

IN THE SUPERIOR COURT FOR THE STATE OF ALASKA
THIRD JUDICIAL DISTRICT AT ANCHORAGE

In the Matter of:

Lithia Motors, Inc.

Case No. 3AN-25-_____CI

**ASSURANCE OF VOLUNTARY COMPLIANCE
(AS 45.50.511)**

1. This Assurance of Voluntary Compliance (“AVC”) is entered into by the State of Alaska (the “State”) and Lithia Motors, Inc. and its subsidiaries operating in Alaska (collectively, “Lithia”) to resolve the State’s concerns regarding whether, from January 3, 2019, to the Effective Date, Lithia dealerships in Alaska charged consumers document fees when those fees were not included in the vehicle prices advertised by Lithia, and whether, from between January 3, 2019 and June 20, 2025, Lithia advertised new BMW vehicles on third party websites at their MSRP when Lithia’s offering price was above MSRP in some instances.

2. This AVC constitutes an agreement between Lithia and the State related to Lithia’s practices as described herein. Nothing in this AVC modifies the consent judgment in 3AN-06-1328CI, which remains in effect.

3. Lithia Motors, Inc. affirms that it has the authority to bind its current and future subsidiaries operating in Alaska to this AVC.

4. The parties bring this matter to the Court under AS 45.50.511, which provides, in pertinent part, as follows: “[T]he attorney general may accept an assurance of

voluntary compliance with respect to any act or practice considered to be violative of AS 45.50.471 [through] 45.50.561 from a person who has engaged or was about to engage in such an act or practice. The assurance shall be in writing and shall be filed with and is subject to the approval of the superior court in the judicial district in which the alleged violator resides or is doing business or has the principal place of business in the state. The assurance of voluntary compliance is not considered an admission of violation for any purpose.”

5. The State considers Lithia’s practices, as described above, to be violations of AS 45.25.440 and therefore of AS 45.50.471(a), under AS 45.50.471(b)(43).

6. In consideration of their mutual agreement to the terms of this AVC, and the consideration described herein, the sufficiency of which is hereby acknowledged, Lithia and the State agree as follows:

JURISDICTION

7. Lithia is an Oregon corporation with its primary place of business at 150 North Bartlett Street, Medford, Oregon 97501.

8. Lithia conducted business within the Third Judicial District at Anchorage, Alaska at all times relevant to this matter.

9. Venue in the Superior Court for the Third Judicial District at Anchorage is proper pursuant to Rule 3 of the Alaska Rules of Civil Procedure and AS 45.50.511.

DEFINITIONS

10. For the purposes of this AVC, the following definitions shall apply:

(a) “Effective Date” means the date this AVC is approved and signed by a judge of the Alaska Superior Court.

(b) “Days” refers to calendar days rather than business days.

(c) “Vehicle” has the meaning given for “motor vehicle” in AS 45.25.590(3).

(d) “Lithia Dealership” means a distinctly branded Lithia venture in Alaska. (For example, despite the fact that Mini of Anchorage and BMW of Anchorage are not separate entities, they are branded distinctly).

(e) “Impacted Sale” refers to a Vehicle sale that satisfies each of the requirements of either Paragraphs 10(e)(i) or 10(e)(ii) below:

(i) As of the Effective Date, Lithia possesses documents necessary to establish the transaction history for a Vehicle that Lithia sold between January 3, 2019, and the Effective Date; and

(A) The consumer was charged a document fee in addition to the advertised price of the Vehicle; and

(B) The Vehicle sale occurred at:

- Lithia of Anchorage, Inc. dba Lithia Chrysler Dodge Jeep Ram Fiat of Anchorage, aka Lithia Superstore South Anchorage,
- Lithia of Wasilla, LLC dba Lithia Chrysler Jeep Dodge Ram of Wasilla,

- Lithia of South Central AK, Inc. dba Chevrolet of South Anchorage, or
- Lithia NA, Inc. dba BMW of Anchorage and MINI of Anchorage.

(C) For purposes of Paragraph 10(e)(i), for new vehicles sold between January 3, 2019 and June 20, 2025 by Lithia NA, Inc. while doing business as BMW of Anchorage, the MSRP is the advertised price.

(ii) As of the Effective Date, Lithia does **not** possess documents necessary to establish the transaction history for a Vehicle that Lithia sold; and

(A) The Vehicle sale occurred at one of the following Lithia Dealerships and during the following periods of time:

- Lithia of Anchorage, Inc. dba Lithia Chrysler Dodge Jeep Ram Fiat of Anchorage, aka Lithia Superstore South Anchorage, from January 3, 2019 to November 30, 2019, or
- Lithia of Wasilla, LLC dba Lithia Chrysler Jeep Dodge Ram of Wasilla from January 3, 2019 to March 31, 2021, or
- Lithia of South Central AK, Inc. dba Chevrolet of

South Anchorage from January 3, 2019 to February 28, 2021; and

(B) By 100 days after the Effective Date, the consumer who purchased the Vehicle has emailed consumerprotection@alaska.gov, docfeeinquiry@lithia.com, and alexandra.giza@stoel.com:

- A copy of the consumer's contract demonstrating that the consumer paid a document fee to a Lithia Dealership listed above, during a time period listed above;
- A signed and notarized affidavit by the consumer that the consumer personally viewed an advertisement for the Vehicle which stated a price less than the sum of the price and document fee reflected in the contract, minus any optional accessories and add-ons; and
- A mailing address where a reimbursement check should be sent.

(C) Lithia shall not be obligated to reimburse any consumer who submits an affidavit under Paragraph 10(e)(ii) if, by 150 days after the Effective Date, Lithia provides the Attorney General's Office with documentation demonstrating that Lithia did not charge the

consumer a document fee in addition to the advertised price.

(f) An “Impacted Sale” **does not** include:

(i) Vehicle sales where the Vehicle’s cash price was greater than the advertised price due to optional accessories and add-ons, and was discounted by the full amount of the document fee that was charged; or

(ii) Vehicles that were never advertised with an offering price (e.g., were solely advertised as “Call for Price”).

(g) “Impacted Consumer” means a person who purchased a Vehicle in an Impacted Sale.

AGREEMENT AND ASSURANCE

11. In every instance where Lithia advertises the asking price for its Vehicles, the asking price will include all fees and costs that Lithia will charge a consumer to purchase the Vehicle, with the exception of fees actually paid to a government agency as set forth in AS 45.25.440. This applies to all asking price advertisements whether in writing, online, or at the dealership.

12. In every online advertisement where Lithia advertises the MSRP for its Vehicles, and not an asking price, the fact that the dollar figure is the manufacturer’s suggested retail price and not the asking price must be clear and conspicuous. At a minimum:

(a) The word “MSRP” will appear adjacent to the MSRP dollar figure and be in same font, size, color, and boldness as the MSRP dollar figure; and

(b) Each Vehicle advertisement will include a conspicuous disclaimer that states that “‘MSRP’ is the Manufacturer’s Suggested Retail Price. An advertisement and/or listing with MSRP displayed does not necessarily mean that vehicle is being offered for sale by this dealership at MSRP.”

13. By the 120th day after the Effective Date, or the next business day if that date falls on a weekend or State holiday, Lithia agrees to identify, based on reasonable and good faith efforts, every Impacted Sale and will provide a report to the Attorney General’s Office which states all Impacted Sales identified and the total sum of restitution Lithia will offer Impacted Consumers under this AVC. Lithia will also notify the Attorney General’s Office of any Impacted Sales identified after this report is made. “Reasonable and good faith efforts” in this paragraph means that Lithia will use the most accurate records in its possession to determine what the advertised price and sale price were at the time of sale. In instances where Lithia has no more accurate records, Lithia will use the “Internet Price” field in its Dealer Management System (“DMS”) for the date of the Vehicle’s sale as a proxy for the price that the Vehicle was being advertised for at the time of the sale except that for new Vehicles sold by Lithia NA, Inc. while doing business as BMW of Anchorage the MSRP listed for the sale date in Lithia’s DMS must be used as the proxy for advertised price for the period between January 3, 2019 and June 20, 2025. Lithia does not admit or agree that “Internet Price” accurately identifies actual advertised prices, but agrees to the use of the “Internet Price” field in its DMS as a proxy

for the actual advertised price solely for the purpose of reaching a resolution with the State.

14. For Impacted Consumers under Paragraph 10(e)(ii), if, by 150 days after the Effective Date, Lithia provides the Attorney General's Office with documentation demonstrating that Lithia did not charge the consumer a full document fee in addition to the advertised price, Lithia will only reimburse those consumers in the amount of the document fee that was charged above the advertised price. Otherwise, Lithia will reimburse Impacted Consumers under Paragraph 10(e)(ii) \$200. Lithia is not required to provide these consumers with additional notice under Paragraphs 15 through 19.

15. By the 150th day after the Effective Date, or the next business day if that date falls on a weekend or State holiday, Lithia will send letters to every identified Impacted Consumer at the address contained within the records for the Impacted Sale that Lithia has in its possession. The form letters must contain the following language:

It has come to the attention of Lithia Motors, Inc. ("Lithia") that you purchased a vehicle at a Lithia dealership in Alaska and \$[*amount of document fee charged in addition to the advertised price of the Vehicle*] of the document fee that Lithia charged you was not included in the online advertised price of the vehicle sold to you. Following good faith discussions between Lithia and the Alaska Attorney General's Office, Lithia is offering you the \$[*amount of document fee charged in addition to the advertised price of the Vehicle*] you paid as part of your vehicle purchase.

If you wish to receive a check for \$[*amount of document fee charged in addition to the advertised price of the Vehicle*], contact Lithia by email at [*dedicated email address*] by no later than [*180 days from Effective Date*] and provide a mailing address where the check should be sent. By cashing

or depositing this check, you will agree to release any claim you might have against Lithia relating to the document fee you were charged.

16. In cases where an Impacted Consumer completed more than one Impacted Sale, Lithia will modify the scripts in Paragraphs 15 and 18 to reflect the higher sum the Impacted Consumer is owed and as otherwise necessary.

17. Lithia may immediately begin sending checks with letters in compliance with Paragraphs 20 and 21 to Impacted Consumers who provide a mailing address.

18. By the 210th day after the Effective Date, or the next business day if that date falls on a weekend or State holiday, Lithia will complete reasonable and good faith efforts to telephonically contact all Impacted Consumers who did not respond to the letter. At a minimum, two calls on two different business days must be made to each non-responsive Impacted Consumer, unless a representative from Lithia is able to talk to the consumer on the first call, or the consumer otherwise provides a mailing address to Lithia. In making these calls, Lithia will use whatever telephone number is contained in the records for the Impacted Sale that Lithia has in its possession. If unsuccessful in contacting an Impacted Consumer, Lithia will leave a voice message, if possible. Lithia must read the following script as part of each call or voice message:

It has come to the attention of Lithia Motors, Inc. that you purchased a vehicle at a Lithia dealership in Alaska and \$[amount of document fee charged in addition to the advertised price of the Vehicle] of the document fee that Lithia charged you was not included in the online advertised price of the vehicle sold to you. Following good faith discussions between Lithia and the Alaska Attorney General's Office, Lithia is offering you the \$[amount of document fee

charged in addition to the advertised price of the Vehicle]
you paid as part of your vehicle purchase.

If you wish to receive a check for \$[*amount of document fee charged in addition to the advertised price of the Vehicle*], you must provide us with a mailing address for the check. You may provide that address [(*for live calls*) to me now or] by email at [*dedicated email address*] or by phone at [*phone number*]. You must respond by no later than [*the 240th day after the Effective Date*] in order to receive a check. By cashing or depositing this check, you will agree to release any claim you might have against Lithia relating to the document fee you were charged.

19. Lithia's representatives will repeat this script, or the information in this script, if asked by the consumer and make a good faith effort to ensure that the Impacted Consumer understands the information in the script.

20. By the 270th day after the Effective Date, Lithia will mail checks in the amount of the document fee charged in addition to the advertised price of the Vehicle for each Impacted Sale to every Impacted Consumer who provided Lithia with an address in response to Lithia's above-described letters, telephone calls, or through an email under Paragraph 10(e)(ii)(B). The check will include the following language in the "memo" line: "Reimbursement of document fee. See attached letter."

21. The check will be accompanied by a letter which includes the following language:

Enclosed with this letter is a check provided to you by Lithia Motors, Inc. ("Lithia") returning the payment you made for a document fee when purchasing a vehicle at a Lithia dealership in Alaska. By cashing or depositing this check, you agree to release any claim you might have against Lithia relating to the document fee. You must cash or deposit this check by [*the 300th day after the Effective Date*]. If you do not cash or deposit this check by that

date, this check will be canceled and you will not be entitled to any payment by Lithia under the agreement between Lithia and the Alaska Attorney General's Office.

22. By the 310th day after the Effective Date, or, if that date falls on a weekend or State holiday, the next business day thereafter, Lithia will provide the Attorney General's Office with a report stating the total sum of money that Lithia has paid to Impacted Consumers through the checks described in Paragraph 20.

23. Lithia will record the addresses and phone numbers that it used to contact each Impacted Consumer, the dates any Impacted Consumer was called, whether each Impacted Consumer was successfully contacted, the addresses that checks were sent to and whether each check was cashed. Lithia will preserve these records for at least 365 days from the Effective Date. The State may obtain copies of these records on request.

FUTURE COMPLIANCE MEASURES

24. Lithia shall train personnel responsible for Vehicle advertising, marketing, pricing, or sales in Alaska on the requirements of AS 45.25.440 within 60 days of the Effective Date, and on an annual basis thereafter.¹ Each required training must include supporting written material, marked with the date the instruction was given, and a list of training attendees. Such training shall also be provided to new personnel within a reasonable amount of time upon hire or promotion to a position responsible for Vehicle

¹ Lithia personnel who will receive training under this provision are individuals with the following titles: general managers, general sales managers, used car managers, sales managers, salespeople, sales advisors, client advisors, sales consultants, finance managers, and finance advisors.

advertising, marketing, pricing, or sales.² Notwithstanding Paragraph 36, Lithia shall retain copies of the training materials for a period of five (5) years and provide them to the State upon request.

25. Lithia will conduct regular audits of its online vehicle advertisements. There will be no more than six months in between each audit. The first stage of the first audit, as described in Paragraph 26, must be completed within six months of the Effective Date. Websites where Vehicles are solely advertised through ad space, e.g., banner ads, are not subject to this requirement.

26. The first stage of each audit will examine the advertisements for five Vehicles from each Lithia Dealership on each Lithia Dealership's website and, if applicable, on the third-party websites Cars.com, CarGurus, and AutoTrader. Lithia will make a good faith effort to ensure that its sample of five Vehicles per Lithia Dealership is reasonably representative of each Dealership's offerings. After this initial examination, Lithia's auditors will complete signed and dated declarations that include:

- a screen capture of a portion of each advertisement that includes the subject vehicle's VIN and offering price, if an offering price is advertised;
- if a Vehicle is advertised only by MSRP, a screen capture that includes the disclaimer described in Paragraph 12;
- statements that:

² New Lithia personnel who will receive training under this provision are those individuals with the same titles identified in footnote 1.

- the advertised offering prices were correct;
- any dealer fees Lithia intends to charge were included in the advertised prices; and
- that the advertisements complied with the requirements of this AVC;
- if Lithia's auditors cannot truthfully make the statements described above, then they will describe in their declaration what facts made these statements untrue.

27. Lithia's auditors will continue to take screenshots of the same advertisements screenshotted under Paragraph 26 at least as frequently as every seven days until each Vehicle is sold or another audit is conducted.

28. Within seven days of a sale of a Vehicle subject to the audit, Lithia's auditors will review the most recent advertisement screenshot of the screenshots referenced in Paragraph 27 and check that the Vehicle that was sold in compliance with AS 45.25.440 and this AVC. Lithia's auditors will complete an additional signed and dated declaration that includes:

- documentation of the final price the Vehicle was sold for;
- copies all screenshots taken by Lithia's auditors before the vehicle was sold;
- statements that:

- the Vehicle was sold at or below the advertised price, or which specific optional accessories and/or add-ons accounted for an increased price;
- any dealer fees Lithia charged were included in the advertised price; and
- that the sale complied with this AVC;
- if Lithia's auditors cannot truthfully make the statements described above, then they will describe in their declaration what facts made these statements untrue.

29. If a Vehicle subject to an audit is not sold before another audit has begun, Lithia's auditors will complete a signed and dated declaration stating that the Vehicle was not sold during the audit period.

30. Notwithstanding Paragraph 36, Lithia will preserve the declarations from each audit for six years after the audit is completed.

31. In addition to its powers under AS 45.50.495, during the three years following the Effective Date, the Alaska Attorney General's Office may obtain from Lithia all documentation related to the audit processes described in Paragraphs 25 through 30 above. Lithia will provide these documents within 30 days of a request by the Attorney General's Office.

32. The parties stipulate that the State may bring an action to recover penalties of \$1,000 for each audit of a Vehicle that is false or which Lithia failed to perform. If the

court finds that an audit of a Vehicle was false or that Lithia failed to perform an audit because of deliberate indifference to the audit requirements on the part of Lithia, then the court may impose penalties of up to \$5,000 per Vehicle.

33. If the State believes that Lithia has failed to comply with the audit terms listed in Paragraphs 25 through 31, the State shall provide Lithia with written notice of such failure by prepaid first-class mail and email to the Representatives identified in Paragraph 44 below. Lithia shall have twenty (20) days from receipt of such written notice to provide a good faith written response to the State, including either a statement that Lithia believes it is in full compliance or otherwise a statement explaining how the failure occurred, how it has been addressed or when it will be addressed, and what Lithia will do to make sure the failure does not happen again. The State may agree to provide Lithia with more than twenty (20) days to respond. Nothing in this provision limits the State's rights to enforce Alaska law or the terms of this agreement.

PAYMENT TO THE STATE

34. By the 30th day after the Effective Date, Lithia will pay \$300,000 (three hundred thousand USD) to the State, which shall be considered by the State to cover any and all civil penalties imposed upon Lithia, the State's attorneys' fees, and other costs of investigation borne by the State related to the claims released in Paragraphs 37–39, and which may be used by the State for any lawful purpose.

35. Lithia will deliver this payment to the State of Alaska Department of Law at 1031 W. 4th Avenue, Suite 200, Anchorage, Alaska 99501, in the form of a check.

RELEASE AND DURATION

36. The Parties acknowledge and agree that this AVC shall terminate five years after the Effective Date.

37. The State releases Lithia from all civil claims that the State could have brought based on Lithia not having included the amount of its document fees in the advertised price of its Vehicles from January 3, 2019, through the Effective Date.

38. The State releases Lithia from all civil claims that the State could have brought based on Lithia, from between January 3, 2019 and June 20, 2025, advertising Vehicles on third party websites at their MSRP when Lithia's offering price was above MSRP in some instances.

39. The State releases Lithia from all civil claims that the State could have brought based on Lithia's potential violations of the consent judgment in Case No. 3AN-06-13238CI, including a claim for civil penalties under AS 45.50.551(a), based on the conduct described in Paragraphs 37 and 38.

40. If Lithia fails to perform its obligations under Paragraphs 11 through 35, the State may rescind this Release and file an action under AS 45.50.501 raising any claims that could have been raised as of the Effective Date.

GENERAL TERMS

41. In accordance with AS 45.50.511, this AVC is not, for any purpose, an admission by Lithia that it has violated Alaska law, nor does Lithia admit to violating any other law regarding document fees.

42. This AVC shall not bar the State from enforcing laws, regulations, or rules against Lithia for conduct subsequent to or otherwise not covered by the Release.

43. If any clause, provision, or section of this AVC is, for any reason, held illegal, invalid, or unenforceable, such illegality, invalidity, or unenforceability shall not affect any other clause, provision, or section of this AVC, which shall be construed and enforced as if such illegal, invalid, or unenforceable clause, section, or provision had not been contained herein.

SERVICE AND CORRESPONDENCE

44. All service and correspondence between the parties relating to this AVC shall be delivered to the attorney(s) for the relevant party at the following physical or email addresses:

For the State:

Ian Engelbeck, Consumer Protection Unit
State of Alaska, Department of Law
1031 W. 4th Avenue, Suite 200
Anchorage, AK 99501
ian.engelbeck@alaska.gov

For Lithia:

Thomas R. Johnson
Alexandra Choi Giza
Stoel Rives LLP
760 SW Ninth Ave, Suite 3000
Portland, OR 97205
tom.johnson@stoel.com
alexandra.giza@stoel.com

This Assurance of Voluntary Compliance is entered into by and between the State of Alaska and Lithia:

FOR THE STATE OF ALASKA:

STEPHEN J. COX
ATTORNEY GENERAL

By: Ian R. Engelbeck
Assistant Attorney General
Alaska Bar Number: 2010094
State of Alaska, Department of Law
1031 W. 4th Avenue, Ste. 200
Anchorage, AK 99501

Date: _____

FOR LITHIA MOTORS, INC.:

By: Thomas R. Johnson
Oregon Bar Number: 010645
Stoel Rives LLP
760 SW Ninth Ave, Suite 3000
Portland, OR 97205

Date: _____

ORDER ACCEPTING ASSURANCE OF VOLUNTARY COMPLIANCE

The parties to this action having presented this Assurance of Voluntary Compliance to the Court, in accordance with AS 45.50.511; the Court having reviewed the Assurance of Voluntary Compliance and having found it to be in the public interest; the Assurance of Voluntary Compliance is hereby APPROVED.

DATED this ____ day of _____ 2025 in Anchorage, Alaska.

Judge of the Superior Court