SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made between the National Highway Traffic Safety Administration ("NHTSA"), an operating component of the U.S. Department of Transportation and Chapman Chevrolet LLC ("Chapman Chevrolet"), wherein they hereby administratively resolve claims for civil penalties for possible violations of various provisions of Federal law commonly known as the National Traffic and Motor Vehicle Safety Act as amended, 49 U.S.C. Chapter 301 ("Safety Act").

WHEREAS, on October 16, 2012 and July 2, 2013, NHTSA issued Information Requests to Chapman Chevrolet to determine whether Chapman Chevrolet had repaired certain recalled vehicles prior to sale and delivery in accordance with the Safety Act;

WHEREAS, on November 8, 2012, Chapman Chevrolet submitted its response to the October 16, 2012 Information Request to NHTSA;

WHEREAS, on July 31, 2013, Chapman Chevrolet submitted its response to the July 2, 2013 Information Request to NHTSA;

WHEREAS, NHTSA has a potential claim that Chapman Chevrolet violated the Safety Act, including regulations thereunder, by selling and delivering certain new vehicles in 2010 through 2013 that were subject to a recall before the recall repairs were performed on the vehicles;

WHEREAS, it is the mutual desire of NHTSA and Chapman Chevrolet to administratively resolve the civil penalties relating to the possible violations of the Safety Act.
and its implementing regulations as to Chapman Chevrolet’s sales of certain recalled vehicles in 2010 through 2013, including the issues explored in the October 16, 2012 and July 2, 2013 Information Requests under Audit Query (“AQ”) 12-002 and Chapman Chevrolet’s responses thereto, through a binding agreement in order to avoid the legal expenses and other costs of a protracted dispute and possible litigation;

NOW, THEREFORE, the parties agree as follows:

1. The Secretary of Transportation has the authority to compromise the amount of civil penalties under the Safety Act, 49 U.S.C. § 30165(b). The Secretary's authority has been delegated to the Administrator of NHTSA, 49 C.F.R 1.95.

2. Chapman Chevrolet is, and at all times relevant to this action has been, the dealer of the vehicles at issue within the meaning of the Safety Act, as defined in 49 U.S.C. § 30102(a)(1).

3. Without NHTSA making any formal findings with respect to Chapman Chevrolet’s possible violations of the Safety Act as to sales of certain recalled vehicles in 2010 through 2013, including, but not limited to, the issues explored in the October 16, 2012 and July 2, 2013 Information Requests and Chapman Chevrolet’s responses thereto, Chapman Chevrolet shall, without any admission of liability or culpability but in order to resolve the dispute, pay the United States a civil penalty in the sum of $50,000.00 (pursuant to the Safety Act, 49 U.S.C. § 30165). All payments shall be made by electronic funds transfer to the U.S. Treasury. NHTSA shall provide fund transfer account payment and routing instructions in writing to Chapman Chevrolet contemporaneously with the delivery to Chapman Chevrolet of executed copies of this Agreement.

4. Upon receipt of the payment set forth in Paragraph 3 above, the Secretary of Transportation, by and through the Administrator of NHTSA, releases Chapman Chevrolet, including its current and former directors, officers, employees, agents, parents, subsidiaries, affiliates, successors, and assigns from liability for civil penalties pursuant to 49 U.S.C. § 30165 in
connection with the possible violations of the Safety Act and its implementing regulations relating to Chapman Chevrolet’s sales of certain recalled vehicles in 2010 through 2013, including, without limiting the generality of the foregoing, the issues explored in the October 16, 2012 and July 2, 2013 Information Requests and Chapman Chevrolet’s responses thereto. AQ12-002 shall be promptly closed following receipt of the payment set forth in paragraph 3 above.

5. This Agreement does not release Chapman Chevrolet from civil or criminal liabilities, if any, that may be asserted by NHTSA or any other federal governmental entity or agency, other than its civil penalty liability under 49 U.S.C. § 30165 as described in paragraph 4 above.

6. The parties shall each bear their own respective attorneys’ fees, costs, and expenses.

7. This Agreement shall be effective following the execution of this Agreement by the parties.

8. This Agreement constitutes the entire agreement between the parties regarding the resolution of the subject matter herein, and supersedes any and all prior or contemporaneous written or oral agreements or representations of the parties, all of which have become merged and finally integrated into this Agreement.

9. This Agreement may not be modified or waived, in whole or in part, unless such modification or waiver is in writing and executed by the parties.

10. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11. The parties to this Agreement have the legal authority to enter into this Agreement and each party has authorized the undersigned to execute the Agreement on its own behalf.

[SIGNATURE PAGES FOLLOW]
AGREED:

Dated: October __, 2014

CHAPMAN CHEVROLET LLC

By: [Signature]

Randy Chapman
President
AGREED:

Dated: October __, 2014

ARANGIO & GEORGE, LLP

By: [Signature]

Dennis George, Esq.
Counsel to Chapman Chevrolet LLC
AGREED:

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION,
U.S. DEPARTMENT OF TRANSPORTATION

Dated: October 1, 2014

By: O. Kevin Vincent
Chief Counsel

Dated: October 1, 2014

By: Timothy H. Goodman
Assistant Chief Counsel
   for Litigation & Enforcement

Dated: October 1, 2014

By: Elizabeth H. Mykytiuk
Trial Attorney