ATTORNEY GENERAL OF THE STATE OF NEW YORK
WESTCHESTER REGIONAL OFFICE

In the Matter of

Investigation by Letitia James, **AOD No.: 26-051**
Attorney General of the State of New York, of

DARCARS of Railroad Avenue, Inc., d/b/a
DARCARS Lexus of Mount Kisco, Lexus of Mt. Kisco,
Lexus of Mount Kisco, and DARCARS Lexus of Mount
Kisco, MT Kisco Automotive, LLC, d/b/a DARCARS BMW
of Mt. Kisco and BMW Of Mt. Kisco, Mariam, Inc., Akavon, LLC,
John Rahmangholi Darvish, and Jamshyd Darvish,

Respondents.

ASSURANCE OF DISCONTINUANCE

The Office of the Attorney General of the State of New York ("OAG") commenced an investigation, pursuant to the provisions of New York Executive Law § 63(12) and New York General Business Law Article 22-A, § 349 and § 350, into the business practices of Respondents DARCARS of Railroad Avenue, Inc., d/b/a DARCARS Lexus of Mount Kisco, Lexus of Mt. Kisco, Lexus of Mount Kisco, and DARCARS Lexus of Mount Kisco ("DARCARS Lexus"); MT Kisco Automotive, LLC, d/b/a DARCARS BMW of Mt. Kisco and BMW Of Mt. Kisco ("DARCARS BMW"); Mariam, Inc. ("Mariam"); Akavon, LLC ("Akavon"); John Rahmangholi Darvish ("John Darvish"); and Jamshyd Darvish ("Jamie Darvish") (collectively, the "Respondents").

The OAG's investigation examined whether Respondents engaged in deceptive and unfair business practices in the retail sale and leasing of automobiles to New York consumers (the "Investigation").

This Assurance of Discontinuance ("AOD") sets forth the OAG's findings and the relief agreed to by the OAG and Respondents (collectively, the "Parties") to resolve the Investigation.

OAG FINDINGS

1. Between October 1, 2021, through the Effective Date of this AOD (the "Relevant Period"), Respondents engaged in deceptive acts and unfair business practices in the offer, sale and leasing of vehicles to consumers, in violation of Executive Law (Exec. Law) § 63(12) and General Business Law (GBL) § 349 and § 350.

2. Respondents implemented a pricing arrangement under which consumers were charged an additional fee equal to two percent (2%) of the cash price of new and used vehicles sold or leased at retail. Respondents labeled this charge as a "sales commission," which created the impression that it was a standard part of the transaction or a direct payment to the salesperson involved in sale of the vehicle (the "Sales Commission"). The fee, however, was optional, and not required for the purchase or financing of a vehicle. The OAG finds that, for many consumers, Respondents charged the Sales Commission without clear, written consent of the consumers who paid it.

3. In addition, Respondents marketed and sold to consumers a bundled aftermarket product known as "DARCARS Assurance" for $2,495. The product was integrated into the primary sales package, and its optionality was not disclosed.

Respondents' Corporate Structure

4. DARCARS Automotive Group ("DARCARS") is the trade name used for a network of dealerships that includes the New York dealerships DARCARS Lexus and DARCARS BMW.

5. DARCARS Lexus is operated by DARCARS of Railroad Avenue, Inc. ("DARCARS CT"), a Connecticut corporation, incorporated on April 3, 2020, and licensed to do business in

New York.

6. DARCARS Lexus' principal place of business is 275 Kisco Avenue, Mt. Kisco, New York 10549. This is also the location of its automobile dealership, which has been in existence since 2020.

7. DARCARS CT is owned by Respondent Mariam, Inc., a Maryland corporation, with its principal place of business in Bethesda, Maryland.

8. The Board of Directors of DARCARS CT includes John Rahmangholi Darvish (Executive Vice President, Secretary, and Treasurer), Jamshyd Darvish, and Gary T. Amey (Vice President of Operations).

9. DARCARS CT does business in New York under the following assumed names:

- Lexus of Mt. Kisco (as of June 4, 2020)
- DARCARS Lexus of Mt. Kisco (as of June 4, 2020)
- Lexus of Mount Kisco (as of April 21, 2020)
- DARCARS Lexus of Mount Kisco (as of April 21, 2020)

(Also referred to herein as "DARCARS Lexus.")

10. The OAG finds that Respondents committed the unfair and deceptive business practices alleged herein in connection with the operation of DARCARS Lexus.

11. MT Kisco Automotive, LLC, is a New York limited liability company formed on June 30, 2022 ("MT Kisco"). MT Kisco is owned by Respondent Akavon, LLC, a Maryland limited liability company, organized on April 4, 2022, owned and operated by John Darvish, who serves as President, and Jamie Darvish, who serves as Chief Operating Officer, Executive Vice President, Treasurer and Secretary. Akavon, LLC is the sole member of MT Kisco and John Darvish and Jamie Darvish are MT Kisco's managers.

12. MT Kisco owns and operates the DARCARS BMW automobile dealership, whose principal place of business is 250 Kisco Avenue, Mt. Kisco, New York 10549. This is also the location of its automobile dealership, which has been in existence since 2022.

13. MT Kisco does business under the following assumed names:

- BMW of Mt. Kisco (as of July 27, 2022)
- DARCARS BMW of Mt. Kisco (as of July 25, 2022)

14. The OAG finds that Respondents committed the unfair and deceptive business practices alleged herein in connection with the operation of DARCARS BMW.

15. Respondent John Darvish is a natural person who resides in Connecticut.

16. Respondent Jamie Darvish is a natural person who resides in Maryland.

17. John Darvish and Jamie Darvish own and operate DARCARS' dealerships, including DARCARS Lexus and DARCARS BMW. Along with other DARCARS directors, they have the authority to establish, direct and enforce all business practices and policies of DARCARS' dealerships, including the business practices and policies described herein.

The Attorney General's Investigation

18. On February 28, 2022, the OAG received a consumer complaint claiming, among other things, that DARCARS Lexus had added over $700.00 to the vehicle's purchase price without the knowledge or consent of the consumer. The fee complained of was a *sales commission* charge, which appeared on the vehicle's purchase agreement as a pre-printed line item with a bracketed notation *not req'd by law*. In response, the OAG commenced its Investigation. As described more fully below, the OAG's Investigation concluded that Respondents engaged in unfair and deceptive business practices in violation of New York law.

The Sales Commission Fee

19. Respondents entered the New York market in August 2020 through the acquisition of the location of DARCARS Lexus and expanded their presence on August 29, 2022, through the acquisition of the location of DARCARS BMW. At all times during the Relevant Period, Respondents owned and operated these dealerships (collectively, the "Dealerships").

20. Beginning on or around October 23, 2021, DARCARS Lexus implemented the Sales Commission fee. DARCARS BMW adopted this practice on August 29, 2022.

21. Respondents repeatedly imposed the fee on consumers as part of a coordinated and standardized pricing practice.

22. The Sales Commission appeared as a pre-printed line item on the standard forms Vehicle Purchase Agreements ("Purchase Order") and Retail Installment Agreement or Lease Order Agreements ("Lease") used by the Dealerships to sell or lease vehicles.

23. Although the Sales Commission was labeled *not required by law*, the OAG finds Respondents failed to disclose that the fee was completely voluntary. The phrase *not required by law* indicated that the fee was not government-mandated, but it did not specify that the fee was optional. This ambiguous phrasing misled many consumers into believing the charge was imposed as a condition of sale.[1]

24. Respondents' own definition of "Sales Commission" as stated in its transaction documents failed to inform consumers that the Commission was optional.

[1]The Commission charged by the Dealerships is separate from and in addition to the dealer processing fee they charge retail buyers. Dealerships are permitted to add a processing fee to the selling price of motor vehicles, subject to disclosure requirements, for assisting in securing a registration or certificate of title for such vehicle, provided the dealer performs the service of filing the application for title or registration with the Commissioner of Motor Vehicles or his issuing agent. The fee charged by the dealer may not exceed $175.15. NYCRR § 78.19.

25. Respondents further misrepresented the nature of the fee by labeling it a "Sales Commission." As commonly understood, a sales commission is paid by a dealership to its salesperson from the dealership's profit margin on the negotiated front-end sale price.

26. Respondents defined the fee as an amount that purportedly "partially offsets" employee compensation costs but failed to prominently or conspicuously disclose this definition to consumers.[2]

27. Respondents provided limited, if any, transparency regarding the Sales Commission's allocation. This charge was purportedly intended to *partially* offset the Dealerships' existing costs for employee wages and commissions. However, there was no clear evidence of how much—if any—benefited employees.

28. Through this design, Respondents misled consumers into believing the Sales Commission directly compensated the salesperson who participated in the sale of the vehicle or that the Commission was imposed as a condition of sale.

29. When consumers noticed the Commission and asked about it, Respondents' employees provided inconsistent, vague, conflicting, or misleading explanations, further obscuring the true nature of the fee and preventing them from consenting to the fee and making an informed decision.

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[2]The Dealerships used identical Purchase Order and Lease forms, defining "Sales Commission" consistently across all documents: "The Sales Commission Charge collected on a new or used vehicle sale is an amount that *partially* offsets the commission and other compensation amounts paid to sales consultants, managers, and support staff in conjunction with activities leading up to and including the sale of the vehicle. The Sales Commission Charge does not cover administrative services, including but not limited to complying with federal or state privacy laws, document and/or record retaining, title document filing, lien release obtainment, title and/or license plate obtainment, or preparation of written documentation of the transaction."

Written Disclosures

30. The OAG finds that Respondents' insufficient disclosure of the optional nature of the Sales Commission misled consumers into paying more for vehicle purchases or leases, depriving consumers of informed purchasing decisions.

31. Until May 12, 2022 (the "Initial Period"), the Sales Commission fee and other add-on products or services could only be identified by consumers if written in the Purchase Order or Lease. The OAG finds this deprived consumer of meaningful disclosure about these additional discretionary charges.

32. Following the Initial Period, Respondents introduced separate written documents purportedly designed to disclose the Sales Commission and other add-on ancillary products. The first set of disclosure changes were implemented in May 2022, and the second set were implemented in September 2024. However, the OAG finds that these disclosures were structured and presented in a deceptive manner that obscured, rather than clarified, the discretionary nature of the charges.

33. Among other things, the OAG finds that the May 2022 changes were inadequate because the disclosure form: (i) was untitled, providing no clear indication of its purpose or the material nature of the information therein; (ii) grouped the Sales Commission with optional add-on products or service fees, even though the Sales Commission was not an add-on product or service; and (iii) was often omitted from the final dealer jacket, or consumers reported not seeing the form or not receiving a copy of it.

34. The OAG finds that the September 2024 changes remained fundamentally deceptive in both presentation and substance because the disclosure form, titled "Optional Sales Commission," continued to state that the Commission "partially offset" compensation paid to sales consultants,

managers, and support staff, which the OAG finds suggested the Commission was an essential and unavoidable cost of the vehicle sale or lease.

35. Therefore, despite the "Optional" title, the OAG finds that the form did not provide consumers with an informed opportunity to decline the Commission charge because of its confusing definition or explanation.

36. The OAG finds that from the introduction of the Sales Commission on October 23, 2021, through March 2025, DARCARS Lexus sold or leased approximately 6,600 vehicles. During this timeframe, Respondents successfully charged and collected a Sales Commission in approximately 97% of all retail transactions.

37. The OAG further finds that during the period that the Sales Commission was in effect at DARCARS BMW, the fee was applied to virtually every retail transaction. Between August 29, 2022, and March 31, 2025, DARCARS BMW executed approximately 3,300 sale and lease transactions, imposing a Sales Commission in approximately 96.8% of those instances.

38. The OAG finds that an approximate 97% capture rate for a purportedly optional Commission—one that provides zero tangible product or service to the buyer—is inconsistent with any claim that consumers were provided a meaningful or informed choice to decline the fee. This statistical data confirms that the Sales Commission was effectively treated by Respondents as a mandatory fee, integrated into consumer contracts regardless of whether a consumer had expressed an affirmative desire to pay it.

Absence of Conspicuous Physical Disclosures

39. During the Relevant Period, Respondents failed to display the Sales Commission on a separate, supplemental window sticker for either new or pre-owned vehicles. Such physical stickers are the standard mechanism for providing prominent and conspicuous notice of dealer-

installed options or fees. By omitting this information from the vehicle's point-of-sale display, the OAG finds Respondents effectively obscured the existence and optionality of the Commission, preventing consumers from making a fully informed decision regarding the true cost of the vehicle.

Deceptive Online Advertising and Price Omission

40. During the Relevant Period, Respondents utilized their respective websites, www.lexusofmtkisco.com and www.bmwmtkisco.com, to market and advertise the retail sale and leasing of new and pre-owned vehicles. These digital advertisements consistently omitted any mention of the Sales Commission or its optional nature. By advertising vehicles at prices that excluded the Sales Commission fee or its purportedly optional nature, the OAG finds that Respondents created a false impression of competitive pricing and engaged in deceptive advertising.

Inadequate Training

41. The OAG finds that Respondents failed to implement adequate policies, procedures, or training protocols to ensure compliance with New York consumer protection laws.

42. Among other things, the OAG finds Respondents provided insufficient training and had insufficient policies in place to guide sales and finance personnel and managers on critical compliance aspects such as informed consent, optionality and refusal, and prohibited deceptive practices.

43. The OAG finds that the absence of sufficient training contributed to staff and management lacking sufficient awareness of how their sales and financing practices implicated consumer protection standards set forth in General Business Law Article 22-A and Executive Law § 63(12).

44. As part of this AOD, Respondents have agreed to make improvements to their training protocols as set forth in more detail in the Relief section.

Unfair Competitive Advantage

45. The OAG finds that Respondents' systematic imposition of the Sales Commission resulted in a significant and unfair competitive advantage over other automobile dealerships and generated millions of dollars in illicit profits through deceptive means.

Quantifiable Financial Impact: DARCARS Lexus

46. From October 2021 through March 2025, DARCARS Lexus sold or leased approximately 6,600 vehicles. During this period, Respondents applied the 2% Sales Commission to nearly every transaction (approximately 97% of all sales). Based upon figures provided by Respondents, DARCARS Lexus collected approximately $5.8 million in Sales Commissions during this period.

Quantifiable Financial Impact: DARCARS BMW.

47. From August 2022 through March 2025, DARCARS BMW sold or leased approximately 3,300 vehicles. Like the DARCARS Lexus operations, the Commission was charged with nearly all transactions (approximately 96.8% of all sales). Based upon Respondents' data, DARCARS BMW collected approximately $2.9 million in Sales Commissions during this period.

48. In aggregate, between October 2021 and March 2025, Respondents' New York Dealerships extracted approximately $8.7 million in Sales Commissions from consumers.

49. The OAG finds that each instance the Sales Commission was charged by the Dealerships without a consumer's express consent constitutes a deceptive act or practice and a violation of GBL §349. In addition, representing the charge as a Sales Commission, when it was

not in fact a sales commission as that term is commonly understood in practice, was deceptive and constitutes a separate violation of GBL §349.

50. The OAG finds that each instance in which the Dealerships failed to disclose the Sales Commission charge from its advertisements or marketing materials constitutes a false advertisement, and a violation of GBL § 350.

51. The OAG finds that each imposition of the Sales Commission by the Dealerships constitutes a separate violation of Exec. Law § 63(12). It is a deceptive act for Respondents to assess an undisclosed surcharge or add-on fee without the consumer's express consent.

Deceptive Marketing and Sale of DARCARS Assurance

52. The OAG finds that Respondents engaged in a deceptive practice to market and sell a bundled aftermarket product known as "DARCARS Assurance" (the "Assurance") without obtaining express consent of its customers.

53. The DARCARS Assurance, is a suite of nine separate items bundled up into one that the Dealerships offered to its customers until recently. The nine products or services are: 1) $2,500 Collision Credit; 2) $2,500 Stolen Vehicle Credit; 3) $2,500 Diminished Value Protection; 4) Annual Reconditioning; 5) $600 Tradevantage Registration; 6) Windshield Protection and Replacement Credit; 7) Nitrogen Filled Tires; 8) Clear Door Edge and Cup Guards; and 9) Cabin Sanitation and Antimicrobial Surface Shield.

54. Respondents charged as much as $2,495 for the DARCARS Assurance, although some customers negotiated lower amounts or were not charged at all. However, in at least approximately 70% of vehicle sales or leases the Assurance was included in the transaction.

55. The OAG finds that the price of the Assurance was neither fixed nor disclosed but instead was negotiated by the Dealerships on a customer-by-customer basis.

56. Marketed as a value-added service, a closer examination of the Assurance revealed to the OAG that its benefits were largely superficial or highly conditional and designed to benefit the Dealerships.

57. For example, one of the items, *Collision Credit*, purports to offer up to $2,500 to reimburse an insurance deductible in the event the vehicle is deemed a total loss, is a conditional sales tactic that primarily benefits the Dealerships. The key restriction undermining any real value to the consumer is that the payout is only available if the consumer purchases or leases another vehicle from the same DARCARS Dealerships within 60 days of receiving their insurance settlement. Given this condition, the purported $2,500 is not a true reimbursement of any deductible paid, but rather a loyalty coupon disguised as a protection, providing no immediate financial relief to consumers.

58. The OAG finds the DARCARS Assurance provided consumers with little to no meaningful benefit, offering low-value services at a high cost that primarily increases dealership profit margins at consumers' expense.

59. Respondents did not consistently disclose the Assurance charge, the nature and quality of the Assurance items, nor did they consistently inform consumers of its optionality.

60. By advertising the Assurance directly on the vehicles in the Dealerships' showroom without disclosing any separate charge, Respondents created the strong impression that the Assurance was included in the advertised price of the vehicle.

61. Likewise, the DARCARS Assurance was advertised on both Dealerships' websites without any prominent disclosure of its optionality or cost. This presentation gave the strong impression that the Assurance was a standard component of the vehicle purchase, rather than a costly, elective add-on.

62. The OAG finds that transaction documents did not consistently disclose the optionality of the Assurance.

63. The OAG finds that each instance in which DARCARS Assurance was charged by the Dealerships without a consumer's express consent constitutes a deceptive act or practice and a violation of GBL §349.

64. The OAG finds that each instance in which DARCARS Assurance was advertised or marketed by Respondents without disclosing its price of $2,495, that the Assurance was elective, and not required as a condition of sale constitutes false advertising and a violation of GBL §350.

65. Executive Law § 63(12) prohibits repeated or persistent deceptive acts in the carrying on, conducting, or transaction of business.

66. The OAG finds that by engaging in the conduct described in the preceding paragraphs "1" through "65", Respondents engaged in repeated violations of New York State law, including Executive Law § 63(12) and General Business Law § 349 and § 350.

67. Respondents do not admit or deny the OAG's Findings.

68. The OAG finds the relief and agreements contained in this AOD appropriate and in the public interest. THEREFORE, the OAG is willing to accept this Assurance of Discontinuance (hereinafter "AOD" or "Assurance") pursuant to New York Exec. Law §63(15), in lieu of commencing a civil action or proceeding for violations of the Exec. Law § 63(12) and General Business Law § 349 & § 350 based on the conduct described above.

IT IS HEREBY UNDERSTOOD AND AGREED, by and between the Parties that:

RELIEF

69. The Effective Date of this AOD shall be the date this AOD is signed by the OAG.

70. The provisions of this AOD shall be binding on the Respondents and any of their

owners, members, principals, shareholders, officers, directors, employees, agents, heirs, assigns and successors in interest.

71. Respondents hereby acknowledge and agree that they will fully comply with all applicable federal and state laws, including but not limited to Article 22-A of the GBL, § 349 and § 350, and Article 5 of the Executive Law, § 63(12), and the Attorney General's Advertising Guidelines for Auto Dealers.

General Permanent Injunction

72. Respondents shall immediately cease and desist from engaging or attempting to engage in any unfair, deceptive or fraudulent conduct or trade practices in violation of any applicable consumer protections laws, including, but not limited to New York GBL § 349 and § 350, as amended by the Fostering Affordability and Integrity through Reasonable Business Practices Act ("FAIR Business Practices Act"), and Executive Law, § 63(12), in connection with the offer, sale, advertising, marketing, and financing of sales or leasing of vehicles at their New York Dealerships.

73. Respondents and all of their affiliates, subsidiaries, agents, employees, contractors, successors, and all other persons acting in concert with or on behalf of Respondents shall be permanently enjoined from violation of any applicable consumer protections laws, including but not limited to New York GBL § 349 and § 350, as amended by the FAIR Business Practices Act, and Executive Law, § 63(12), in connection with the offer, sale, advertising, marketing, and financing of sales or leasing of vehicles at their New York Dealerships.

74. Respondents shall not make any misrepresentations that have the capacity, tendency or effect of misleading any consumer in connection with the advertisement, offer, sale, financing or leasing of vehicles at their New York Dealerships.

75. Respondents shall not fail to state or disclose any material fact, the omission of which would deceive or tend to deceive consumers, in connection with the advertisement, offer, sale, financing or leasing of vehicles at their New York Dealerships.

76. Respondents shall not misrepresent the purpose of any fee or amount that they charge consumers at their New York Dealerships.

Permanent Injunction on "Sales Commission Fee" and Similar Fees

77. Respondents are immediately and permanently enjoined from charging, collecting, receiving, including, incorporating, or otherwise obtaining any fee, charge, or payment characterized in whole or in part as a Sales Commission in connection with the sale (whether of new or pre-owned vehicles), lease, or financing of any vehicle at Respondents' New York Dealerships.[3] This prohibition applies regardless of the form, description, or labeling of the fee and whether the fee is charged directly or indirectly to consumers. All future fees must be clearly and conspicuously disclosed as optional, subject to the consumer's express informed consent.

78. Respondents shall not complete any sale or lease of a vehicle at their New York Dealerships unless they first provide the purchasing consumer with a contract or lease that

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[3]**"Sales Commission Fee"** shall mean any fee, charge, or monetary assessment imposed upon a consumer in connection with the sale or lease of a vehicle that is:

1. **By Label:** Identified on any sales order, buyer's order, invoice, contract, or within Respondents' internal sales data as a "sales commission," "commission," or any substantially similar term, including the 2% fee identified in this matter; or
2. **By Substance:** Any charge—regardless of the name or title given to it—that does not correspond to a specific, bona fide third-party product or a tangible, ancillary service provided to the consumer and is not part of the negotiated vehicle sales price (markup) or a government-mandated tax or fee.

For purposes of Cease-and-Desist relief, a "Sales Commission Fee" shall include any amount charged to a consumer for which the Respondent provides no independent consideration, product, or service in exchange, and which is not a disclosed "Add-On" product (such as GAP insurance or VIN etching). The Respondents shall not circumvent this definition by reclassifying, renaming, or bundling such a fee into other line items, including but not limited to "administrative fees," "documentation fees," "service surcharges," or "prep fees."

reflects the base price of the vehicle, a description of each extra item and itemization of each extra charge not included in the base price of the vehicle ordered by the consumer, and a description and itemization of any other charge for any product or service that is purchased with the vehicle.

79. Respondents shall not sell any products or services, or charge consumers any charges without the consumers' express consent.

80. Respondents shall not offer or sell any additional or add-on products or services to consumers at their New York Dealerships unless Respondents first clearly and conspicuously disclose in writing on the Purchase Order or Lease agreement the total selling price of the vehicle the consumer is considering purchasing or leasing without any of the costs or charges for the additional products or equipment included.

81. The Respondents shall not pre-include or automatically add to the selling or lease price of any vehicle any additional product, service or optional equipment at their New York Dealerships, unless the items are pre-installed by the manufacturer and are sufficiently advertised, itemized, and disclosed to the customer.[4]

Permanent Injunction on Sale of "DARCARS Assurance"

82. Respondents are immediately and permanently enjoined from advertising, marketing, offering for sale, or selling the product currently known as 'DARCARS Assurance,' or any successor product, bundle, or package that is substantially similar in purpose, design, composition, or price at Respondents' New York Dealerships.

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[4]**"Pre-installed by the manufacturer,"** shall mean the feature was built into the vehicle at the assembly plant or added at the port of entry before being shipped to the dealership. These features are official, factory-installed items built directly (permanently) into the vehicles' configuration. They are listed on the federally required Monroney label (window sticker) and are included in the vehicle's total MSRP. These features are wired, programmed, or structurally integrated into the vehicle's core systems during production, and are covered under the manufacturer's standard bumper-to-bumper warranty.

83. This prohibition specifically includes advertising, presenting, or marketing any such products or services in a manner that creates the impression—directly or by omission—that the purchase is a mandatory condition of the vehicle sale, lease, or financing, or that the items are a non-negotiable part of the vehicle's purchase price or lease.

84. Respondents shall not circumvent the requirements of this AOD by reclassifying, renaming, or bundling the components of "DARCARS Assurance" into other line items or new product names.

85. Respondents shall not offer or sell any add-on products at their New York Dealerships unless the consumers' purchase is separately documented by a written form on which the consumer is clearly and conspicuously offered the option to decline the purchase of the add-on product and provides express consent, affirming in writing that they agree to purchase that add-on products.

Implementation of Mandatory Consumer Disclosure Documents and Protocols

86. Respondents shall implement and strictly enforce standardized disclosure protocols across all existing New York Dealership locations, as well as any newly acquired dealerships in New York. These protocols should be designed to ensure that consumers are fully informed about all terms, charges, and conditions prior to the finalization of any purchase or lease transaction. The protocols shall include, but not be limited to a requirement that sales personnel review each line item on the sale or lease agreement with the customer, including but not limited to:

- Vehicle price (MSRP and any negotiated discount)
- Trade in credit, the manner it was determined and applied
- Destination/delivery charges
- Dealer-installed accessories and equipment
- Documentation fees, if any.
- Government fees (taxes, title, registration)

- Extended warranties or service contracts
- GAP insurance, and its optionality
- Any additional aftermarket products and their cost and optionality
- Interest rate and total finance charges (if applicable)

87. Respondents shall revise and enhance their transaction documents used at their Dealerships to provide clear, transparent, and itemized disclosures to consumers. The revised documents shall separately disclose the advertised sale price of the vehicle, the negotiated cash price of the vehicle prior to the addition of any optional equipment, products, or services, and separately clearly identify and itemize all aftermarket products, additional equipment, and related charges added to the transaction, thereby ensuring full transparency of the transaction from the negotiated vehicle price through final sale or lease terms.

88. The revised consumer-facing documents shall include, but are not limited to, the following documents which Respondents developed and/or improved during the course of the OAG's Investigation:

Dealer Worksheet: Respondents shall provide a comprehensive 'Dealer Worksheet' to every consumer immediately following the selection of a vehicle and the verbal agreement upon its purchase or lease price, but prior to the consumer's entry into the Finance and Insurance ('F&I') office.

- The Worksheet must clearly and conspicuously itemize the breakdown about the vehicle purchased, the negotiated vehicle price, any trade in allowance credited, acquisition fee, government mandated taxes and registration fees, all other fees, if any, and include a list of any extra equipment agreed to be installed into the vehicle and the cost of each item.
- Respondents shall provide a physical copy of the Worksheet to the consumer for their independent review.
- Respondents shall explicitly inform the consumer that they have the right to retain a copy of this Worksheet for their records.

Elected Options Form: Respondents shall utilize an 'Elected Options Form' that shows the total price of each optional additional product or service elected by the consumer and those declined by the consumer and clearly states that the optional items therein are optional, not required by law and not required as a condition of the vehicle sale or lease, or to obtain financing.

89. Respondents shall use a buyer's order or retail installment agreement that complies with all applicable federal and state laws, rules and regulations. As amended from time to time and that accurately and conspicuously itemizes all charges, fees, optional products and other amounts payable by the consumer in connection with the transaction.

90. In addition, Respondents have agreed to implement and enforce mandatory consumer disclosure practices and protocols at all its existing New York Dealerships and any acquired.

91. Mandatory Annual Compliance Training ("Mandatory Training"). Respondents shall implement and maintain a comprehensive annual training program for all sales personnel, finance department personnel (F&I), and management involved in the marketing, advertising, sale, or leasing of vehicles and associated products (hereinafter referred to as "Sales Personnel"). The training shall cover the following topics, at a minimum:

- What constitutes deceptive, unfair, and abusive acts and practices under New York General Business Law §§ 349 and § 350, New York FAIR Business Practices Act, the Federal Trade Commission Act, and all other applicable state and federal consumer protection laws, including, but not limited to Truth in Lending Act, fair Credit Reporting Act, and Retail Installment Sales Act.
- Requirements for accurately representing the total selling price of all vehicles, products, add-ons, and installed equipment.
- Mandatory Consumer Disclosure Protocols set forth above.
- Procedures for obtaining express, informed consent from consumers for all optional products, services and fees.
- Requirement for clear, conspicuous, and unambiguous disclosure of the optionality of all products; and
- Proper handling of customer disputes and mechanisms for removing optional products from sales orders upon consumer request without penalty or coercion.

92. Training, Certification and Record Maintenance. All Sales Personnel shall complete the Mandatory Training within sixty (60) days of the execution of this AOD, and annually thereafter. Newly hired Sales Personnel must complete the Mandatory Training as part of their initial onboarding process, no later than thirty (30) days after their starting date. Sales Personnel

shall confirm their participation in each session of the Mandatory Training by electronic signature.

93. Respondents shall maintain records of such Mandatory Training, including dates, attendees, training materials used, and all signed attestations for a period of no less than three (3) years from the date of execution of this AOD, and shall make them available to the OAG for audit or inspection upon ten (10) days' written request.

Restitution

Restitution for Sales Commission Fees

94. Respondents shall pay restitution to eligible consumers (as defined at paragraph 115 here) who were charged a "Sales Commission" fee during the Relevant Period (the "Sales Commission Restitution Amount") according to the following tiered structure:

Tier 1: Automatic Restitution (DARCARS Lexus Only)
For the period commencing October 23, 2021, through and including May 30, 2022 (the "Initial Lexus Period"), Respondents shall provide a full and automatic reimbursement of the Sales Commission fee to every consumer who was charged and paid said fee. The total amount of this restitution is EIGHT HUNDRED NINETY-TWO THOUSAND SIX HUNDRED SEVENTY-ONE DOLLARS AND 26 CENTS ($892,671.26). The refund shall be the full amount of the Sales Commission fee each consumer paid, and who has not already been refunded the fee.

- This Tier 1 restitution applies to all DARCARS Lexus consumers who paid the fee during the Initial Period (October 23, 2021 through May 30, 2022).
- The Claims Administrator shall issue these refunds directly to the identified consumers by check mailed to each consumer within ninety (90) days of the Effective Date of this AOD, without requiring any action or submission of any claims form by the consumer. A list of consumer names eligible under Tier 1 is annexed, as **Exhibit 1**. If, however, Respondents identify additional eligible consumers through the Consumer List required to be submitted pursuant to paragraph 95, those consumers shall also be deemed eligible for restitution and shall be included in the restitution process according to this AOD.
- Consumers shall be provided within one hundred twenty (120) days to cash any check that is delivered to them pursuant to this paragraph.

Tier 2: Automatic Restitution-Survey Respondents (DARCARS Lexus and DARCARS BMW)

- Respondents shall provide a full and automatic reimbursement of the Sales Commission Fee to every consumer who, in response to the OAG's Investigation survey, asserted or indicated that they did not understand the Commission, were led to believe it was something else, did not consent to the Commission, or were not properly informed of the optionality of the Commission. The total amount of this restitution is ONE HUNDRED SIXTY-FOUR THOUSAND NINE HUNDRED NINETY-EIGHT DOLLARS AND 72 CENTS ($164,998.72). The refund shall be the amount of the Sales Commission fee that the consumers paid, and who have not already been refunded the fee.
- The Claims Administrator shall issue these refunds directly to the identified consumers by check mailed to each consumer within ninety (90) days of the Effective Date of this AOD, without requiring any action or submission of any claims form by the consumer.
- Consumer shall be provided within one hundred twenty (120) days to cash any check that is delivered to them pursuant to this paragraph.

Tier 3: Claims-Based Restitution (DARCARS Lexus and DARCARS BMW)
For the period commencing May 31, 2022, through and including March 31, 2025 (the "Claims Period"), Respondents shall pay restitution of the Sales Commission fee to:

- Any consumer who submits a valid claim through the Administrative Claims Process (as detailed in paragraphs 115-122, asserting that in connection with a sale or lease transaction at either Dealership, the consumer was charged the Sales Commission fee without adequate disclosure or consumer's express consent; or the consumer consented to the Sales Commissions fee based upon the understanding or belief that it was a mandatory fee or that it was required to complete the sale or lease transaction; or the consumer consented to the Sale Commission fee based upon the understanding or belief that the fee would be paid directly to the salesperson involved in the transaction, or consented to the Sales Commission fee not understanding the nature or purpose of the fee.

95. Within thirty (30) days of the Effective Date of this AOD, Respondents shall provide the OAG with a comprehensive and verified list of all consumers from whom Respondents collected a Sales Commission during the Relevant Period (the "Consumer List"), eligible under Tier 1, Tier 2, and Tier 3, including their last known contact information and the exact amount of the Sales Commission fee paid by each consumer. Regarding consumers eligible under Tier 2, a list of those consumers names is annexed to this AOD, as **Exhibit 2**.

96. The Consumer List shall also include a verified listing of all consumers from whom Respondents collected a fee for DARCARS Assurance during the Relevant Period and who asserted or indicated to the OAG during its investigation that they were charged such a fee ("Tier 4 Automatic Restitution"). Consumers eligible for restitution under Tier 4 shall be separately identified and designated as "Tier 4" Automatic Restitution recipients. Tier 4 shall consist only of consumers who asserted or indicated to the OAG that they were charged a DARCARS Assurance fee in connection with their transaction, as discussed more fully at paragraphs 127-129. The Consumer List shall clearly identify each such consumer and provide their last known contact information and the amount of the DARCARS Assurance fee paid by each consumer. The Consumer List shall identify and segregate Consumers by the applicable restitution tier—Tier 1, Tier 2, Tier 3, or Tier 4. Regarding consumers eligible under Tier 4, a list of those consumers names is annexed to this AOD, as **Exhibit 3**.

97. Any consumer who is subsequently identified as having been eligible for Tier 1 or Tier 3 restitution but was omitted from the Consumer List, shall be entitled to restitution under this AOD, and Respondents shall provide restitution to that consumer, regardless of whether such identification occurs after any deadline or timeframe otherwise prescribed herein.

98. Any letter accompanying an automatic restitution payment under Tier 1, Tier 2, and Tier 4 shall be in the same form and format as the letters concerning the Sales Commission and DARCARS Assurance refunds attached to this AOD, as **Exhibit 4**.

99. Within forty-five (45) days of the Effective Date of this AOD, Respondents shall deposit no less than THREE (3) MILLION DOLLARS AND 00 CENTS ($3,000,000) into a separate bank account maintained at a New York State licensed bank (the "Restitution Account") to ensure the availability of funds for all consumer claims made under Tiers 1, 2, 3 and 4.

100. The funds deposited in the Restitution Account shall be used to pay automatic restitution to Tier 1, Tier 2 and Tier 4 recipients, and to pay restitution to Tier 3 recipients with valid claims made through the claims procedure outlined at paragraphs 115-122.

101. Any unexpended funds in the Restitution Account not required to satisfy timely submitted and valid claims shall revert to Respondents. However, funds associated with restitution payments issued to identified consumers, who submitted valid claims, pursuant to this AOD that remain uncashed or are returned as undeliverable shall not revert to Respondents and shall instead be remitted to the New York Comptroller's Office of Unclaimed Funds ("OSC") in accordance with the applicable abandoned property laws of New York.

102. To ensure the accuracy of the restitution process, the Consumer List shall exclude any consumers who have already received a full reimbursement of the Sales Commission fee from either DARCARS Lexus or DARCARS BMW prior to the Effective Date of this AOD. A list of these previously reimbursed consumers, as identified by Respondents, is annexed to this AOD, as **Exhibit 5**.

103. The Consumer List must be provided in a searchable electronic format (e.g., Excel) and shall include the following data for each eligible consumer:

1. Full name and last known mailing address (including city, state and postal code)
2. Telephone number and email address
3. Vehicle Identification Number (VIN) associated with the transaction
4. Sale price of the vehicle purchased or leased
5. Date of the sale or lease transaction, and
6. Exact dollar amount of the Sales Commission Fee collected.
7. Exact dollar amount of the DARCARS Assurance Fee collected

104. Within thirty (30) days from the Effective Date of this AOD, Respondents shall hire a company, at their sole cost, that will issue the automatic payments to consumers and administer the claims procedure set forth herein (the "Claims Administrator").

105. The Claims Administrator must be approved by the OAG. The Claims Administrator shall have experience processing consumer claims arising from large consumer or class action settlements or resolutions and the capability of administering a large claims procedure, including: mailing claims notices to consumers; processing, accounting for, and delivering payments to consumers; maintaining a dedicated phone line that may be used to respond to consumer inquiries; taking steps as outlined herein to locate consumers whose claims notices or claims payments are returned as undeliverable; and providing a final accounting to the OAG and the Respondents at the conclusion of the claims procedure.

106. If the Claims Administrator notifies Respondents and the OAG that there are insufficient funds in the Restitution Account to pay claims submitted by consumers as required under this AOD, Respondents shall promptly deposit such payments into the Restitution Account within ten (10) days of receiving such notice from the Claims Administrator and/or the OAG, whichever is sooner. Notice of insufficient funds, rejected payment, or nonpayment shall be deemed effective upon delivery by email or telephone to Respondents at the email address(es) and telephone number(s) provided by Respondents.

107. Respondents shall cooperate with the OAG and the Claims Administrator throughout the claims procedure, including providing the Claims Administrator with access to all data and information that the Claims Administrator reasonably requests to issue the automatic restitution payments to consumer and to conduct the claims procedure, and the data contained in the Consumer List required under paragraph 95.

108. The parties agree to reasonably extend any deadlines set forth in this AOD if the Claims Administrator determines that an extension is reasonably necessary to effectuate the claims procedure.

109. The OAG shall retain full oversight and access to the Claims Administrator throughout the claims procedure. This access includes the authority to:

- Monitor Procedures: Request and receive information regarding the conduct and progress of the claims process;
- Provide Assistance: Furnish the Claims Administrator with any data or information the OAG possesses that may assist in the verification of consumer claims;
- Review and Approval of Notice Materials: Review and approve the final language, form, and content of the Claim Notice, Claim Form, and any accompanying cover letters or envelopes prior to mailing. The Claims Administrator shall not disseminate any written communications to consumers without the express written authorization of the OAG; and
- Issue Directives: Provide direction and instruction to the Claims Administrator to ensure that all restitution is paid to eligible consumers in a manner consistent with the terms and spirit of this AOD.

110. The dedicated Restitution Account shall be used exclusively for consumer reimbursements of Tier 1, Tier 2, Tier 3 and Tier 4 recipients and administration of the claims process.

111. Any consumer who receives and accepts a Sales Commission fee refund payment shall agree to release any and all claims they might have against Respondents regarding the Sales Commission.

112. If any check mailed to a Tier 1, Tier 2, Tier 3 and Tier 4 consumer is returned as undeliverable, the Claims Administrator shall use a Global Address Verification Service (such as the United States Postal Service's National Change of Address Database or Melissa, Inc.) that is agreed to by the Respondents and the OAG, or any address that is provided to the Claims Administrator by the Respondents or the OAG, to resend the check to the consumer.

113. If no address is available for the Tier 1, Tier 2, Tier 3 and Tier 4 consumer through a Global Address Verification Service, or the consumer does not cash the restitution check that was mailed pursuant to this paragraph, or for any other reason restitution is not actually paid to

the consumer, then all such unpaid restitution amounts shall be paid to the New York Comptroller's Office of Unclaimed Funds (OSC).

Sale Commission Form Process

114. Within ninety (90) days of the Effective Date of this AOD, the Claims Administrator shall issue all automatic restitution payments to all consumers identified on the Consumer List as Tier 1, Tier 2, and Tier 4 recipients.

115. Within one hundred twenty days (120) days of the Effective Date of this AOD, the Claims Administrator shall mail a Claim Notice and Claim Form (collectively, the "Notice Packet"), in the forms attached hereto as **Exhibit 6**, to all consumers identified as Tier 3 Consumers, using the Consumer List. Tier 3 Consumers shall include all individuals on the Consumer List who:

1. Were charged and paid a Sales Commission during the Claims Period; and
2. Have not previously received a full reimbursement or refund of said fee ("Eligible Consumer(s)").

116. The Notice Packet shall be sent via first-class mail to each eligible consumer's last known address. The Claim Notice shall clearly inform the consumer of their right to seek a full refund of the Sales Commission paid if they believe they were charged the Sales Commission without adequate disclosure or express consent at either Dealership, and/or for any of the reasons set forth in Tier 3, at paragraph 94. The Notice shall further specify the dollar amount they are eligible to receive (which shall be the full amount of the Sales Commission fee charged and paid, and the deadline for submitting a completed Claim Form to the Claims Administrator.

117. Consumers shall have one hundred twenty days (120) days from the date of the postmark on the Notice Packet to return a completed Claim Form to the Claims Administrator

(the “Claims Period”). A Claim Form shall be deemed timely if it is postmarked or electronically submitted within the Claims Period.

118. A consumer shall be entitled to full restitution payment of the Sales Commission fee paid if they submit a timely Claim Form. A “valid claim” therefore shall mean a claim that is timely submitted by an Eligible Consumer, substantially complete, and signed by the consumer.

119. An Eligible Consumer shall be required only to complete and submit the Claim Form approved by the OAG. No consumer shall be required to provide, attach, or locate any purchase order, lease agreement, financing document, invoice, receipt, or any other documentation relating to the vehicle transaction or the payment of a sales commission. The amount of any refund shall be determined based upon Respondent’s business records, which have already identified the transactions during the Claims Period in which a Sales Commission was charged and paid, as well as whether the consumer previously received a full reimbursement or refund of the fee. A claim shall not be deemed invalid based upon the consumer’s failure to provide transactional information or documents or other supporting documentation relating to the vehicle purchase, lease, or payment of a Sales Commission.

120. The Claims Administrator shall review each submitted Claim Form for completeness and eligibility. Each Claim Form shall be date-stamped upon receipt, and such date shall constitute the official date of receipt for purposes of determining timeliness under this AOD. Within sixty (60) days of receiving a valid Claim Form that establishes a consumer’s entitlement to restitution, the Claims Administrator shall issue and mail a restitution check to said consumer. The payment shall be in the exact amount of the Sales Commission fee the consumer has established they paid and for which they have not previously been reimbursed.

121. Any Claim Form received after the expiration of the one hundred twenty (120) day Claims Period shall be deemed untimely, and the consumer shall not be entitled to restitution under this AOD.

122. If any Notice Packet mailed to a consumer is returned as undeliverable, the Claims Administrator shall use a Global Address Verification Service, as outlined in Paragraph 112-113.

123. At the conclusion of the claims process—after all issued checks have been cashed, expired, or returned as undeliverable following exhaustive skip-tracing efforts—the Claims Administrator shall submit a final report (the "Final Claims Report") to both the OAG and Respondents. The Final Claims report shall be provided no later than one (1) year after execution of the AOD. The Final Claims Report shall segregate consumers by the applicable restitution tier—Tier 1, Tier 2, Tier 3, or Tier 4 and shall be provided in a searchable electronic spreadsheet format, with distinct fields for each data point, and shall include for Tier 3 recipients:

- Full name and last known or updated address of each consumer to whom a Notice Packet was mailed;
- Date the Notice Packet was mailed to the consumer;
- Date the Claim Form was returned;
- Total amount of Sales Commission the consumer is entitled to receive and amount of restitution payment delivered to consumer;
- A clear indication of the status of each payment (e.g., "Paid/Cashed," "Unclaimed/Expired," or "Undeliverable");
- Date restitution payment was delivered to the Office of Unclaimed Funds, if applicable.

124. For Tier 1, Tier 2 and Tier 4, the Final Claims Report shall provide in a searchable electronic spreadsheet format, with distinct fields for each data point, and shall include:

- Full name and last known or updated address of each consumer to whom an automatic payment was delivered;
- Date automatic restitution payment was delivered;
- Amount of automatic restitution payment entitled to;
- Amount of automatic restitution payment delivered;
- A clear indication of the status of each restitution payment (e.g., "Paid/Cashed," "Unclaimed," or "Undeliverable");

- Date restitution payment delivered to Office of Unclaimed Funds.

125. Respondents shall preserve and maintain all records and data concerning the offer, sale, and leasing of vehicles to consumers during the Relevant Period for a duration of no less than three (3) years from the Effective Date of this AOD. This includes, but is not limited to, all sales orders, buyer's orders, lease agreements, disclosure forms, and internal accounting records. Respondents shall provide the OAG with access to these records upon ten (10) days' written notice to ensure continued compliance with the terms of this AOD.

Restitution for the DARCARS Assurance Fees

126. Respondents shall pay restitution in an amount equal to the total "DARCARS Assurance" fees charged to eligible consumers during the Relevant Period (the "Assurance Restitution Amount").

127. Respondents shall provide full and automatic reimbursement of the DARCARS Assurance fee to specific consumers identified by the OAG during its Investigation. These consumers are set forth in the verified list attached hereto, as **Exhibit 3**, and are described or referred to herein as Tier 4 recipients. The total amount of this restitution is ONE HUNDRED SIXTEEN THOUSAND EIGHT HUNDRED FORTY-NINE DOLLARS AND 00 CENTS ($116,849.00).

128. The Tier 4 recipients listed at **Exhibit** 3 are those who asserted or indicated to the OAG that they:

- Did not provide express, informed consent to the purchase of the DARCARS Assurance product;
- Were not adequately informed of the product's optional nature; or
- Were misled into believing the purchase of the product was a mandatory condition of the vehicle sale, lease, or financing.

129. The Claims Administrator shall issue these refunds directly to the consumers identified in the Consumer List as Tier 4 and listed in **Exhibit** 3 via check sent to the address provided in the Consumer List. All such payments must be issued within ninety (90) days of the Effective Date of this AOD. No further action, claim form, or documentation shall be required from those consumers to receive this restitution.

130. Any consumer who receives and accepts a DARCARS Assurance refund payment shall agree to release any and all claims they might have against Respondents regarding DARCARS Assurance.

Penalties and Cost

131. Respondents shall pay for the cost of a third-party administrator, approved by the OAG, to administer the claims process.

132. Respondents shall pay by company check payable to the State of New York the sum of SEVEN HUNDRED THOUSAND DOLLARS AND 00 CENTS ($700,000.00) in penalties, fees and costs. The sum of SEVEN HUNDRED THOUSAND DOLLARS AND 00 CENTS ($700,000.00) shall be paid in installments, with the first installment of $350,000 due within thirty (30) days of the execution of this AOD and the second and final installment of $350,000 due by no later than December 31, 2026.

133. Any payments and all correspondence related to this AOD must reference AOD #26-051. Any payments under this section are made payable to THE NEW YORK STATE OFFICE OF THE ATTORNEY GENERAL.

MISCELLANEOUS

Subsequent Proceedings:

134. Respondents expressly agree and acknowledge that the OAG may initiate a

subsequent investigation, civil action, or proceeding to enforce this AOD, for violations of the AOD, or if the AOD is voided pursuant to misrepresentation as described in paragraphs142-145. Respondents agree and acknowledge that in such event:

(i) any statute of limitations or other time-related defenses are tolled from and after the Effective Date of this AOD;

(ii) the OAG may use statements, documents or other materials produced or provided by the Respondents prior to or after the Effective date of this AOD;

(iii) any civil action or proceeding must be adjudicated by the Courts of the State of New York, and that Respondents irrevocably and unconditionally waive any objection based upon personal jurisdiction, inconvenient forum, or venue.

135. Nothing contained herein shall be construed to limit the remedies available to the OAG if Respondents violates the AOD.

136. If a court of competent jurisdiction determines that the Respondent(s) has/have violated the AOD, the Respondent(s) shall pay to the OAG the reasonable cost, if any, of obtaining such determination and of enforcing this AOD, including without limitation, expenses, and court costs.

Effects of Assurance:

137. All terms and conditions of this AOD shall continue in full force and effect on any successor, assignee, or transferee of the Respondents. Respondents shall include in any such successor, assignment, or transfer agreement a provision that binds the successor, assignee, or transferee to the terms of the AOD. No Party may assign, delegate, or otherwise transfer any of its rights or obligations under this AOD without the prior written consent of the OAG. Nothing contained herein shall be construed as to deprive any person of any private right under the law.

138. This AOD settles the OAG's claims against the Respondents as they relate to the legal claims outlined herein through the date of Execution of this AOD.

139. Any failure by the OAG to insist upon the strict performance by Respondents of any of the provisions of this AOD shall not be deemed a waiver of any of the provisions hereof, and the OAG, notwithstanding that failure, shall have the right thereafter to insist upon the strict performance of any and all of the provisions of this AOD to be performed by Respondents.

Communications:

140. All notices, reports, requests, and other communications pursuant to this AOD must reference AOD #26-051 and shall be in writing and shall, unless expressly provided otherwise herein, be given by hand delivery; express courier; or electronic mail at an address designated in writing by the recipient, and shall be addressed as follows:

If to Respondents, to:

Benjamin J. Razi, Esq.
Covington & Burling LLP
One CityCenter, 850 Tenth Street, NW
Washington, DC 20001-4956
(202) 662 5463 | brazi@cov.com

If to the OAG, to:

Sandra Giorno-Tocco
Assistant Attorney General
NYS Office of the Attorney General
Westchester Regional Office
44 South Broadway
White Plains, New York 10601
sandra.giorno-tocco@ag.ny.gov
(Or in her absence, to the person holding the title of
Assistant Attorney General In-Charge of Westchester Office).

Representations and Warranties:

141. The OAG has agreed to the terms of this AOD based on, among other things, the representations made to the OAG by Respondents' counsel and, documents and information submitted to the OAG by Respondents, all of which the OAG relied upon in entering into this

Assurance, and also the OAG's own factual investigation as set forth in Findings, paragraphs #s 1-65 above.

Default Due to Misrepresentation:

142. Respondents' material misrepresentation of any facts to the OAG which served as a basis for the Terms of this AOD shall constitute a default under this Assurance.

143. Respondents represent and warrant that neither they nor their counsel have made any material representations to the OAG that are inaccurate or misleading. If any material representations by Respondents or their counsel are later found to be inaccurate or misleading, this AOD is voidable by the OAG in its sole discretion.

144. No representation, inducement, promise, understanding, condition, or warranty not set forth in this AOD has been made to or relied upon by the Respondents in agreeing to this AOD.

145. Respondents represent and warrant, through the signatures below, that the terms and conditions of this AOD are duly approved, and execution of this AOD is duly authorized.

General Principles:

146. Unless a term limit for compliance is otherwise specified with this AOD, the Respondents' obligations under the terms of this AOD are enduring. Nothing in this AOD shall relieve Respondents of other obligations imposed by any applicable local, state, or federal law or regulation or other applicable law.

147. Respondents agree not to take any action or to make or permit any public statement to be made, denying, directly or indirectly, any finding in the AOD or creating the impression that the AOD is without a legal or factual basis, provided, however, that nothing in this AOD shall limit the assertions, arguments, or defenses that Respondents can advance while defending themselves in any legal proceedings.

148. Nothing contained herein shall be construed to limit the remedies available to the OAG if Respondents violate the AOD after its Effective Date.

149. This AOD may not be amended except by an instrument in writing signed on behalf of the Parties to this AOD.

150. If any one or more of the provisions contained in this AOD shall for any reason be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, in the sole discretion of the OAG, such invalidity, illegality, or unenforceability shall not affect any other provision of this Assurance.

151. Respondents acknowledge that they have entered this AOD freely and voluntarily and upon due deliberation with the advice of counsel.

152. This AOD shall be governed by the laws of the State of New York without regard to any conflict of laws principles.

153. The AOD and all its terms shall be construed as if mutually drafted with no presumption of any type against any party that may be found to have been the drafter. This AOD may be executed in counterparts, each of which shall be deemed to be original, but all of which, taken together, shall constitute one and the same agreement, notwithstanding that all parties are not signatories to the original or the same counterpart. For purposes of this AOD, copies of signatures shall be treated the same as originals. Documents executed, scanned, and transmitted electronically and electronic signatures shall be deemed original signatures for purposes of this AOD and all matters related thereto, with such scanned and electronic signatures having the same legal effect as original signatures.

IN WITNESS THEREOF, this Assurance is executed by the parties hereto on the dates set forth below:

LETITIA JAMES
Attorney General of the State of New York
44 South Broadway
White Plains, NY 10601

By: Signed by: Sandra Giorno-Tocco
05BAECB58ADC404...
Sandra Giorno-Tocco, AAG
Westchester Regional Office

Date: 9/14/2026

By: DocuSigned by: John R. Darvish
1595698C38F9452...
John Rahmangholi Darvish, *Respondent*

By: DocuSigned by: Jamie W. Darvish
DE7465F9258D471...
Jamshyd Darvish, *Respondent*

For: MT Kisco Automotive, LLC, d/b/a DARCARS BMW of Mt. Kisco and BMW of Mt. Kisco, *Respondent*

By: DocuSigned by: John R. Darvish
1595698C38F9452...
(Signature)

John Rahmangholi Darvish, Member and Manager

For: DARCARS Railroad Avenue, Inc., d/b/a DARCARS Lexus of Mount Kisco, Lexus of Mt. Kisco, Lexus of Mount Kisco, and DARCARS Lexus of Mount Kisco, *Respondent*

DocuSigned by:

By: John R. Darvish

1595698C38F9452...

(Signature)

John Rahmangholi Darvish, Executive Vice President

For: Akavon, LLC, *Respondent*

DocuSigned by:

By: John R. Darvish

1595698C38F9452...

(Signature)

John Rahmangholi Darvish, Member and Manager

For: Mariam, Inc., *Respondent*

DocuSigned by:

By: John R. Darvish

1595698C38F9452...

(Signature)

John Rahmangholi Darvish, President/CEO