

December 22, 2025

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Attorney General Marshall Announces \$150 Million Settlement with Mercedes-Benz USA and Mercedes-Benz Group AG Over Emissions Fraud

Alabama will receive \$4.9 million

(Montgomery, Ala) – Attorney General Steve Marshall today joined a coalition of 50 attorneys general announcing a \$149,673,750 settlement with Mercedes-Benz USA and Mercedes-Benz Group AG for violating state laws prohibiting unfair or deceptive trade practices by marketing, selling and leasing vehicles equipped with illegal and undisclosed emissions defeat devices designed to circumvent emissions standards. The settlement also includes more than \$200 million in potential consumer relief. In Alabama, the state has identified approximately 11,906 vehicles that have been sold or registered. Alabama will receive \$4,934,299 through today's settlement.

Beginning in 2008 and continuing to 2016, the states allege Mercedes manufactured, marketed, advertised, and distributed nationwide more than 211,000 diesel passenger cars and vans equipped with software defeat devices that optimized emission controls during emissions tests, while reducing those controls outside of normal operations. The defeat devices enabled vehicles to far exceed legal limits of nitrogen oxides (NOx) emissions, a harmful pollutant that causes respiratory illness and contributes to the formation of smog. Mercedes engaged in this conduct to achieve design and performance goals, such as increased fuel efficiency and reduced maintenance, that it was unable to meet while complying with applicable emission standards. Mercedes concealed the existence of these defeat devices from state and federal regulators and the public. At the same time, Mercedes marketed the vehicles to consumers as "environmentally-friendly" and in compliance with applicable emissions regulations.

"This settlement sends a clear message to consumers: they deserve honesty, and deceptive marketing won't be tolerated," stated Attorney General Steve Marshall.

Today's settlement requires Mercedes-Benz USA and Mercedes-Benz Group AG to pay \$120 million to the states upon the effective date of the settlement. An additional \$29,673,750 will be suspended and potentially waived pending completion of a comprehensive consumer relief program.

The consumer relief program extends to the estimated 39,565 vehicles that had not been repaired or permanently removed from the road in the United States by August 1, 2023. Mercedes must bear the cost of installing approved emission modification software on each of the affected vehicles. The companies must provide participating consumers with an extended warranty and will pay consumers \$2,000 per subject vehicle.



The companies must also comply with reporting requirements, reform their practices, and refrain from including a prohibition on any further unfair or deceptive marketing or sale of diesel vehicles, including misrepresentations regarding emissions and compliance.

Today's settlement follows similar settlements reached previously between the states and Volkswagen, Fiat Chrysler and German engineering company Robert Bosch GmbH over its development of the cheat software. Automaker Fiat Chrysler and its subsidiaries paid \$72.5 million to the states in 2019. Bosch paid \$98.7 million in 2019. Volkswagen reached a \$570 million settlement with the states in 2016.

The attorneys general of Connecticut, Delaware, and Maryland led the multistate investigation and settlement, and were assisted by Alabama, Georgia, New Jersey, New York, South Carolina, and Texas. The final settlement was also joined by Alaska, Arkansas, Colorado, the District of Columbia, Florida, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Dakota, Tennessee, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, and Puerto Rico.