initial Settlement Amount of One Hundred and Twenty Million Dollars ($120,000,000) to be disbursed and allocated among the Multistate Working Group as it, in its sole discretion, determines.

10. Based on an agreement among the Multistate Working Group, Defendants shall pay New York Thirteen Million, Five Hundred Thirty Thousand, and Eighty-Eight Dollars ($13,530,088). Within sixty (60) Days of receipt by Defendants of (i) a signed certification on New York letterhead that the Judgment is final under the laws of the State of New York; (ii) a copy of the Judgment entered by the Court and any other documents evidencing the finality of the Parties' settlement; and (iii) wire instructions on New York letterhead (collectively, the "Settlement Documents"), Defendants shall pay New York in accordance with the Settlement Documents. If New York seeks two or more separate payments, Defendants shall pay New York in accordance with the Settlement Documents within ninety (90) Days of receipt by Defendants of the Settlement Documents. Said payment shall, as authorized by New York State Finance Law § 4(11) and Executive Law § 63(16), be held by the Attorney General in a designated account, and be used to prevent, abate, restore, mitigate, or control prior or ongoing air pollution

affecting New York, or for other uses permitted by state law, at the sole discretion of the State of New York, as determined by the Attorney General in consultation with NYSDEC. In the event New York does not sign this Judgment or this Judgment is not entered as an order by the Court, the Initial New York Settlement Amount shall not be paid or owed by Defendants.

11. The Initial Suspended Settlement Amount shall be Twenty-Nine Million, Six Hundred and Seventy-Three Thousand Seven Hundred and Fifty Dollars ($29,673,750). The Initial Suspended Settlement Amount shall be reduced by Seven Hundred and Fifty Dollars ($750) for: (1) every Subject Vehicle that has received or receives the AEM between August 1, 2023 and August 31, 2026; (2) every Subject Vehicle that has been or is permanently removed from commerce between August 1, 2023 and August 31, 2026; and (3) every Subject Vehicle that Defendants have purchased or purchase between August 1, 2023 and August 31, 2026.[1] However, in no case shall the Initial Suspended Settlement Amount be reduced by more than Seven Hundred and Fifty Dollars ($750) for any single Subject Vehicle. The Initial Suspended Settlement Amount less any reductions pursuant to this paragraph shall be the Final Suspended Settlement Amount. If the Multistate Executive Committee reviews and accepts the Final Subject Vehicle Report, the total amount of reductions for purposes of determining the Final

[1] Subject Vehicles that Defendants have purchased or purchase between August 1, 2023 and August 31, 2026 shall not be sold, leased, or reintroduced into commerce in the United States without an AEM.

Suspended Settlement Amount shall be based on the information provided in the Final Subject Vehicle Report.

12. By November 30, 2026, the Multistate Executive Committee shall provide to Defendants: (i) a signed certification on behalf of the Multistate Working Group stating the Final Suspended Settlement Amount due to the Multistate Working Group and the portion thereof due to each MWG Member; and (ii) written payment instructions identifying by MWG Member the official payee, the particular payment amount and any other information necessary to effectuate payment of the amounts due and owing under this Paragraph 11 (the "Final Suspended Settlement Amount Documents"). Notwithstanding the foregoing, neither the Multistate Working Group nor New York shall require additional state-specific information to determine the portion of the Final Suspended Settlement Amount due to each MWG Member, including, but not limited to, AEM installation information or vehicle registration information.

13. If Defendants dispute the Final Suspended Settlement Amount as determined by the Multistate Executive Committee, Defendants shall provide notice to the Multistate Executive Committee within thirty (30) Days of receipt of the Final Suspended Settlement Amount Documents. The Multistate Executive Committee shall provide such response within thirty (30) Days of receipt of notice of the dispute. Within the thirty (30) Day period, the Parties may request a meeting to discuss the dispute. If a Party makes such a request, the meeting may occur either remotely or in person, within ten (10) Business Days from the date of the request or

at a later time if mutually agreed. The Multistate Executive Committee shall provide a written response in advance of any meeting, unless Defendants agree to waive this requirement. The request for, or occurrence of, a meeting does not enlarge the period of time for the Multistate Executive Committee to provide its written response, although Defendants may agree to provide more than thirty (30) Days to respond. In the event the Parties do not resolve the dispute within thirty (30) Days of Defendants' receipt of the Multistate Executive Committee's written response, the dispute shall, upon written notice by the Defendants to the Multistate Executive Committee, be resolved through binding mediation in accordance with the following rules. The Parties agree that the mediator shall determine the Final Suspended Settlement Amount and that this determination shall be binding upon the Parties and that the sole purpose of the mediation shall be to resolve a dispute related to the Final Suspended Settlement Amount.

a. Mediator Selection.

i. The Multistate Executive Committee shall select a mediator. Defendants shall select a mediator. If either Party agrees to the other Party's choice of mediator, the agreed-to mediator shall mediate the dispute. If neither Party agrees to the other Party's choice of mediator, the mediator selected by the Multistate Executive Committee and the mediator selected by Defendants shall jointly select a third mediator who shall mediate the dispute.

ii. All mediators selected pursuant to Paragraph 13.a shall disclose to the Parties whether he or she has any financial or personal interest in the outcome of the mediation or whether there exists any fact or circumstance reasonably likely to create a presumption of bias. If either Party objects to a mediator jointly selected by the mediator selected by the Multistate Executive Committee and the mediator selected by Defendants due to financial or personal interest or bias, the mediator selected by the Multistate Executive Committee and the mediator selected by Defendants shall continue to jointly select mediators until neither Party objects.

b. Initiation of Mediation. Following selection of the mediator, Defendants shall submit to the mediator the notice provided to the Multistate Executive Committee pursuant to Paragraph 13 and the Multistate Executive Committee shall submit to the mediator the response provided to Defendants pursuant to Paragraph 13. Both Parties shall submit the contact information of all Parties to the dispute and the counsel, if any, who will represent them in the mediation. Either Party may submit an additional brief statement of the nature of the dispute.

c. Representation. Any party may be represented by persons of the Party's choice. Representation by counsel is not required.

d. Date, Time and Place of the Mediation. The mediator will fix the date and the time of each mediation session. The mediation will be held at a location agreed to by the Parties and the mediator and may also be held remotely.

e. Conduct of the Mediation and Authority of the Mediator. The mediator may conduct the mediation in such a manner as he or she considers appropriate, taking into account the circumstances of the case, the wishes of the Parties and the need for a speedy resolution of the dispute. The mediator is authorized to conduct both joint and separate meetings with the parties. The mediator has authority to determine the Final Suspended Settlement Amount and impose that decision on the Parties.

f. Privacy and Confidentiality.

    i. Mediation sessions are private. Persons other than the Parties and their representatives may attend only with the permission of all Parties and with the consent of the mediator.

    ii. All information, records, reports or other documents received by a mediator while serving in that capacity will be confidential. The mediator will not be compelled to divulge such records or to testify or give evidence in regard to the mediation in any adversary proceeding or judicial forum. The Parties will maintain the confidentiality of the mediation and will not rely

upon or introduce as evidence in any arbitral, judicial or other proceeding:

1. Views expressed or suggestions or offers made by another Party or the mediator in the course of the mediation proceedings;
2. Admissions made by another Party in the course of the mediation proceedings relating to the merits of the dispute; or
3. The fact that another Party had or had not indicated a willingness to accept a proposal for settlement made by another Party or by the mediator. Facts, documents or other things otherwise admissible in evidence in any arbitral, judicial or other proceeding will not be rendered inadmissible by reason of their use in the mediation.

g. Fees and Expenses. Defendants shall be responsible for all mediation fees and expenses including, without limitation, the fees and expenses of the mediator.

h. Role of Mediator in Other Proceedings. Unless all Parties agree in writing, the mediator may not act as an arbitrator or as a representative of, or counsel to, a Party in any arbitral or judicial proceedings relating to the dispute that was the subject of the mediation.

i. Governing Law. The mediation shall be governed by, construed and take effect in accordance with the laws where the mediation takes place. New York specifically agrees that such laws shall apply, even if New York is not the location of the mediation.

j. Termination. The mediation shall terminate when the mediator resolves the dispute by determining the Final Suspended Settlement Amount. The decision of the mediator shall be binding on the Parties.

14. If Defendants do not dispute the Final Suspended Settlement Amount set forth in Paragraph 12, Defendants shall pay the Final Suspended Settlement Amount within thirty (30) Days of receipt of the Final Suspended Settlement Amount Documents. If Defendants dispute the Final Suspended Settlement Amount as set forth in Paragraph 13, Defendants shall pay the Final Suspended Settlement Amount within thirty (30) Days of the mediator's determination of the amount of the Final Suspended Settlement Amount. If New York seeks two or more separate payments, Defendants shall pay New York within sixty (60) Days of receipt by Defendants of the Settlement Documents or within sixty (60) Days of the mediator's determination of the Final Suspended Settlement Amount, as applicable. Defendants shall pay the Final Suspended Settlement Amount due to New York in accordance with the Final Suspended Settlement Amount Documents.

15. The Final Suspended Settlement Amount shall, as authorized by New York State Finance Law § 4(11) and Executive Law § 63(16), be held by the Attorney General in a designated account, and be used to prevent, abate, restore,

mitigate, or control prior or ongoing air pollution affecting New York, or for other uses permitted by state law, at the sole discretion of the State of New York, as determined by the Attorney General in consultation with NYSDEC.

B. AEM INSTALLATION INCENTIVE PROGRAM

16. Defendants shall establish and maintain an AEM Installation Incentive Program pursuant to this Section IV.B.

17. Eligible Owners and Eligible Lessees whose Eligible Vehicle has received an AEM or receives an AEM between August 1, 2023 and August 31, 2026, and who submit a Valid Claim are entitled to an AEM Installation Incentive Payment. The AEM Installation Incentive Payment will be $2,000 per Eligible Vehicle. To obtain an AEM Installation Incentive Payment, Eligible Owners and Eligible Lessees must submit a Valid Claim by the Claim Submission Deadline.

18. The AEM Installation Incentive Payment is a maximum of $2,000 per Eligible Vehicle that receives the AEM between August 1, 2023 and August 31, 2026. Therefore, any Eligible Owner or Eligible Lessee whose Eligible Vehicle has received an AEM since August 1, 2023 and who has already received a payment of $2,000 per vehicle from Defendants through any prior AEM installation incentive program is not eligible to receive the AEM Installation Incentive Payment.

19. AEM Installation Incentive Program Notice.

a. Defendants or a third-party retained by Defendants shall provide notice of the AEM Installation Incentive Program via first-class, postage paid U.S. mail to: (1) as known to Defendants, Eligible Owners and

Eligible Lessees of Eligible Vehicles that received the AEM between August 1, 2023 and June 5, 2025; and (2) as known to Defendants, owners and lessees of Subject Vehicles that have not received the AEM as of June 5, 2025 (together, "Notice Recipients"). If necessary to determine accurate information, Defendants may obtain contact information for Notice Recipients from a third-party aggregator of motor vehicle registration data.

b. Notice of the AEM Installation Incentive Program shall follow the format and content of Exhibit 1 to this Judgment.

c. Defendants shall provide notice of the AEM Installation Incentive Program pursuant to Paragraph 19.a as follows.

i. No later than thirty (30) Business Days following the Effective Date, MWG Members that choose to do so may send Defendants, via the processes set forth in Paragraph 27, a letter template to be used to provide notice of the AEM Installation Incentive Program to Notice Recipients. Such template may include the New York Attorney General letterhead, seal, or other identifying information. If New York chooses to send a letter template to Defendants, New York hereby consents to receipt by Defendants and a third-party retained by Defendants of such template, and use by a third-party retained by Defendants of such template for the purpose of issuing notice of the AEM Installation Incentive Program to Notice Recipients in New York. In the event New York does not provide a

letter template to Defendants by the date set forth in this Paragraph 19.c.i, Defendants may issue the notice on a template of their choice.

ii. In no event shall Defendants be required to provide notice of the AEM Installation Incentive Program to Notice Recipients with addresses in any state, commonwealth, or territory 1) before the Effective Date of the applicable Judgment; and 2) if required under law or by applicable agreement, before the relevant state, commonwealth, or territory agency or department has provided permission for Defendants or a third-party retained by Defendants to use contact information for Notice Recipients obtained from that agency or department. The date on which the relevant agency or department provides such permission shall be referred to as the "Use of Contact Information Approval Date."

iii. If both the Effective Date and, as applicable, the Use of Contact Information Approval Date are December 31, 2025 or earlier for every state, commonwealth, or territory, Defendants shall provide notice of the AEM Installation Incentive Program within thirty (30) Business Days after the latest date by which a MWG Member must provide a letter template pursuant to Paragraph 19.c.i.

iv. If both the Effective Date and, as applicable, the Use of Contact Information Approval Date are not December 31, 2025 or earlier for every state, commonwealth, or territory:

1. For those states, commonwealths, or territories for which both the Effective Date and, as applicable, the Use of Contact Information Approval Date are December 31, 2025 or earlier, Defendants shall provide notice of the AEM Installation Incentive Program to Notice Recipients with addresses in those states, commonwealths, and territories by February 16, 2026.

2. For those states, commonwealths, and territories for which either the Effective Date or, as applicable, the Use of Contact Information Approval Date is not December 31, 2025 or earlier, Defendants shall provide notice of the AEM Installation Incentive Program to Notice Recipients with addresses in such states, commonwealths, and territories within thirty (30) Business Days after the date by which the MWG Member must provide a letter template pursuant to Paragraph 19.c.i, or the Use of Contact Information Approval Date, whichever is later.

C. INJUNCTIVE RELIEF

20. Except as otherwise stated herein, Defendants and their officers and employees are hereby enjoined as follows:

a. The Defendants and their Affiliates shall not engage in future unfair or deceptive acts or practices under New York law in connection with their dealings with consumers and state regulators, directly or indirectly, by:

i. Advertising, marketing, offering for sale, selling, offering for lease, leasing, or distributing in New York any diesel vehicle that contains a Defeat Device;

ii. Misrepresenting to consumers, or knowingly assisting Dealers in misrepresenting to consumers, that a diesel vehicle complies with United States, State or local emissions standards set forth in 40 C.F.R. § 86.1811-17, 40 C.F.R. § 86.1816-18, 13 Cal. Code Regs § 1961.2, or state or local adoption thereof, as amended from time to time;

iii. Making a materially misleading statement or omission to consumers regarding the compliance of a diesel vehicle with United States or State emissions standards set forth in 40 C.F.R. § 86.1811-17, 40 C.F.R. § 86.1816-18, 13 Cal. Code Regs § 1961.2, or state or local adoption thereof, as amended from time to time;

iv. Misrepresenting to consumers the level of emissions that a diesel vehicle emits, including that it has lower emissions than other vehicles, or a specific level(s) of emissions.

21. The Defendants and their Affiliates shall not engage in any act or practice prohibited by the US-CA Consent Decree attached hereto as Exhibit 2, to the extent enjoined by Section VI (Subject Vehicle Compliance), Section VII (Corporate Compliance), and Section VIII (Mitigation) therein, or by the Class Action settlement agreement attached hereto as Exhibit 3.

22. The Defendants shall comply with the Payments to Eligible Class Members and Contingency Payments provisions (Secs. 5.2-5.3) including the Owner/Lessee Payment, the Former Owner/Lessee Payment, and the Post-Announcement Owner/Lessee Payment of the Class Action settlement agreement.

23. Notwithstanding Paragraphs 21 and 22, the making of any determination of whether Defendants have materially violated the terms of the US-CA Consent Decree or the Class Action settlement agreement shall continue to be governed exclusively by the processes, procedures, and mechanisms described in the US-CA Consent Decree and Class Action settlement agreement, as applicable.

V. REPORTING AND NOTICES

24. Defendants shall submit to the Multistate Working Group an Interim Subject Vehicle Report and a Final Subject Vehicle Report containing a list in an Excel data spreadsheet, by Vehicle Identification Number ("VIN"), of: (1) every Subject Vehicle that Defendants assert has received an AEM from August 1, 2023 through August 31, 2026 and the state of the Dealer that installed the AEM; (2) every Subject Vehicle that Defendants assert has been permanently removed from commerce from August 1, 2023 through August 31, 2026 and the state of the Dealer last visited by the Subject Vehicle; and (3) every Subject Vehicle that Defendants assert has been purchased by Defendants from August 1, 2023 through August 31, 2026 and the state of the Dealer last visited by the Subject Vehicle. Defendants shall submit the Interim Subject Vehicle Report by January 31, 2026 and it shall include VINs of Subject Vehicles that Defendants have identified as having received

the AEM, been permanently removed from commerce, or been purchased by Defendants. Defendants shall submit the Final Subject Vehicle Report by October 31, 2026, which shall include VINs of all Subject Vehicles that Defendants assert have received the AEM, been permanently removed from commerce, or been purchased by Defendants during the period August 1, 2023 through August 31, 2026, and the state of the Dealer that installed the AEM or that was last visited by the Subject Vehicle, as applicable. All such reports and information shall be submitted by e-mail to the Connecticut, Delaware, and Maryland Attorney General's Offices to the addresses provided below in Paragraph 27. The Connecticut, Delaware, and Maryland Attorney General's Offices may provide a copy of the reports or information received from the Defendants to the Plaintiffs upon request.

25. The Final Subject Vehicle Report shall be signed by an officer or director of either Defendant and shall include the following certification:

> I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, correct, and complete. I have no personal knowledge that the information submitted is other than true, correct, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

26. Defendants shall promptly respond to the Plaintiffs' reasonable inquiries about the status of its consumers' claims submitted under the Class Action

settlement agreement. Defendants shall provide the State with contact information for a representative of the Defendants for purposes of such inquiries.

27. Any notices required to be sent to the Plaintiffs or the Defendants under this Judgment shall be sent by: (1) U.S. mail, certified mail return receipt requested, or other nationally recognized courier service that provides for tracking services and identification of the person signing for the document; or if mutually agreed, by (2) email, to the email addresses listed below. Communications enclosing or regarding the Settlement Documents, as set forth in Paragraphs 10 and 12 or any dispute therein, as set forth in Paragraph 13, may be sent by e-mail to the addresses provided below. The notices or documents shall be sent to the following addresses:

For the State of New York:

Ashley M. Gregor
Assistant Attorney General
Environmental Protection Bureau
New York State Office of the Attorney General
28 Liberty St., 19th Fl.
New York, New York 10005
Phone: (212) 416-8454
Fax: (212) 416-6007
Ashley.Gregor@ag.ny.gov

And

Noah H. Popp
Assistant Attorney General
Consumer Fraud & Protection Bureau
New York State Office of the Attorney General
28 Liberty St., 20th Fl.
New York, New York 10005
Phone: (212) 416-8915
Noah.Popp@ag.ny.gov

For the Multistate Working Group Executive Committee:

Brendan T. Flynn
Rebecca Quinn
Assistant Attorney General
Michael C. Wertheimer
Deputy Associate Attorney General / Chief of the Consumer Protection Section
Office of the Attorney General
Consumer Protection Section
165 Capitol Ave.
Hartford, Connecticut 06105
Phone: 860-808-5400
Fax: 860-808-5593
Brendan.Flynn@ct.gov
Rebecca.Quinn@ct.gov
Michael.Wertheimer@ct.gov

And

Scott Koschwitz
Assistant Attorney General
Matthew Levine
Deputy Associate Attorney General / Chief of the Environment Section
Office of the Attorney General
Environment Section
165 Capitol Ave.
Hartford, Connecticut 06106
Phone: 860-808-5250
Fax: 860-808-5386
Scott.Koschwitz@ct.gov
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Marion Quirk
Director of Consumer Protection
Delaware Department of Justice
820 N. French Street
Wilmington, DE 19801
marion.quirk@delaware.gov

Hanna Abrams
Assistant Attorney General
Consumer Protection Division
200 St. Paul Place, 16th Floor

Baltimore, MD 21202
habrams@oag.state.md.us

and

Chief
Consumer Protection Division
200 St. Paul Place, 16th Floor
Baltimore, MD 21202

For the Defendants:

Daniel W. Nelson
Stacie B. Fletcher

Gibson, Dunn & Crutcher LLP
1700 M Street, N.W.
Washington, D.C. 20036-4504 Phone : 202-955-8500
Fax : 202-467-0539
dnelson@gibsondunn.com
sfletcher@gibsondunn.com

Dirk Lindemann
Mercedes-Benz Group AG
Mercedestraße 120
Building 120, Floor 8
(HPC 096-- F 387)
70327 Stuttgart

Office of General Counsel
Mercedes-Benz USA, LLC
One Mercedes-Benz Drive
Sandy Springs, GA 30328-4312

VI. RELEASE

28. Subject to Paragraph 29 below, in consideration of the monetary and non-monetary relief described in Section IV, including the Final Suspended Settlement Amount, and the undertakings to which the Defendants have agreed in

the Class Action settlement agreement and the US-CA Consent Decree, and upon the Defendants' payment of the amount contemplated in Paragraph 10:

a. Except as provided in Paragraph 29 below, the State releases the Defendants, their Affiliates and any of the Defendants' or their Affiliates' former, present or future owners, shareholders, directors, officers, employees, attorneys, parent companies, subsidiaries, predecessors, successors, dealers, agents, assigns and representatives (collectively, the "Released Parties"), from all further UDAP Claims arising from or related to the Covered Conduct, including without limitation (i) restitution or other monetary payments or injunctive relief to consumers; and (ii) penalties, fines, restitution or other monetary payments or injunctive relief to the State.

b. Except as provided in Paragraph 29 below, the State releases the Released Parties from all Environmental Claims arising from or related to the Covered Conduct, including, without limitation, injunctive relief, penalties, fines, restitution, or other monetary payments.

29. The State of New York reserves, and this Judgment is without prejudice to, all claims, rights, and remedies against Defendants, and Defendants reserve, and this Judgment is without prejudice to, all defenses with respect to all matters not expressly released in Paragraph 28, including, without limitation:

a. any claims arising under state tax laws;

b. any claims for the violation of securities laws;

c. any criminal liability;

d. any civil claims unrelated to the Covered Conduct;

e. any action to enforce this Judgment and subsequent, related orders or judgments; and

f. any claims alleging violations of state or federal antitrust laws.

VII. DISPUTE RESOLUTION

30. If either the Attorney General or NYSDEC (the "Relevant State Agency") believe(s) that the Defendants have failed to comply with any provision of this Judgment, and if in the Relevant State Agency's sole discretion, the failure to comply does not threaten the health or safety of the citizens of the State of New York and/or does not create an emergency requiring immediate action, the Relevant State Agency shall provide notice to the Defendants of such alleged failure to comply as well as notice to the other state agency. The Defendants shall have thirty (30) Days from receipt of such notice to provide a good faith written response, including either: (1) a statement that the Defendants believe they are in full compliance with the relevant provision; or (2) a statement explaining the violation's likely cause, how the violation has been addressed or how it will be addressed, and what the Defendants will do to prevent the violation from occurring again. Within the thirty (30) Day period, the Defendants may request a meeting to discuss the alleged violation. If the Defendants make such a request, the Relevant State Agency may meet with the Defendants, either by phone or in person, within ten (10) Business Days from the date of Defendant's request or at a later time if mutually agreed. The Defendants shall provide their written response in advance of any

meeting with the Relevant State Agency, unless the Relevant State Agency agrees to waive this requirement. The request for, or occurrence of, a meeting does not enlarge the period of time for Relevant State Agency to provide its written response, although the Relevant State Agency may agree to provide the Defendants with more than thirty (30) Days to respond. The Relevant State Agency shall receive and consider the response from the Defendants prior to initiating any proceeding for any alleged failure to comply with this Judgment.

31. Nothing in this Section shall be construed to limit the authority of either the Attorney General or NYSDEC under New York law including its authority provided under the consumer protection and environmental protection laws and to issue investigative subpoenas.

VIII. MISCELLANEOUS

32. The provisions of this Judgment shall be construed in accordance with the laws of New York.

33. This Judgment is made without (i) trial or adjudication of any issue of fact or law; (ii) admission of any issue of fact or law; or (iii) finding of wrongdoing or liability of any kind.

34. The Plaintiffs acknowledge that Defendants have provided sufficient information to resolve the Covered Conduct and the State agrees not to initiate or pursue any additional discovery from Defendants related to the Covered Conduct; provided, however, nothing in this Judgment shall limit the Plaintiffs' right to obtain information, documents, or testimony from the Defendants pursuant to any

state or federal law, regulation, or rule concerning the claims reserved in Paragraph 29, or to evaluate the Defendants' compliance with the obligations set forth in this Judgment.

35. Defendants agree not to deduct the New York Settlement Amounts in calculating their state or local income taxes in New York.

36. Nothing in this Judgment releases any private rights of action asserted by entities or persons not releasing claims under this Judgment, nor does this Judgment limit any defense available to the Defendants in any such action.

37. The Parties agree that this Judgment does not enforce the laws of other countries, including the emissions laws or regulations of any jurisdiction outside the United States. Nothing in this Judgment is intended to apply to, or affect, Defendants' obligations under the laws or regulations of any jurisdiction outside the United States. At the same time, the laws and regulations of other countries shall not affect Defendants' obligations under this Judgment.

38. Nothing in this Judgment constitutes an agreement by the State concerning the characterization of the amounts paid hereunder for purposes of any proceeding under the Internal Revenue Code or any state tax laws. The Judgment takes no position with regard to the tax consequences of the Judgment with regard to federal, state, local and foreign taxes.

39. Nothing in this Judgment shall be construed to waive any claims of sovereign immunity any party may have in any action or proceeding.

40. Any failure by any party to this Judgment to insist upon the strict performance by any other party of any of the provisions of this Judgment shall not be deemed a waiver of any of the provisions of this Judgment.

41. Nothing in this Judgment shall constitute an admission or finding of fact or an admission or finding that Defendants have engaged in or are engaged in a violation of law.

42. This Judgment, which constitutes a continuing obligation, is binding upon the Plaintiffs and Defendants, and any of Defendants' respective successors, assigns, or other entities or persons otherwise bound by law.

43. Aside from any action stemming from compliance with this Judgment and except in the event of a Court's material modification of this Judgment, the Parties waive all rights of appeal or to re-argue or re-hear any judicial proceedings upon this Judgment, any right they may possess to a jury trial, and any and all challenges in law or equity to the entry of this Judgment. The Parties will not challenge or appeal (i) the entry of the Judgment, unless the Court modifies the substantive terms of the Judgment, or (ii) the Court's jurisdiction to enter and enforce the Judgment.

44. The terms of this Judgment may be modified only by a subsequent written agreement signed by all Parties. Where the modification constitutes a material change to any term of this Judgment, it will be effective only by written approval of all Parties and the approval of the Court.

45. Consent to this Judgment does not constitute approval by the Attorney General of the Defendants' business acts and practices, and Defendants shall not represent this Judgment as such an approval.

46. In entering into this Judgment, the Defendants have made no admission of law or fact. The Defendants shall not take any action or make any statement denying the legitimacy of this Judgment. Nothing in this paragraph affects the Defendants' right to take legal or factual positions in defense of litigation or other legal, administrative or regulatory proceedings, or any person's testimonial obligations.

47. Nothing in this Judgment shall create or give rise to a private right of action of any kind or create any right in a non-party to enforce any aspect of this Judgment or claim any legal or equitable injury for a violation of this Judgment. The exclusive right to enforce any violation or breach of this Judgment shall be with the parties to this Judgment and the Court.

48. Nothing in this Judgment shall relieve the Defendants of their obligation to comply with all federal, state or local law and regulations.

49. If any portion of this Judgment is held by a court of competent jurisdiction to be invalid by operation of law, the remaining terms of this Judgment shall not be affected and shall remain in full force and effect, unless the portion found to be invalid is of such material effect that this Judgment cannot be performed in accordance with the intent of the Parties in the absence of any such provision.

50. This Judgment supersedes all prior communications, discussions or understandings, if any, of the Parties, whether oral or in writing.

51. Any filing or related court costs imposed shall be paid by the Defendants. Each of the persons who signs his/her name below affirms that he/she has the authority to execute this Judgment on behalf of the Party whose name appears next to his/her signature and that this Judgment is a binding obligation enforceable against said Party under New York law. The signatory from the New York Attorney General's Office represents that he/she has the authority to execute this Judgment on behalf of the State and that this Judgment is a binding obligation enforceable against the State under New York law.

IX. TERMINATION

52. Termination of Paragraphs 21, 22, 23, and 26 shall occur upon termination of the US-CA Consent Decree and the Class Action settlement agreement, as applicable. Termination of Section IV.B (the AEM Installation Incentive Program) shall occur on October 31, 2026. Termination of Paragraphs 24 and 25 (Subject Vehicle Reporting) shall occur upon payment of the Final Suspended Settlement Amount provided pursuant to Paragraph 14.

IT IS SO ORDERED. JUDGMENT is hereby entered in accordance with the foregoing.

By the Court:

_____

Justice, Supreme Court

Dated:

The Undersigned Parties enter into this Consent Judgment in the matter of *People of the State of New York et al. v. Mercedes-Benz USA, LLC, and Mercedes-Benz Group AG*.

LETITIA JAMES
ATTORNEY GENERAL
STATE OF NEW YORK
Attorney for Plaintiffs

Dated: New York, New York
December 19, 2025

By: _____
Ashley M. Gregor
Assistant Attorney General
Lisa M. Burianek
Deputy Bureau Chief
Environmental Protection Bureau
Office of the Attorney General
28 Liberty Street, 19th Floor
New York, New York 10005
Phone: (212) 416-8454
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Lisa.Burianek@ag.ny.gov

Dated: New York, New York
December 19, 2025

By: _____
Noah H. Popp
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Consumer Fraud and Protection Bureau
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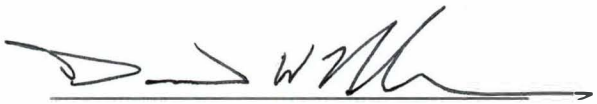
Attorneys for Defendants

Dated: December 19, 2025



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SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF ALBANY

THE PEOPLE OF THE STATE OF NEW YORK and the NEW YORK STATE DEPARTMENT OF ENVIRONMENTAL CONSERVATION, by LETITIA JAMES, Attorney General of the State of New York,

Plaintiffs,

v.

MERCEDES-BENZ USA, LLC and MERCEDES-BENZ GROUP AG,

Defendants.

COMPLAINT

Index No.

The People of the State of New York and the New York State Department of Environmental Conservation (together, "the State"), by Letitia James, Attorney General of the State of New York bring this action against defendants Mercedes-Benz USA, LLC ("Mercedes-Benz USA") and Mercedes-Benz Group AG ("Mercedes AG") (collectively, "Mercedes"), and allege the following:

I. PRELIMINARY STATEMENT

1. From 2008 through 2017, Mercedes deceptively certified, marketed, and sold more than 200,000 light-duty trucks and passenger diesel vehicles with selective catalytic reduction technology called "BlueTEC Diesel Technology" (the "Diesel Vehicles") in the United States, including approximately 19,237 Diesel Vehicles registered in New York, that failed to comply with state and federal laws and regulations governing vehicle emissions and certifications, resulting in thousands of tons of excess air pollution. The Diesel Vehicles include sport utility

vehicles, minivans, cargo vans, and sedans that employed Mercedes' BlueTEC diesel engine system across model years ("MY") 2009 through 2016.

2. Mercedes designed, deployed, and then concealed from the public and state and federal regulators software in the Diesel Vehicles intended to circumvent state and federal emission standards, such that the Diesel Vehicles' emissions would appear to be within legal limits during regulatory test cycles, but the software would suppress emission controls outside of those test cycles (off-cycle) in normal, real-world operations. Mercedes also failed to disclose to regulators other software functions—auxiliary emission control devices ("AECDs")—some of which significantly affected the Diesel Vehicles' emission control systems.

3. As a result of Mercedes' conduct, in real-world operations, the Diesel Vehicles could emit up to 30 to 40 times the legal limits of nitrogen oxides (NO_x), a harmful pollutant that can cause respiratory illness and premature death and that contributes to the formation of smog and particulate matter, pollutants that also harm human health.

4. Mercedes engaged in this unlawful conduct to: (a) obtain through deceptive means certifications from state and federal regulators to market and sell the Diesel Vehicles in the United States, including in New York; (b) conceal that the Diesel Vehicles did not comply with applicable state and federal emission standards, subjecting New York residents and others to greater air pollution and the related health risks; and (c) mislead consumers into believing that the Diesel Vehicles were environmentally-friendly purchases.

5. The State brings this action against Mercedes pursuant to: (a) Article 19 of the New York State Environmental Conservation Law ("ECL"), which protects New York's air quality, and its implementing regulations at Title 6 of the New York Codes, Rule and Regulations ("NYCRR") Parts 200 *et seq*., including the "Emission Standards for Motor Vehicles and Motor Vehicle Engines" set forth in 6 NYCRR Part 218; (b) New York's Vehicle and Traffic Law ("VTL") sections 375.28-a and 375.28-c, which require motor vehicles to be equipped with compliant emission control systems and prohibit tampering with those systems; (c) General Business Law ("GBL") Article 22-A, sections 349 and 350, which prohibit deceptive acts and practices and false advertising in the conduct of business in New York State; and (d) Executive Law section 63(12), which prohibits repeated or persistent fraud or illegality in the transaction of business in New York State.

II. PARTIES

6. Plaintiff State of New York is a sovereign entity that brings this action on behalf of its residents.

7. Plaintiff New York State Department of Environmental Conservation ("NYSDEC") is an executive agency of the State of New York and is authorized to administer and enforce the ECL and its implementing regulations.

8. The New York Attorney General is the chief law enforcement officer of the State of New York and is authorized to bring this action pursuant to ECL §§ 71-2103 and 71-2107, GBL §§ 349 and 350-d, and Executive Law § 63(12).

9. Defendant Mercedes AG is an international automotive company that designs, engineers, manufactures, imports, distributes, sells, and leases motor

vehicles under brands including Mercedes-Benz. Mercedes AG is organized under the laws of Germany and is headquartered in Stuttgart, Baden-Württemberg, Germany. Mercedes AG owns and controls defendant Mercedes-Benz USA.

10. Defendant Mercedes-Benz USA is a Mercedes AG subsidiary that designs, engineers, manufactures, imports, distributes, sells, and leases vehicles in the United States, including in New York, under the Mercedes-Benz brand and others. Mercedes-Benz USA is a Delaware limited liability company with a principal place of business and headquarters located in Sandy Springs, Georgia.

III. JURISDICTION AND VENUE

11. Mercedes designed, manufactured, imported, distributed, warranted, offered for sale and/or lease, and sold and made available for lease the Diesel Vehicles with the knowledge and intent to market and sell them in all 50 states, including through its car dealership agents in New York.

12. This Court has jurisdiction over the subject matter of this action, personal jurisdiction over Mercedes, and authority to grant the relief requested pursuant to ECL §§ 71-2103 and § 71-2107, CPLR § 301, GBL §§ 349(b) and 350-d, and Executive Law § 63(12).

13. At all relevant times, Mercedes has purposefully availed itself of this forum. Among other things, Mercedes AG controlled and/or directed its wholly owned subsidiary Mercedes-Benz USA in its design, development, certification, marketing, offer, sale, and lease of the Diesel Vehicles within New York.

14. In addition, Mercedes-Benz USA transacted business in New York through at least 20 car dealerships, which act as its agents in selling and leasing

vehicles, including the Diesel Vehicles, and in disseminating marketing messaging and materials and vehicle information to customers. Mercedes-Benz USA also directly operates a dealership in midtown Manhattan in New York City.

15. Accordingly, the exercise of specific jurisdiction over Mercedes is consistent with due process.

16. Venue lies in Albany County pursuant to CPLR § 503(a) because the State has offices in Albany and NYSDEC is headquartered in Albany.

IV. BACKGROUND AND FACTUAL ALLEGATIONS

A. The Combustion Process in Diesel Engines Produces High Levels of Nitrogen Oxides (NO_x) that Can Harm Human Health and the Environment.

17. Diesel engines have inherent trade-offs between power, fuel efficiency, and emissions. Compared to gasoline engines, diesel engines generally produce greater power and higher fuel efficiency—but these benefits come at the cost of dirtier and more harmful vehicle emissions.

18. Diesel engines produce particularly high levels of NO_x, which is a key contributor to ground-level ozone and fine particulate matter pollution, both of which have significant detrimental effects on human health and the environment.

19. NO_x combines in the atmosphere with volatile organic compounds in a complicated reaction in the presence of heat and sunlight to form ozone, which, at the ground-level, is a major component of urban smog that harms the public health and damages the environment. Ground-level ozone pollution contributes to many human respiratory health problems, including chest pains, shortness of breath, coughing, nausea, throat irritation, and increased susceptibility to respiratory

infections and illnesses, such as asthma. This pollution also disproportionately affects vulnerable members of society, particularly children and the elderly.

20. Portions of New York, including the New York City metropolitan area, are in nonattainment with national ambient air quality standards for ground-level ozone pollution. Warmer temperatures associated with climate change will further exacerbate ozone pollution by creating more favorable conditions for ozone formation.

21. NO_x emissions also cause eutrophication and excess nutrient loading in coastal and other waters; reduce the diversity of fish and other life in these waters; and, along with sulfur dioxide found in the atmosphere from other sources, contribute to the creation of fine nitrate and sulfate particles.

22. Like ozone, fine particulates affect New York residents by causing human respiratory distress, cardiovascular disease, and even premature mortality. Fine nitrate and sulfate particles are also toxic to aquatic life and vegetation.

B. Vehicle Manufacturers Must Limit Harmful NO_x Emissions and Disclose Software Functions to Regulators to Obtain Certification to Market and Sell Their Vehicles in the United States.

23. Because of the serious health and environmental impacts of NO_x emissions, state and federal emission standards impose not-to-exceed limits.

24. Vehicle manufacturers must certify to the U.S. Environmental Protection Agency ("EPA") and the California Air Resources Board ("CARB") that their motor vehicles comply with those standards to obtain EPA-issued certificates of conformity and CARB-issued executive orders. Those standards also mandate certain durability requirements for the engine and its components.

25. The federal Clean Air Act permits California to obtain preemption waivers from EPA to adopt and enforce its own emission standards for motor vehicles, which must meet or exceed the federal standards. Other states are allowed to adopt California's standards. Thus, to sell vehicles in California and any state that has adopted California's standards, manufacturers must certify to CARB that their vehicles comply with California's NO_x standards.

26. For the Diesel Vehicles, EPA's Tier 2 Bin 5 emission standard imposes a NO_x emission limit of 0.05 grams per mile (g/mi) at a Durability Vehicle Basis of 50,000 miles and 0.07 g/mi at 120,000 miles. California's Low-Emission Vehicle ("LEV") II emission standard imposes these same limits for the Diesel Vehicles for MY 2009 to 2014. For MY 2015 to 2016, California's LEV III standard imposes a combined limit for NO_x and non-methane organic gases (another contributor to ozone and smog pollution) of 0.160 g/mi at a Durability Vehicle Basis of 150,000 miles.

27. CARB also requires vehicles to be equipped with on-board diagnostic systems that monitor emissions systems for the life of the vehicle and that can detect malfunctions in those emission control systems and notify the driver or mechanic when emissions exceed certain designated levels.

28. Some states, including New York, enforce the State of California's LEV Regulations, including but not limited to the LEV II and LEV III standards, by adopting their own corresponding regulations, as expressly permitted by Congress in Section 177 of the Clean Air Act, 42 U.S.C. § 7507 ("Section 177"). The State of

New York has duly adopted the California standards pursuant to ECL §§ 1-0101, 1-0303, 3-0301, 19-0103, 19-0105, 19-0107, 19-0301, 19-0303, 19-0305, 19-1101, 19-1103, 19-1105, 71-2103, and 71-2105 and 42 U.S.C. § 7507.

29. Thus, to sell vehicles in states that have adopted California's LEV regulations, including New York, vehicle manufacturers must: (a) certify to CARB that their motor vehicles comply with CARB's emission and on-board diagnostic certification requirements and test procedures; (b) obtain CARB approvals for each model year and for each test group showing that they are certified as meeting the emission requirements of the applicable California LEV Regulations, and as meeting the diagnostic requirements of the applicable on-board diagnostic regulations; (c) obtain valid "environmental performance labels" disclosing their smog and global warming scores in accordance with the California LEV Regulations; (d) obtain valid "emission control labels" showing that they are certified for sale in California under the California LEV Regulations; and (e) warrant that the vehicles shall comply over their warranty term with all requirements of the California LEV regulations. *See generally* California Code of Regulations ("CCR") Title 13, §§ 1900 *et seq*.

C. The Law Requires Manufacturers to Disclose All AECDs and Prohibits the Use of Defeat Devices.

30. An auxiliary emission control device or "AECD" is any element of design that senses temperature, vehicle speed, engine speed, transmission gear, or any other parameter for the purpose of activating, modulating, delaying, or deactivating the operation of any part of the emission control system.

31. State and federal vehicle emission regulations require vehicle manufacturers to make extensive written disclosures regarding the existence of, impact of, and justification for any devices, including AECDs, that affect the operation of the emission control system.

32. CARB's emission certification requirements and test procedures require, among other things, that vehicle manufacturers disclose in their certification applications for emission compliance all AECDs used in their vehicles. Specifically, manufacturers must:

a. list all AECDs installed on their vehicles, and include for each a justification and a rationale for why it is not a defeat device; and

b. list the parameters that each AECD senses and controls.

33. CARB regulations likewise require vehicle manufacturers to disclose in their on-board diagnostic certification applications all AECDs used in their vehicles, along with inputs that invoke each AECD, a justification for and explanation of each AECD, the frequency of each AECD's operation, and the anticipated emission impact of each AECD.

34. CARB's emission certification requirements and test procedures further prohibit the use of all "defeat devices." In relevant part, a defeat device is any AECD that uses illegal "cycle recognition" technology to increase emission controls when a vehicle is on a formal emissions test cycle but circumvent or reduce the effectiveness of the emission control system under normal vehicle operation.

35. Vehicles equipped with undisclosed AECDs or defeat devices may not be certified for sale in New York or in any other state.

D. Diesel Vehicle Manufacturers Use Multiple Emission Control Strategies to Reduce NO_x Emissions.

36. To meet relevant emission standards, diesel vehicle manufacturers must balance the goal of implementing effective NO_x reduction controls and strategies (which can place strain on the engine and its components) against the goal of meeting engine durability requirements.

37. Each Diesel Vehicle had emission control hardware controlled by software incorporated into the engine electronic control modules supplied by Robert Bosch LLC and/or Robert Bosch GmbH.

38. One component of the emission control system operates in the engine itself: "exhaust gas recirculation" reduces NO_x emissions by redirecting exhaust back into the engine's intake system and mixing it with fresh air, thereby reducing the amount of oxygen in the engine, lowering the combustion temperature, and reducing the creation of NO_x.

39. The other main component of the emission control system is the "after-treatment system," which treats exhaust gas after it exits the engine. The after-treatment system operates through a process known as "selective catalytic reduction," whereby an aqueous ammonia solution is injected into the exhaust stream after combustion but prior to emission from the tailpipe of the motor vehicle, to produce a chemical reaction that reduces NO_x to nitrogen and water. The ammonia solution is known as diesel exhaust fluid, or "DEF."

40. While both exhaust gas recirculation and after-treatment technologies have emission-related advantages (reducing NO_x emissions), each also has drawbacks (including reduced fuel economy and increased maintenance) that impose engineering and marketing challenges.

41. Mercedes did not lawfully address the engineering trade-offs and challenges posed by the available diesel technology and applicable emission standards. Instead, Mercedes opted to employ defeat device strategies in the Diesel Vehicles to meet design and performance targets.

E. Mercedes Made False and Misleading Certifications to Regulators Concerning the Diesel Vehicles.

42. Mercedes, either directly or through its predecessors and agents, designed BlueTEC engine systems that it installed in the Diesel Vehicles. Mercedes also conducted emissions testing on the Diesel Vehicles.

43. In designing the Diesel Vehicles for the U.S. market, Mercedes sought to achieve design and performance goals—including increased fuel efficiency and reduced maintenance—that it was unable to meet while complying with applicable NO_x emission standards.

44. Instead of investing the time and resources needed to meet its design objectives while complying with emission standards, Mercedes implemented multiple undisclosed (or deceptively and incompletely disclosed) AECDs that operated to optimize emission controls during formal emissions tests, but to reduce the effectiveness of these controls off-cycle in real-world driving conditions. As

calibrated, these undisclosed AECDs, when used alone or in combination, constituted illegal defeat devices.

45. Specifically, Mercedes employed a "dual dosing" strategy to avoid trade-offs necessary to lawfully control NO_x emissions. The company programmed the Diesel Vehicles with two modes: in "fill-level mode," the after-treatment system operated at high capacity with sufficient exhaust fluid dosing to remove NO_x from the exhaust stream; and in "pre-control mode," the after-treatment system operated at diminished capacity with low levels of diesel exhaust fluid dosing, resulting in excess NO_x emissions.

46. Through multiple undisclosed AECDs, which acted as defeat devices, the Diesel Vehicles were designed to detect parameters consistent with formal emission test cycles and turn on the fill-level mode in these conditions—thus, appearing to comply with emission standards—while otherwise reverting to pre-control mode, resulting in significant excess NO_x emissions in real-world driving conditions.

47. By using these defeat devices to revert to pre-control mode in real-world driving conditions, Mercedes avoided trade-offs in vehicle performance and maintenance that can result from proper operation of NO_x controls—thereby artificially improving vehicle performance in the form of increased torque and fuel economy, and (by reducing diesel exhaust fluid consumption) increasing the service interval for the Diesel Vehicles.

48. To further avoid detection, Mercedes used undisclosed functions in the Diesel Vehicles' on-board diagnostic systems to prevent those systems from notifying vehicle operators and repair technicians (through the malfunction indicator lamp, or "check engine light") of excess NO_x emissions and other emission control failures that resulted from the defeat devices.

49. In addition to the defeat devices, Mercedes also hid from and/or failed to fully disclose to regulators multiple other AECDs that affected the Diesel Vehicles' emission control systems. These included functions designed to shut down the exhaust gas recirculation system after extended use and to reduce diesel exhaust fluid dosing in the after-treatment system as the Diesel Vehicles aged—again, with the purpose of boosting performance and reducing maintenance.

50. Although these additional undisclosed AECDs might not themselves qualify as "defeat devices" designed to detect the test cycle, these functions worked in concert with the defeat devices and—because they resulted in excess NO_x emissions—they would not have been approved by regulators if disclosed.

51. Notwithstanding the presence of the defeat devices and other undisclosed AECDs, Mercedes sought and obtained approvals of the Diesel Vehicles under applicable EPA and CARB emission standards by submitting certifications like the ones below:

S-14: Request for Certificate

S-14-01: Request for Certificate

Mercedes-Benz requests that EPA issues a certificate of conformity and that ARB issues an executive order for the test group listed on the cover page of this application.

The applicable test results are listed in section 07. The test group complies with all applicable regulations contained within 40 CFR Part 86. Production vehicles are in all material respects the same as the certification test vehicles. The application is current as of this date.

52. Mercedes' submissions to EPA and CARB—and, by way of submission to CARB, to NYSDEC—for certification of the Diesel Vehicles did not disclose the Defeat Devices or the other undisclosed AECDs.

53. Further, to obtain EPA and CARB approvals, Mercedes warranted that the Diesel Vehicles were designed, built, and equipped to meet the emission standards in Section 177 States. Mercedes further offered warranties to consumers regarding the Diesel Vehicles' performance and defects, representing that the Diesel Vehicles' emission control systems would operate properly to control emissions.

54. Mercedes knew, or should have known, that these certifications contained false statements or omissions related to the Diesel Vehicles' emissions or AECDs.

55. In 2016, EPA and CARB discovered defeat devices in the Diesel Vehicles through testing conducted at EPA's National Vehicle and Fuel Emissions Laboratory in Ann Arbor, Michigan and at CARB's test laboratory in El Monte, California.

56. On September 14, 2020, EPA, through the U.S. Department of Justice, and the State of California and CARB, through the California Attorney General, filed complaints against Mercedes and simultaneously lodged a consent decree and

partial consent decree, respectively, to address Mercedes' violations of federal and California emission standards. The U.S. District Court for the District of Columbia consolidated the California action with the federal action. On December 17, 2020, EPA filed its motion for an order entering a consent decree. California subsequently filed its motion for an order entering the partial consent decree. Mercedes did not oppose either motion.

57. On March 9, 2021, the U.S. District Court for the District of Columbia granted EPA's and California's motions. As more fully set forth in the US-CA Consent Decree (*United States, et al., v. Mercedes AG, et al.*, No. 1:20-cv-02564 (D.D.C.)) and the California Partial Consent Decree (*People of the State of California v. Mercedes AG, et al.*, No. 1:20-cv-02565 (D.D.C.)), Mercedes has agreed to offer to owners and lessees of the Diesel Vehicles an Approved Emissions Modification that is expected to ensure the Vehicles comply with Clean Air Act and California Health and Safety Code emissions requirements and to offer a comprehensive emissions warranty for the Diesel Vehicles that receive the Approved Emissions Modification; and Mercedes has agreed to engage in Environmental Mitigation Projects to fully mitigate any lifetime excess emissions of NO_x from the Diesel Vehicles in the United States;

F. Mercedes Deceived Consumers by Marketing the Diesel Vehicles as Environmentally Friendly and the World's Cleanest Diesel Vehicles, Among Other Claims, Even Though the Diesel Vehicles Unlawfully Polluted the Air.

58. Mercedes' advertisements, promotional campaigns, and public statements represented, among other things, that the Diesel Vehicles had high fuel

economy; produced low emissions; reduced NO_x by 90%; had lower emissions compared to other diesel vehicles; and had lower emissions compared to gasoline vehicles.

59. Specifically, Mercedes claimed that they offered consumers "the world's cleanest diesel automobiles." Mercedes represented to consumers that its BlueTEC Diesel Vehicles have "ultra-low emissions," emitting up to 90% fewer emissions than equivalent gas-powered vehicles. Mercedes further claimed that the BlueTEC Diesel Vehicles convert nitrous oxide emissions into "pure, earth-friendly nitrogen and water."

60. In its messaging to consumers, Mercedes consistently touted its role in advancing "green" technologies, like BlueTEC Clean Diesel engines.

61. For instance, Mercedes referred to its BlueTEC engine as "[e]arth-friendly, around the world."

62. A technical description of BlueTEC diesel engines available on the Mercedes-Benz website proclaimed: "BlueTEC—the world's cleanest diesel engines. Environmentally-friendly technology, without sacrificing performance or driving pleasure."

63. A 2009 website designed for Mercedes-Benz pictured a 2009 ML320 BlueTEC Clean Diesel driving in the sky through clouds, with the title, "Why you should go BLUE if you want to go green."

64. In a brochure for a 2016 Sprinter, Mercedes claimed: "Thanks to BlueTEC clean-diesel technology, the Sprinter is one of the greenest vans in the land."

65. In addition to promoting sales through deceptive advertisements, Mercedes also subjected consumers to additional misrepresentations at the point of sale and beyond.

66. Window stickers affixed to each Diesel Vehicle offered for sale or lease in the United State also displayed average "smog ratings" when, in fact, the Diesel Vehicles NO_x ratings far exceeded the applicable standards.

V. STATUTORY AND REGULATORY FRAMEWORK

A. New York Environmental Laws Require Motor Vehicles to Meet Air Emission Standards and Mandate Substantial Penalties for Violations.

67. Pursuant to ECL § 19-0301 and Section 177 of the federal Clean Air Act, 42 U.S.C. § 7507, New York has incorporated into state law, and enforces under its sovereign powers, automobile emission standards identical to those enacted in California. These standards are generally more stringent than those promulgated by EPA, which are applicable in those states that have not chosen to incorporate and implement California's standards. As a result, vehicles sold or registered in New York must meet California's emission standards, and violations of such standards are violations of New York law.

68. At all times relevant to the allegations in this Complaint, New York has incorporated the California automobile emission standards, which are found at CCR title 13, §§ 1900 *et seq.*, into New York's Emission Standards for Motor

Vehicles and Motor Vehicle Engines regulations at 6 NYCRR Part 218 and § 200.9, promulgated under Article 19 of the ECL. Through ECL Article 19, its implementing regulations, and related provisions of law, New York has established a comprehensive regulatory scheme designed to achieve clean air by, among other things, controlling the amount of air contaminants, like NO_x, that are emitted from motor vehicles. Specifically, in relevant part:

69. 6 NYCRR § 218-2.1(a) forbids any person from selling, registering, offering for sale or lease, importing, delivering, purchasing, renting, leasing, acquiring, or receiving a new or used motor vehicle that is not certified as meeting certain of California's emission regulations (incorporated by reference at 6 NYCRR § 200.9), including:

a. 13 CCR §§ 1960.1, 1960.1.5, 1960.1(g)(2), 1961, and 1961.2, which set forth limitations on the emission of various air contaminants, including NO_x, from passenger vehicles and vehicle fleets; and

b. 13 CCR §§ 1968.1 and 1968.2, which set forth various requirements for the functioning of the on-board diagnostic systems on passenger vehicles.

70. 6 NYCRR § 218-11.1 makes it unlawful for any person to sell, register, offer for sale or lease, import, deliver, purchase, rent, lease, acquire or receive a passenger car in New York unless an environmental performance label has been affixed pursuant to the requirements of 13 CCR § 1965.

71. 6 NYCRR § 200.3 prohibits any person from making a false statement in connection with applications, plans, specifications or reports submitted pursuant to New York's air pollution regulations.

72. 6 NYCRR § 218-6.2 makes it unlawful for any person to disconnect, modify, or alter any air contaminant emission control system for motor vehicles required by the New York air pollution regulations, except when necessary to repair the vehicle. Additionally, this section requires the air contaminant emission control system on all motor vehicles in New York to be correctly installed and maintained in operating condition.

73. Pursuant to ECL § 19-0303 and VTL § 301(a), motor vehicles in New York must be inspected annually for safety and at least biennially for air emissions compliance.

74. VTL § 375.28-a forbids any person from removing, dismantling, or otherwise causing to be inoperative any equipment or feature constituting an operational element of a motor vehicle's air pollution control system or mechanism required by state or federal law or by any rules or regulations promulgated pursuant thereto.

75. VTL § 375.28-c requires that, "[e]xcept where inconsistent with federal law, rules and regulations, every motor vehicle registered in the state and manufactured or assembled after June thirty, nineteen hundred sixty-seven and known as a nineteen hundred sixty-eight or subsequent model shall be equipped

with an air contaminant emission control system of a type approved by the state commissioner of environmental conservation."

76. 6 NYCRR § 211.1 more generally prohibits any person from "caus[ing] or allow[ing] emissions of air contaminants into the outdoor atmosphere of such quantity, characteristic or duration which are injurious to human, plant or animal life or to property, or which unreasonably interfere with the comfortable enjoyment of life or property."

77. ECL §§ 71-2103 and 71-2107 authorize civil penalties and injunctive relief for violations of New York's air pollution regulations. VTL § 1800(b) directs that violations of that statute's provisions constitute a traffic infraction with attendant fines and other penalties.

78. The Attorney General of New York is authorized to recover penalties and seek injunctive relief to remedy violations of ECL article 19 and implementing regulations. ECL §§ 71-2103(2), 71-2107.

79. The Attorney General is also authorized to seek injunctive relief and, where provided for in the underlying statute or regulation, penalties to remedy repeated illegality in the conduct of business, including violations of the Environmental Conservation Law, its implementing regulations, and the Vehicle and Traffic Law, pursuant to Executive Law § 63(12).

B. General Business Law Article 22-A, Sections 349 and 350 Prohibit Deceptive Acts and Practices and False Advertising.

80. GBL § 349 prohibits deceptive acts and practices in the conduct of any business, trade, or commerce and authorizes the Attorney General to commence an action to enjoin further violations and to seek restitution and costs.

81. GBL § 350 prohibits false advertising in the conduct of any business, trade or commerce or in the furnishing of any service in the State of New York.

82. GBL § 350-a defines false advertising as advertising which is "misleading in a material respect."

83. In determining whether advertising is misleading, GBL § 350-a provides that the court must take "into account (among other things) not only representations made by statement, word, design, device, sound or any combination thereof, but also the extent to which the advertising fails to reveal facts material in the light of such representations with respect to the commodity or employment to which the advertising relates under the conditions prescribed in said advertisement, or under such conditions as are customary and usual."

84. For both deceptive acts and practices under GBL § 349 and false advertising under GBL § 350, statements or omissions need not rise to the level of fraud, but need only be likely to mislead a reasonable consumer acting reasonably under the circumstances.

85. GBL § 350-d provides for the assessment of a civil penalty of $5,000 for each deceptive act or practice or false advertisement in violation of GBL §§ 349 or 350.

86. In any action or proceeding pursuant to GBL §§ 349 and 350, pursuant to CPLR § 8303(a)(6), the Attorney General is also entitled to recover $2,000 against each defendant, whether or not other costs have been awarded.

C. New York's Executive Law Section 63(12) Prohibits Repeated or Persistent Fraud or Illegality in the Transaction of Business.

87. Executive Law § 63(12) authorizes the Attorney General to bring an action to enjoin repeated or persistent fraud or illegal conduct in the carrying on, conducting, or transaction of business.

88. Executive Law § 63(12) defines the terms "fraud" or "fraudulent" as "any device, scheme or artifice to defraud and any deception, misrepresentation, concealment, suppression, false pretense, false promise or unconscionable contractual provisions."

89. Although fraud under § 63(12) includes common law fraud, it is not necessary to establish the traditional elements of common law fraud, such as intent to deceive or reliance. The test of fraudulent conduct under § 63(12) is whether the act or practice has the capacity or tendency to deceive, or creates an atmosphere conducive to fraud.

90. "Illegal" conduct under Executive Law § 63(12) includes the violation of any state, federal, or local law or regulation.

91. Under Executive Law § 63(12), "repeated" fraud or illegality means the repetition of separate and distinct acts or conduct that affects more than one person, and "persistent" fraud or illegality means the continuance or carrying on of any fraudulent or illegal act or conduct.

92. Executive Law § 63(12) provides for injunctive relief, restitution, damages, disgorgement of profits, and other appropriate equitable relief.

93. In any action pursuant to Executive Law § 63(12), the Attorney General is also entitled to recover $2,000 against each defendant pursuant to CPLR § 8303(a)(6).

VI. CAUSES OF ACTION

COUNT I

PURSUANT TO ECL §§ 71-2103 AND 71-2107: VIOLATIONS OF NEW YORK STATE EMISSION STANDARDS AND ON-BOARD DIAGNOSTIC REQUIREMENTS (Against All Defendants)

94. The State repeats and re-alleges the allegations in the foregoing paragraphs as if fully set forth herein.

95. Pursuant to 6 NYCRR §§ 218-2.1 and 200.9, motor vehicles or motor vehicle engines may not be sold, registered, offered for sale or lease, imported, delivered, purchased, rented, leased, acquired, or received in New York unless they have been certified as complying with and actually comply with limitations on the emission of NO_x set forth in 13 CCR §§ 1961(b)(1) and 1961.2 and requirements for the proper functioning of the on-board diagnostic system set forth in 13 CCR §§ 1968.1 and 1968.2.

96. For the Diesel Vehicles, Mercedes' certifications were based on CARB Executive Orders certifying the vehicles' compliance with California Emission Regulations. Those Executive Orders were invalid and/or fraudulently procured because they were based on fraudulent certification documents in which Mercedes

failed to disclose the existence of defeat devices and other undisclosed AECDs, and further failed to disclose that the AECDs acted, alone or in combination, as illegal defeat devices in violation of 6 NYCRR §§ 218-2.1 and 200.9.

97. Mercedes sold, registered, offered for sale or lease, imported, delivered, purchased, rented, leased, acquired, or received in New York the Diesel Vehicles, which exceeded the applicable emission limitations for NO_x by up to dozens of times, in violation of 6 NYCRR §§ 218-2.1 and 200.9.

98. Mercedes sold, registered, offered for sale or lease, imported, delivered, purchased, rented, leased, acquired, or received in New York the Diesel Vehicles, which contained defeat devices that obviated the intended purpose of the on-board diagnostics in violation of the various requirements for the functioning of the diagnostic systems on passenger vehicles as set forth in 13 CCR §§ 1968.1 and 1968.2, in violation of 6 NYCRR §§ 218-2.1 and 200.9.

COUNT II

PURSUANT TO ECL §§ 71-2103 AND 71-2107: VIOLATIONS OF NEW YORK STATE'S PROHIBITION OF FALSE STATEMENTS IN EMISSIONS CERTIFICATION AND REPORTING (Against All Defendants)

99. The State repeats and re-alleges the allegations in the foregoing paragraphs as if fully set forth herein.

100. 6 NYCRR § 200.3 provides that no person shall make a false statement in connection with applications, plans, specifications, and/or reports submitted pursuant to New York's air pollution regulations.

101. 6 NYCRR § 218-2.1 requires that all new and used motor vehicles offered for sale or lease in New York be certified to state emission standards (including those incorporated by reference at 6 NYCRR § 200.9). Pursuant to 6 NYCRR § 218-2.2(a), NYSDEC relies on published CARB Executive Orders for vehicle certification, a fact Mercedes knew or should have known.

102. Because NYSDEC relied on these Executive Orders and Mercedes' submissions to California for certification of the Diesel Vehicles, and these submissions were inaccurate due to Mercedes' failure to disclose defeat devices and other undisclosed AECDs, Mercedes violated 6 NYCRR § 200.3.

COUNT III

PURSUANT TO ECL §§ 71-2103 AND 71-2107: VIOLATIONS OF NEW YORK STATE ENVIRONMENTAL PERFORMANCE LABEL REQUIREMENTS (Against All Defendants)

103. The State repeats and re-alleges the allegations in the foregoing paragraphs as if fully set forth herein.

104. Pursuant to 6 NYCRR §§ 218-11.1 & 200.9, it is unlawful for any person to sell, register, offer for sale or lease, import, deliver, purchase, rent, lease, acquire, or receive a 2010 or subsequent model year passenger car in New York unless an environmental performance label has been affixed pursuant to 13 CCR § 1965.

105. By producing cars for certification that contained undisclosed AECDs, including defeat devices which were designed to render inoperative or otherwise

alter the emission control system in the Diesel Vehicles, Mercedes fraudulently obtained environmental performance labels pursuant to 13 CCR § 1965.

106. Accordingly, each Diesel Vehicle was sold, registered, offered for sale or lease, imported, delivered, purchased, rented, leased, acquired, or received in New York without a valid environmental performance label, in violation of 6 NYCRR §§ 218-11.1 and 200.9.

COUNT IV

PURSUANT TO ECL §§ 71-2103 AND 71-2107: VIOLATIONS OF NEW YORK STATE'S PROHIBITION ON DEFEAT DEVICES (Against All Defendants)

107. The State repeats and re-alleges the allegations in the foregoing paragraphs as if fully set forth herein.

108. Pursuant to 6 NYCRR § 218-6.2, no person shall disconnect, modify, or alter any air contaminant emission control system required by New York air pollution regulations, except as necessary to repair the vehicle.

109. By installing and using on each of the Diesel Vehicles multiple AECDs that were not disclosed to regulators and which, alone or in combination, acted as defeat devices that caused the emission control system of each vehicle to be disconnected, modified, or rendered inoperative, Mercedes violated, or caused or allowed the violation of 6 NYCRR § 218-6.2 with respect to each of the Diesel Vehicles.

110. By installing and concealing on each of the Diesel Vehicles multiple AECDs that were not disclosed to regulators and which, alone or in combination,

acted as defeat devices, Mercedes subverted the intended purpose of the on-board diagnostic systems in normal, non-emissions test operating conditions, and by providing the Diesel Vehicles to dealers for sale or lease to customers, Mercedes caused the Diesel Vehicles to operate in such a manner that subverts the intended purpose of the diagnostic systems in violation of the ECL and 6 NYCRR Parts 200 and 218.

COUNT V

PURSUANT TO ECL §§ 71-2103 AND 71-2107: VIOLATIONS OF NEW YORK STATE LAW PROHIBITING EMISSIONS THAT UNREASONABLY INTERFERE WITH THE COMFORTABLE ENJOYMENT OF LIFE OR PROPERTY (Against All Defendants)

111. The State repeats and re-alleges the allegations in the foregoing paragraphs as if fully set forth herein.

112. By offering for sale or lease in New York the Diesel Vehicles that emit NO_x in excess of state emission standards as codified in 6 NYCRR §§ 218-2.1 and 200.9, Mercedes has "caus[ed] or allow[ed] emissions of air contaminants into the outdoor atmosphere of such quantity, characteristic or duration which are injurious to human, plant or animal life or to property, or which unreasonably interfere with the comfortable enjoyment of life or property" throughout New York, in violation of 6 NYCRR § 211.1.

113. Excess NO_x, ozone, and particulate matter are present throughout New York as a result of Mercedes' actions and illegal and harmful pollution continues to be emitted into New York's environment from the Diesel Vehicles. NO_x

in the atmosphere can lead to the formation of ozone and particulate matter, which are serious problems in New York and harmful to its residents' health. Areas of New York, including the New York City metropolitan area, are classified as nonattainment areas for the national ambient air quality standards for ozone.

114. As a direct and proximate result of Mercedes' conduct, excess NO_x, ozone, and particulate matter are present throughout New York, and are continuing to be emitted into the environment.

115. As a direct and proximate result of Mercedes' conduct, significant numbers of people throughout New York have been exposed and/or will continue to be exposed to excess NO_x, ozone, and particulate matter, thereby affecting the health, safety and welfare of each person.

COUNT VI

VIOLATION OF GBL § 349
(Against All Defendants)

116. The State repeats and re-alleges the allegations in the foregoing paragraphs as if fully set forth herein.

117. At all relevant times, both defendants have been persons engaged in business, trade, or commerce in New York within the meaning of GBL § 349.

118. Mercedes engaged in deceptive acts or practices by, without limitation:

a. Manufacturing and/or installing certain AECDs in the Diesel Vehicles that were not disclosed to regulators and which, alone or in combination, acted as defeat devices, rendering those vehicles non-conforming with applicable emission standards;

b. Misrepresenting and/or falsely certifying and warranting the Diesel Vehicles' compliance with applicable emission standards;

c. Placing into commerce vehicles that failed to comply with applicable emission standards;

d. Failing to disclose and/or actively concealing from environmental regulators the existence of defeat devices and their harmful environmental impact;

e. Failing to disclose and/or actively concealing from consumers the existence of defeat devices and their harmful environmental impact;

f. Violating the explicit terms of an express warranty issued to each buyer and lessor of a Diesel Vehicle, namely, the express warranty that the car conformed to applicable state and federal emission standards and other applicable environmental standards;

g. Selling and offering for sale vehicles that were defective because, without limitation, the vehicles failed to conform to applicable state and federal emission standards;

h. Falsely and deceptively advertising, promoting and warranting the Diesel Vehicles as environmentally friendly and compliant with emission standards despite the fact that, in regular driving, they emit NO_x at many multiples the allowable amounts; and

i. Falsely, misleadingly, and/or deceptively advertising, promoting, and warranting the Diesel Vehicles by failing to disclose that

certain performance measures could only be met when defeat devices were operating.

119. Mercedes' conduct has significantly harmed consumers in New York, who did not receive the benefit of their bargain and who unwittingly bought, leased, and drove cars that violated the law and contributed to environmental harm notwithstanding that consumers believed they had purchased or leased an environmentally-friendly car.

COUNT VII

VIOLATION OF GBL § 350
(Against All Defendants)

120. The State repeats and re-alleges the allegations in the foregoing paragraphs as if fully set forth herein.

121. At all relevant times, both defendants have been persons engaged in business, trade, or commerce in New York within the meaning of GBL § 350.

122. Mercedes engaged in false advertising in violation of GBL § 350 by, without limitation:

a. Falsely and deceptively advertising, promoting, and warranting the Diesel Vehicles' compliance with applicable emission standards;

b. Falsely and deceptively advertising, promoting, and warranting the Diesel Vehicles as environmentally friendly, despite the fact that, in regular driving, they can emit NO_x at many multiples the allowable amounts; and

c. Falsely and deceptively advertising, promoting, and warranting the Diesel Vehicles by failing to disclose that certain performance measures could only be met when defeat devices were operating.

123. Mercedes' conduct has significantly harmed consumers in New York, who did not receive the benefit of their bargain and who unwittingly bought and drove cars that violated the law and contributed to environmental harm.

COUNT VIII

PURSUANT TO EXECUTIVE LAW § 63(12): REPEATED AND PERSISTENT ILLEGALITY

124. The State repeats and re-alleges the allegations in the foregoing paragraphs as if fully set forth herein.

125. At all relevant times, both defendants have been persons engaged in carrying on, conducting, or transaction of business in New York within the meaning of Executive Law § 63(12).

126. Mercedes has engaged in repeated and persistent illegal acts in violation of Executive Law § 63(12) by, without limitation:

a. Selling, registering, offering for sale or lease, delivering, purchasing, renting, leasing, acquiring, or receiving in New York the Diesel Vehicles, which:

i. exceeded the applicable emission limitations for NO_x by up to dozens of times, in violation of 6 NYCRR §§ 218-2.1 and 200.9;

ii. caused air pollution that is injurious to human health and welfare and the environment throughout New York, in violation of 6 NYCRR § 211.1;

iii. contained defeat devices that obviated the intended purpose of the on-board diagnostics in violation of the various requirements for the functioning of the diagnostic systems on passenger vehicles as set forth in 13 CCR §§ 1968.1 and 1968.2, in violation of 6 NYCRR §§ 218-2.1 and 200.9; and

iv. lacked valid environmental performance labels, in violation of 6 NYCRR §§ 218-11.1 and 200.9;

b. Submitting to CARB certification documents for the Diesel Vehicles that were inaccurate due to Mercedes' failure to disclose defeat devices and other undisclosed AECDs, in violation of 6 NYCRR § 200.3;

c. Installing and using on each of the Diesel Vehicles multiple AECDs that were not disclosed to regulators and which, alone or in combination, acted as defeat devices, and providing the Diesel Vehicles to dealers for sale or lease to customers, thereby:

d. causing the emission control system of each vehicle to be disconnected, modified, or rendered inoperative, in violation or causing or allowing the violation of 6 NYCRR § 218-6.2 and VTL § 375.28-a;

e. subverting the intended purpose of the on-board diagnostics in normal, non-emissions test operating conditions, and causing the Diesel Vehicles to operate in such a manner that subverts the intended purpose of the diagnostic systems, in violation of the ECL, 6 NYCRR Parts 200 and 218, and the VTL; and

f. preventing the installed air pollution control systems in the vehicles from operating in continued conformity with state emission standards, in violation of VTL § 375.28-c;

127. Engaging in deceptive acts or practices in the conduct of business, trade or commerce in the State of New York in violation of GBL § 349; and

128. Engaging in false advertising in the conduct of business, trade or commerce in the State of New York in violation of GBL § 350.

129. Mercedes' conduct has significantly harmed consumers in New York, who did not receive the benefit of their bargain and who unwittingly bought, leased, and drove cars that violated the law and contributed to environmental harm notwithstanding that consumers believed they had purchased or leased an environmentally-friendly car.

COUNT IX

PURSUANT TO EXECUTIVE LAW § 63(12): FRAUD

130. The State repeats and re-alleges the allegations in the foregoing paragraphs as if fully set forth herein.

131. At all relevant times, both defendants have been persons engaged in carrying on, conducting, or transaction of business in New York within the meaning of Executive Law § 63(12).

132. Mercedes engaged in repeated and persistent fraud in violation of Executive Law § 63(12) by, without limitation:

a. Manufacturing and/or installing certain AECDs in the Diesel Vehicles that were not disclosed to regulators and which, alone or in combination, acted as defeat devices, rendering those vehicles non-conforming with applicable emission standards;

b. Misrepresenting and/or falsely certifying and warranting the Diesel Vehicles' compliance with applicable emission standards;

c. Placing into commerce vehicles that failed to comply with applicable emission standards;

d. Failing to disclose and/or actively concealing from environmental regulators the existence of defeat devices and their harmful environmental impact;

e. Failing to disclose and/or actively concealing from consumers the existence of defeat devices and their harmful environmental impact;

f. Violating the explicit terms of an express warranty issued to each buyer and lessor of a Diesel Vehicle, namely, the express warranty that the car conformed to applicable state and federal emission standards and other applicable environmental standards;

g. Selling and offering for sale vehicles that were defective because, without limitation, the vehicles failed to conform to applicable state and federal emission standards;

h. Falsely and deceptively advertising, promoting and warranting the Diesel Vehicles as environmentally friendly and compliant with emission standards; and

i. Falsely, misleadingly, and/or deceptively advertising, promoting, and warranting the Diesel Vehicles by failing to disclose that certain performance measures could only be met when the defeat devices were operating.

133. Mercedes' conduct has harmed consumers in New York, who did not receive the benefit of their bargain and who unwittingly bought, leased, and drove cars that violated the law and contributed to environmental harm.

VII. PRAYER FOR RELIEF

WHEREFORE, the State of New York requests that this Court grant the following relief:

A. Pursuant to ECL § 71-2103(1) and VTL § 1800(b)(1), enter an order requiring Mercedes to pay a civil penalty for each violation of 6 NYCRR §§ 200.3, 200.9, 211.1, 218-2.1, 218-6.2, and 218-11.1, and a fine for each violation of VTL §§ 375.28-a and 375.28-c;

B. Pursuant to ECL §§ 71-2103 and 71-2107 and Executive Law § 63(12), enter an order permanently enjoining Mercedes from:

i. Selling, offering for sale, introducing into commerce, or delivering for introduction into commerce in New York any new motor vehicle equipped with an undisclosed AECD or defeat device or any new motor vehicle not eligible for sale pursuant to emission and environmental standards in New York;

ii. Bypassing, defeating, or rendering inoperative any device or element of design installed on or in a new motor vehicle in compliance with emission and environmental standards in New York; and

iii. Submitting or causing to be submitted false or misleading certifications to NYSDEC.

C. Pursuant to ECL §§ 71-2103 and 71-2107 and Executive Law § 63(12), enter an order requiring Mercedes to abate and mitigate the Diesel Vehicles' emissions of NO_x emitted in excess of applicable emission standards;

D. Enter an order requiring Mercedes to pay a civil penalty for each violation of GBL §§ 349 and 350;

E. Enter an order providing appropriate relief under Executive Law § 63(12) and GBL Article 22-A, §§ 349 and 350 to New York consumers who purchased, leased, or otherwise own a Diesel Vehicle sold or leased by Mercedes, that requires Mercedes to:

i. Provide adequate and appropriate restitution and/or rescission;

ii. Promptly recall and repair Diesel Vehicles in New York in a manner that removes or permanently disables any defeat device, ensures compliance with all applicable emission standards, and maintains the performance and fuel efficiency of the vehicle consistent with Mercedes' representations at the time of the vehicle's original sale or lease; and

iii. Provide a warranty, for the life of the subject vehicle or lease, that it will conform to all applicable emission standards;

F. Enter an order pursuant to Executive Law § 63(12) and GBL Article 22-A, §§ 349 and 350, prohibiting Mercedes from engaging in deceptive or misleading statements, representations, omissions, or other marketing or promotion of its vehicles, including their environmental friendliness, benefits or advantages, or their compliance with applicable emission standards or other environmental standards or requirements.

G. Award Plaintiffs costs plus an additional allowance of $2,000 against each Defendant pursuant to CPLR § 8303(a)(6); and

H. Grant such additional and further relief as the Court deems appropriate and just.

Dated: New York, New York
December 19, 2025

Respectfully submitted,

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