

# EXHIBIT 1



CHRISTOPHER L. LEBSOCK 600 Montgomery Street  
Partner Suite 3200  
San Francisco, CA 94111

415-633-1949 Direct  
415-633-1908 Main  
415-358-4980 Fax

clebsock@hausfeld.com

October 9, 2015

**VIA CERTIFIED U.S. MAIL**

Volkswagen Group of America, Inc.  
c/o Corporation Service Company  
270 Gateway Oaks Drive, Suite 150N  
Sacramento, CA 95833

Audi of America, Inc.  
c/o Corporation Service Company  
Bank of America Center  
111 East Main Street  
Richmond, VA 23219

Volkswagen of America, Inc.  
c/o Corporation Service Company  
Bank of America Center  
111 East Main Street  
Richmond, VA 23219

David Geanacopoulos  
Executive Vice President Public Affairs and  
General Counsel  
Volkswagen Group of America, Inc.  
2200 Ferdinand Porsche Drive  
Herndon, VA 20171

Terry McAuliffe  
Governor of Virginia  
PO Box 1475  
Richmond, VA 23218  
(804) 786-2211

Stuart Johnson  
General Manager  
Engineering and Environmental Office  
Volkswagen Group of America, Inc.  
3800 Hamlin Road  
Auburn Hills, MI 48326

Richard Snyder  
Governor of Michigan  
PO Box 30013  
Lansing, MI 48909  
(517) 373-3400

General Counsel  
Volkswagen Group of America, Inc.  
2710 Gateway Oaks Dr., Suite 150N  
Sacramento, CA 95833

Edmund G. Brown, Jr  
Governor of California  
c/o State Capitol, Suite 1173  
Sacramento, CA 95814  
(916) 445-2841

General Counsel  
Audi Of America, Inc.  
2200 Ferdinand Porsche Drive  
Herndon, VA 20171



Gina McCarthy  
Environmental Protection Agency,  
Administrator  
Office Of The Administrator, Mail Code  
1101A  
Environmental Protection Agency  
1200 Pennsylvania Avenue, N.W.  
Washington, DC 20460

Muriel Bower Mayor of Washington, DC  
1350 Pennsylvania Avenue, NW, Suite 316  
Washington, DC 20004

Regional Administrator  
South Central Region  
Environmental Protection Agency  
1445 Ross Avenue, Suite 1200  
Dallas, TX 75202

Greg Abbott  
Governor of Texas  
State Insurance Building  
1100 San Jacinto  
Austin, TX 78701

Regional Administrator  
Pacific Northwest Region  
Environmental Protection Agency  
1200 6th Avenue, Suite 900  
Seattle, WA 98101

Jay Inslee  
Governor of Washington State  
PO Box 40002  
Olympia, WA 98504-0002

Regional Administrator  
Pacific Southwest Region  
Environmental Protection Agency  
75 Hawthorne Street  
San Francisco, CA 94105

Regional Administrator  
New England Region  
Environmental Protection Agency  
5 Post Office Square, Suite 100  
Boston, MA 02109-3912

Charlie Baker  
Governor of Massachusetts  
Massachusetts State House  
Office of the Governor, Room 280  
Boston, MA 02133

Regional Administrator  
Region 2  
Environmental Protection Agency  
290 Broadway  
New York, NY 10007-1866

Andrew Cuomo  
Governor of New York  
NYS State Capitol Building  
Albany, NY 12224



Regional Administrator  
Mid-Atlantic Region  
Environmental Protection Agency  
1650 Arch Street  
Philadelphia, PA 19103-2029

Tom Wolf  
Governor of Pennsylvania  
508 Main Capitol Building  
Harrisburg, PA 17120

Mary D. Nichols, Chair  
California Air Resources Board  
9460 Telstar Avenue, Suite 4  
El Monte, California 91731

General Counsel  
Arizona Department of Environmental  
Quality  
1110 W. Washington Street  
Phoenix, AZ 85007

Douglas Ducey  
Governor of Arizona  
1700 West Washington Street  
Phoenix, AZ 85007

General Counsel  
Connecticut Department of Energy &  
Environmental Protection  
79 Elm Street  
Hartford, CT 06106-5127

Dannel P. Malloy  
Governor of Connecticut  
210 Capitol Avenue  
Hartford, CT 06106

General Counsel  
Maine Department of Environmental  
Protection  
17 State House Station  
Augusta, Maine 04333-0017

Paul R. LePage  
Governor of Maine  
1 State House Station  
Augusta, ME 04333-0001

General Counsel  
Maryland Department of the Environment  
1800 Washington Boulevard  
Baltimore, MD 21230

Larry Logan  
Governor of Maryland  
100 State Circle  
Annapolis, MD 21401

General Counsel  
Massachusetts Department of  
Environmental Protection  
1 Winter Street  
Boston, Massachusetts 02108



General Counsel  
New Jersey Department of Environmental  
Protection  
401 E. State St.  
7th Floor, East Wing  
P.O. Box 402  
Trenton, NJ 08625-0402

Chris Christie  
Governor of New Jersey  
PO Box 001  
Trenton, NJ 08625

General Counsel  
New Mexico Environment Department  
Harold L. Runnels Building  
1190 St. Francis Drive, Suite N4050  
Santa Fe, New Mexico 87505

Susana Martinez  
Governor of New Mexico  
490 Old Santa Fe Trail, Room 400  
Santa Fe, NM 87501

General Counsel  
New York State Department of  
Environmental Conservation  
625 Broadway  
Albany, New York 12233-0001

General Counsel  
Oregon Department of Environmental  
Quality  
811 SW 6th Avenue  
Portland, OR 97204-1390

Kate Brown  
Governor of Oregon  
160 State Capitol  
900 Court Street  
Salem, OR 97301-4047

General Counsel  
Pennsylvania Department of Environmental  
Protection  
Rachel Carson State Office Building  
400 Market Street  
Harrisburg, PA 17101

General Counsel  
Rhode Island Department of Environmental  
Management  
235 Promenade Street  
Providence, RI 02908-5767

Gina M. Raimondo  
Governor of Rhode Island  
82 Smith Street  
Providence, RI 02903

General Counsel  
Vermont Department of Environmental  
Conservation  
1 National Life Drive, Main 2  
Montpelier, VT 05620-3520

Peter Shumlin  
Governor of Vermont  
109 State Street, Pavilion  
Montpelier, VT 05609



General Counsel  
Washington Department of Ecology  
300 Desmond Drive SE,  
Lacey, WA 98503

**RE: *VW Emissions Violations; Notice of Intent to Sue.***

Dear Sir or Madame:

Pursuant to 42 U.S.C. § 7604(b), we write to notify you that Volkswagen AG, Audi AG, Volkswagen Group of America, Inc., Volkswagen of America, Inc., and Audi of America, Inc. (collectively “VW”) are alleged to have violated the Clean Air Act (“CAA”), 42 U.S.C. §§ 7401 - 7671q, and its implementing regulations, and the motor vehicle emissions laws, regulations and orders of California, Arizona, Connecticut, Maine, Maryland, Massachusetts, New Jersey, New Mexico, New York, Oregon, Pennsylvania, Rhode Island, Vermont, and Washington by installing “defeat devices” on its emissions control systems for at least the following Volkswagen and Audi vehicles sold in the United States:

- VW Jetta TDI (Model Years 2009-15);
- VW Jetta SportWagen TDI (Model Years 2009-14);
- VW Golf TDI (Model Years 2010-15);
- VW Golf SportWagen TDI (Model Year 2015);
- VW Beetle TDI and VW Beetle Convertible TDI (Model Years 2012-15);
- VW Passat TDI (Model Years 2012-15); and
- Audi A3 TDI (Model Years 2010-15).

The defeat devices masked real world NOx emissions that exceeded emissions levels authorized by the U.S. Environmental Protection Agency limits by 10 to 40 times.

VW has widely admitted to its violation of E.P.A. and California Air Resources Board

rules and regulations (which have been adopted in 13 states), and to its deception of state and federal regulators. On October 8, 2016, VW additionally publicly announced that some or all of its SCR engines may also be non-compliant with state and federal regulations. VW executives at the highest level of the company were aware of these emissions violations and these individuals authorized concealment through the use of a sophisticated software code that understood when an engine was being subjected to an emissions test. The software then altered engine settings to allow the vehicle to pass the emissions test. Thereafter, the engine would revert to normal settings for real-world driving conditions.

The CAA makes it a violation "for any person to manufacture or sell, or offer to sell, or install, 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 regulations under this subchapter, 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." CAA § 203(a)(3)(B), 42 U.S.C. § 7522(a)(3)(B); 40 C.F.R. § 86.1854-12(a)(3)(ii). Additionally, manufacturers are prohibited from selling, offering for sale, introducing into commerce, delivering for introduction into commerce, or importing, any new motor vehicle unless that vehicle is covered by an EPA-issued Certificate of Conformity ("COC"). CAA § 203(a)(1), 42 U.S.C. § 7522(a)(1); 40 C.F.R. § 86.1854-12(a)(1). It is also a violation to cause any of the foregoing acts. CAA § 203(a), 42 U.S.C. § 7522(a); 40 C.F.R. § 86-1854-12(a).

"Vehicles are covered by a certificate of conformity only if they are in all material respects as described in the manufacturer's application for certification . . ." 40 C.F.R. § 86.1848-1 O(c)(6). Similarly, a COC issued by EPA, including those issued to VW, state expressly, "[t]his certificate covers only those new motor vehicles or vehicle engines which conform, in all material respects, to the design specifications" described in the application for that COC. *See also* 40 C.F.R. §§ 86.1844-01 (listing required content for COC applications), 86.1848-01 (b) (authorizing the EPA to issue COCs on any terms that are necessary or appropriate to assure that new motor vehicles satisfy the requirements of the CAA and its regulations).

Motor vehicles equipped with defeat devices, such as those at issue here, cannot be certified. EPA, *Advisory Circular Number 24: Prohibition on use of Emission Control Defeat Device* (Dec. 11, 1972); *see also* 40 C.F.R. §§ 86-1809-01, 86-1809-10, 86-1809-12. Electronic control systems which may receive inputs from multiple sensors and control multiple actuators that affect the emission control system's performance are AECDs. EPA, *Advisory Circular*

*Number 24-2: Prohibition of Emission Control Defeat Devices - Optional Objective Criteria* (Dec. 6, 1978). "Such elements of design could be control system logic (i.e., computer software), and/or calibrations, and/or hardware items." *Id.*

To obtain a COC, a light-duty vehicle manufacturer must submit a COC application to the EPA for each test group of vehicles that it intends to enter into United States commerce. 40 C.F.R.

§ 86.1 843-0 1. The COC application must include, among other things, a list of all auxiliary emission control devices (AECDs) installed on the vehicles. 40 C.F.R. § 86. 1844-01 (d)(11 ). An AECD is "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. The COC application must also include "a justification for each AECD, the parameters they sense and control, a detailed justification of each AECD that results in a reduction in effectiveness of the emission control system, and [a] rationale for why it is not a defeat device." 40 C. F .R. § 86. 1844-01 (d)(11 ). A defeat device is 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.

Persons who violate section 203(a)(3)(B) of the CAA, 42 U.S.C. § 7522(a)(3)(B), are subject to a civil penalty of up to \$3,750 for each violation that occurred on or after January 13, 2009;<sup>1</sup> CAA § 205(a), 42 U.S.C. § 7524(a); 40 C.F.R. § 19.4. In addition, any manufacturer who, on or after January 13, 2009, sold, offered for sale, introduced into commerce, delivered for introduction into commerce, imported, or caused any of the foregoing acts with respect to any new motor vehicle that was not covered by an EPA-issued COC is subject, among other things, to a civil penalty of up to \$37,500 for each violation.<sup>2</sup> CAA § 205(a), 42 U.S.C. § 7524(a); 40 C.F.R. § 19.4. Additional equitable remedies to further address these alleged violations are also authorized. CAA § 204(a). 42 U.S.C. § 7523(a).

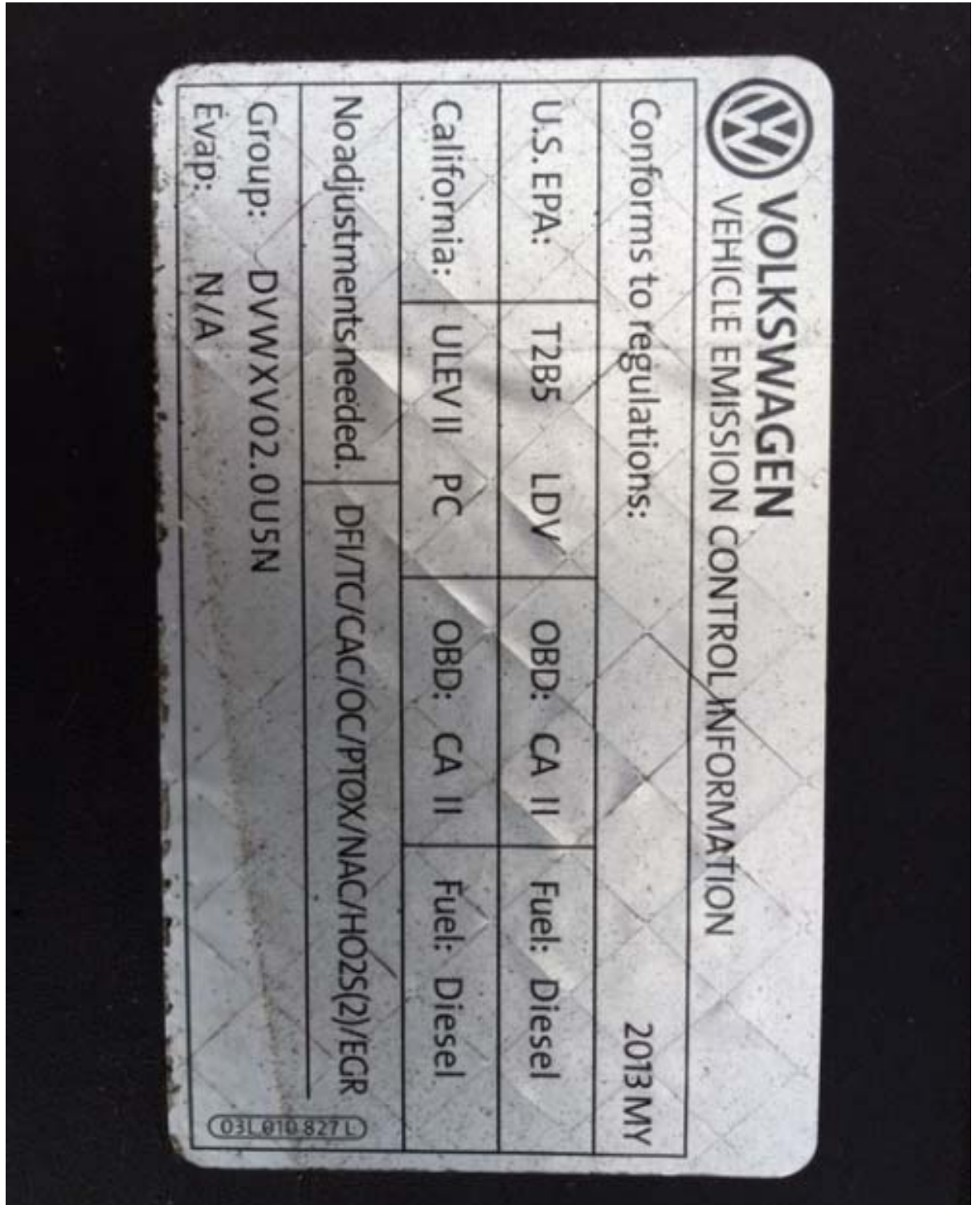
VW's certifications, which are affixed to hundreds of thousands of non-compliant vehicles are false. An exemplar of these certifications is as follows:

---

<sup>1</sup> \$2,750 for violations occurring prior to January 13, 2009.

<sup>2</sup> \$32,500 for violations occurring prior to January 13, 2009.





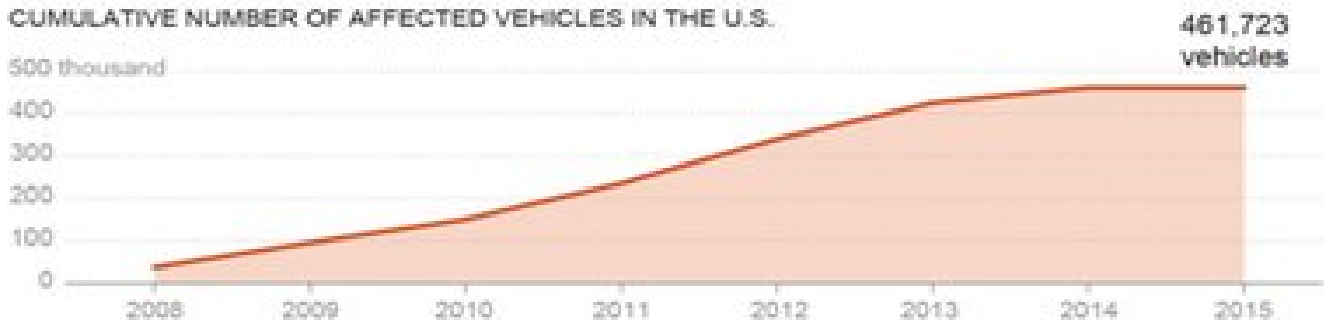


VW's conduct has contributed to significant degradation of air quality in urban environments and has been estimated to have contributed to respiratory and other health problems and death of dozens of people in the United States over the last seven years. On October 3, Associated Press ("AP") laid out the facts in the chart that follows:

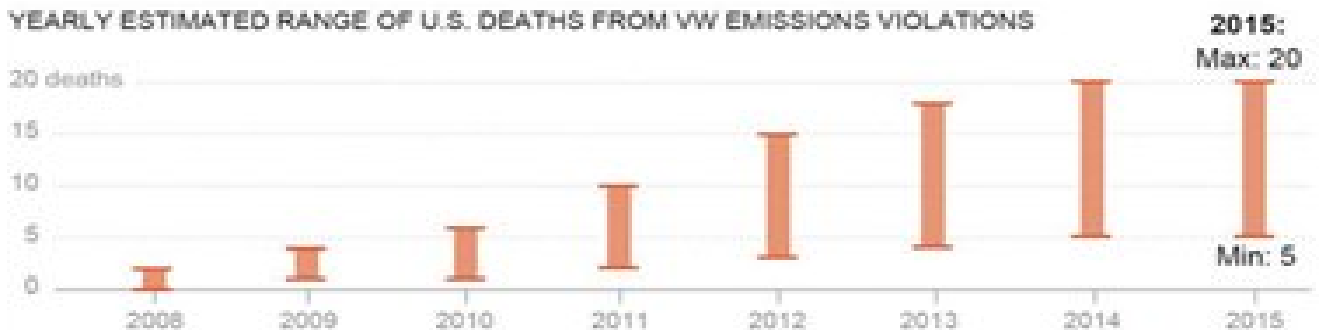
## Calculating human toll of VW emissions problems

U.S. pollution resulting from Volkswagen's dodging of emissions tests is enough to have caused dozens of deaths since 2008. An AP analysis calculated upper and lower limits of pollution using the number of affected vehicles each year and average mileage. Scientists used that data in epidemiological computer models to estimate a range of deaths.

CUMULATIVE NUMBER OF AFFECTED VEHICLES IN THE U.S.

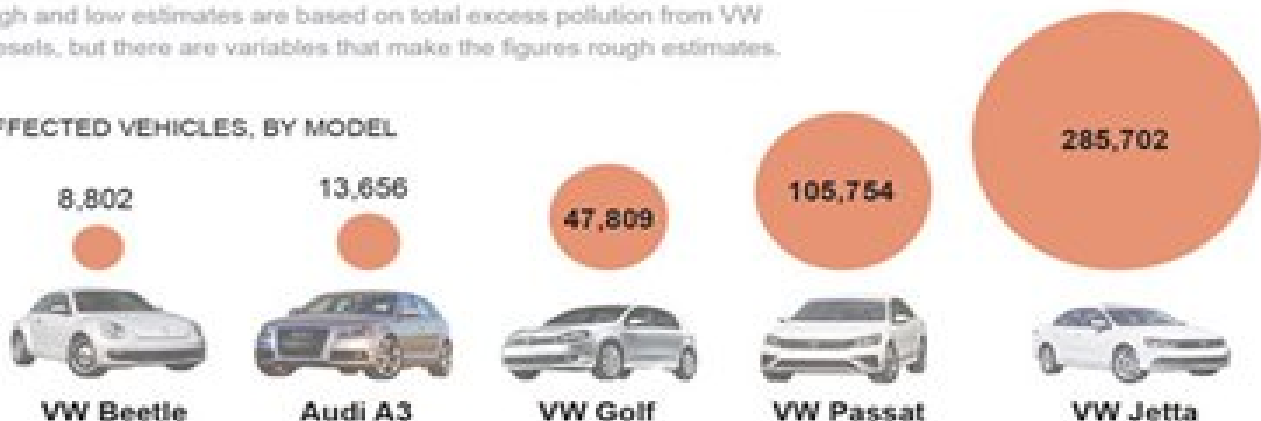


YEARLY ESTIMATED RANGE OF U.S. DEATHS FROM VW EMISSIONS VIOLATIONS



High and low estimates are based on total excess pollution from VW diesels, but there are variables that make the figures rough estimates.

AFFECTED VEHICLES, BY MODEL



NOTE: The total of 47,809 for VW Golf includes 3,530 VW Golf Sportswagen vehicles. The total figure of 461,723 is derived from Kelley Blue Book vehicle registration data. The Environmental Protection Agency estimates the total number of affected vehicles in the U.S. to be about 482,000.

SOURCES: AP analysis of data from the U.S. Environmental Protection Agency and Kelley Blue Book; Professor Peter Adams, Carnegie Mellon; Volkswagen; Audi

AP



As the AP article notes, the Class Vehicles released enough NOx over the course of seven years to significantly degrade the environment in urban areas.

The full name and contact of the parties giving notice are as follows: Maria Bourn, David Watson, Stephen Verner, Mark Schumacher and the Center for Auto Safety, each of whom may be contacted through their counsel, Hausfeld LLP, 600 Montgomery Street, 32<sup>nd</sup> Floor, San Francisco, CA 94111 (Tel.: 415-633-1908).

The parties give you notice of their intent to sue the VW entities identified above pursuant to 42 U.S.C. § 7604(a)(1) sixty days following the date of this notice in the United States District Court for the Eastern District of Virginia. Notice is deemed given on the postmark date. See 40 C.F.R. § 54.2(d)

If you believe that any portion of this notice is provided in error, or if you wish to discuss any portion of this notice, please do not hesitate to contact me.

Very truly yours,

Christopher L. Lebsock  
Partner