

## **SETTLEMENT AGREEMENT**

This Settlement Agreement (“Agreement”) is entered into among the United States of America, acting through the United States Department of Justice and on behalf of the United States Department of Defense (collectively the “United States”) and Avis Budget Group, Inc. (“Avis Budget”) (collectively referred to as “the Parties”), through their authorized representatives.

### **RECITALS**

A. Avis Budget is a corporation with its principal place of business located in New Jersey. Avis Budget is engaged in the sale of rental car services to parties including the United States Government. As used herein, the term “Avis Budget” includes its corporate affiliates, subsidiaries, and franchisees that participated in providing car rental services to the United States.

B. The United States contends that it has certain civil claims against Avis Budget. Avis Budget provides rental car services to United States government agencies, including the Department of Defense, through the U.S. Government Rental Car Agreement Number Four (“USGRCA #4”), which is managed by the Defense Travel Management Office. The U.S. Government Rental Car Agreement governs the authorized rental of vehicles by United States military service members as well as employees of the United States and the United States Postal Service. The United States alleges that, from January 1, 2014 through December 31, 2019, through the rental of vehicles under USGRCA #4, Avis Budget submitted false claims for payment to the United States and received overpayments from the United States for which it was not entitled for supplemental charges for: (1) collision damage waiver/loss damage waiver

(“CDW/LDW”); (2) supplemental liability coverage (also called “additional liability insurance” by the Avis brand of Avis Budget) (“SLC/ALI”); (3) personal accident insurance (“PAI”); (4) personal effects coverage (also called “personal effects protection” and “personal effects” by both the Avis and Budget brands of Avis Budget (“PEC/PEP”), and (5) late turn in fees (“LTIF”). The United States further alleges that Avis Budget made false claims and received overpayments for CDW/LDW and SLC/ALI because those coverages were already included in the governmental rental rate under the USGRCA #4 and should not have been included a second time. The United States further alleges that the false claims for PAI, PEC/PEP, and LTIF were impermissible charges under the terms of USGRCA #4. The conduct described in this paragraph is referred to below as the “Covered Conduct”.

C. This Settlement Agreement is neither an admission of liability by Avis Budget nor a concession by the United States that its claims are not well founded.

To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, and in consideration of the mutual promises and obligations of this Settlement Agreement, the Parties agree and covenant as follows:

**TERMS AND CONDITIONS**

1. Avis Budget shall pay to the United States Ten Million, One Hundred Thousand dollars (\$10,100,000.00) (“Settlement Amount”), of which Six Million, Seven Hundred Thirty Two Thousand, Six Hundred Sixty dollars (\$6,732,660.00) is restitution, by electronic funds transfer pursuant to written instructions to be provided by the United States Attorney’s Office for the District of New Jersey no later than 30 days after the Effective Date of this Agreement.

2. Subject to the exceptions in Paragraph 3 (concerning reserved claims) below, and conditioned upon the United States' receipt of the Settlement Amount, the United States releases Avis Budget from any civil or administrative monetary claim the United States has for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; or the common law theories of breach of contract, payment by mistake, unjust enrichment, restitution, quantum meruit, and fraud.

3. Notwithstanding the release given in Paragraph 2 of this Agreement, or any other term of this Agreement, the following claims and rights of the United States are specifically reserved and are not released:

- a. Any liability arising under Title 26, U.S. Code (Internal Revenue Code);
- b. Any criminal liability;
- c. Except as explicitly stated in this Agreement, any administrative liability or enforcement right, including the suspension and debarment rights of any federal agency;
- d. Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;
- e. Any liability based upon obligations created by this Agreement;  
and
- f. Any liability of individuals.

4. Avis Budget waives and shall not assert any defenses Avis Budget may have to any criminal prosecution or administrative action relating to the Covered

Conduct that may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action.

5. Avis Budget fully and finally releases the United States, its agencies, officers, agents, employees, and servants, from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that Avis Budget has asserted, could have asserted, or may assert in the future against the United States, its agencies, officers, agents, employees, and servants, related to the Covered Conduct and the United States' investigation and prosecution thereof.

6. Avis Budget agrees to the following:

a. Unallowable Costs Defined: All costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47) incurred by or on behalf of Avis Budget, and its present or former officers, directors, employees, shareholders, and agents in connection with:

- (1) the matters covered by this Agreement;
- (2) the United States' audit(s) and civil investigation of the matters covered by this Agreement;
- (3) Avis Budget's investigation, defense, and corrective actions undertaken in response to the United States' audit(s) investigation in connection with the matters covered by this Agreement (including attorneys' fees);
- (4) the negotiation and performance of this Agreement;

(5) the payment Avis Budget makes to the United States pursuant to this Agreement,

are unallowable costs for government contracting purposes (hereinafter referred to as Unallowable Costs).

b. Future Treatment of Unallowable Costs: Unallowable Costs will be separately determined and accounted for by Avis Budget, and Avis Budget shall not charge such Unallowable Costs directly or indirectly to any contract with the United States.

c. Treatment of Unallowable Costs Previously Submitted for Payment: Within 30 days of the Effective Date of this Agreement, Avis Budget shall identify and repay by adjustment to future claims for payment or otherwise any Unallowable Costs included in payments previously sought by Avis Budget or any of its subsidiaries or affiliates from the United States. Avis Budget agrees that the United States, at a minimum, shall be entitled to recoup from Avis Budget any overpayment plus applicable interest and penalties as a result of the inclusion of such Unallowable Costs on previously-submitted requests for payment. The United States, including the Department of Justice and/or the affected agencies, reserves its rights to audit, examine, or re-examine Avis Budget's books and records and to disagree with any calculations submitted by Avis Budget or any of its subsidiaries or affiliates regarding any Unallowable Costs included in payments previously sought by Avis Budget, or the effect of any such Unallowable Costs on the amount of such payments.

7. This Agreement is intended to be for the benefit of the Parties only. The Parties do not release any claims against any other person or entity.

8. Each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

9. Each Party and signatory to this Agreement represents that it freely and voluntarily enters into this Agreement without any degree of duress or compulsion.

10. This Agreement is governed by the laws of the United States. The exclusive venue for any dispute relating to this Agreement is the United States District Court for the District of New Jersey. For purposes of construing this Agreement, this Agreement shall be deemed to have been drafted by all Parties to this Agreement and shall not, therefore, be construed against any Party for that reason in any subsequent dispute.

11. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.

12. The undersigned counsel represent and warrant that they are fully authorized to execute this Agreement on behalf of the persons and entities indicated below.

13. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.


14. This Agreement is binding on Avis Budget's successors, transferees, heirs, and assigns.

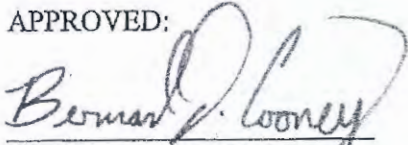
15. All Parties consent to the United States' disclosure of this Agreement, and information about this Agreement, to the public.


16. This Agreement is effective on the date of signature of the last signatory to the Agreement ("Effective Date of this Agreement"). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

THE UNITED STATES OF AMERICA

DATED: 6/10/2021

BY:   
MARK C. ORŁOWSKI  
Assistant U.S. Attorney  
U.S. Attorney's Office  
District of New Jersey

APPROVED:  
  
BERNARD J. COONEY  
Chief, Government Fraud Unit  
United States Attorney's Office  
District of New Jersey

APPROVED:  
  
RACHAEL AL HONIG  
Acting United States Attorney  
U.S. Attorney's Office  
District of New Jersey

**AVIS BUDGET GROUP, INC.**

DATED: June 8, 2021

BY: Jean M. Sera  
Jean M. Sera  
Senior Vice President, General Counsel, Chief  
Compliance Officer and Corporate Secretary

DATED: June 9, 2021

BY: Stanley A. Twardy, Jr.  
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