

January 17, 2025



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Michael L. Cypers  
GlaserWeil  
10250 Constellation Blvd.  
Los Angeles, CA 90067

Dear Mr. Cypers,

I respond to your December 20, 2024 letter on behalf of the California New Car Dealers Association (“CNCDA”) that was posted online via a link attached to a third-party article.<sup>1</sup> Because Scout Motors Inc. (“Scout Motors”) is not violating California law, there is no need to address each allegation you make. However, I want to correct certain egregious misstatements.

First, you incorrectly claim that Volkswagen Group of America, Inc. (“VWGoA”) plans to “sell Scout vehicles directly to consumers in California.” Not true. VWGoA is not authorized by Scout Motors to sell, and will not be selling or distributing, Scout-branded EVs in California or in any other state. Scout Motors and the Scout brand exist and operate independently of VWGoA and its brands such as Volkswagen and Audi. They will continue to do so in the future.

Second, you falsely claim that VWGoA has invested “billions of dollars into a Scout production plant in South Carolina.” Again, not true. VWGoA does not control Scout Motors, is not involved in Scout Motors’ management or operations, and has not made any investment in Scout Motors’ plant in South Carolina.

Third, you are wrong in claiming that Volkswagen-brand dealers are entitled to sell Scout-branded vehicles as a matter of right. Volkswagen-brand dealers have no right to Scout-branded vehicles, nor do any other franchised dealers. Relying on franchised dealers may be necessary for some brands, but as you and your client know, Scout Motors has decided on a different path forward for the Scout brand and intends to stay focused on its strategic customer-first vision in order to best serve its customers.

Finally, and for obvious reasons, Scout Motors will not do business with anyone that threatens or tries to intimidate it, either directly or indirectly.

We trust that the CNCDA will reconsider its unwarranted threats and baseless positions regarding potential claims against Scout Motors. Should the CNCDA decide to act on its threats, Scout Motors will vigorously defend against them.

Sincerely,

*Neil Sitron*

Neil Sitron  
General Counsel  
Scout Motors Inc.

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<sup>1</sup> While Scout Motors Inc. has no record of receiving this letter via email or U.S. mail, we nevertheless want to respond given that it was posted online and has become the subject of news articles.