

OFFICE OF THE ILLINOIS SECRETARY OF STATE  
DEPARTMENT OF ADMINISTRATIVE HEARINGS

IN RE THE MATTER OF THE SUMMARY SUSPENSION ) DL 5003  
AND REVOCATION OF THE ILLINOIS DEALER'S ) DRS: 1900067963  
CERTIFICATE OF AUTHORITY AND ALL DEALER ) FILE NO. CD 03-22  
PLATES ISSUED TO CARVANA, LLC )

SETTLEMENT AGREEMENT

This Settlement Agreement (hereinafter "Agreement") is entered into this 24<sup>th</sup> day of January, 2023 by and between Carvana, LLC (hereinafter "Carvana") and the Illinois Secretary of State (hereinafter "SOS"). Each of the foregoing referred to individually as a "party" or collectively as the "parties."

**WHEREAS**, Carvana is a licensed Illinois Vehicle dealer, pursuant to the law of the State of Illinois;

**WHEREAS**, on May 10, 2022, the SOS entered an Order Summarily Suspending all Illinois Dealer's Certificates of Authority and all dealer plates issued to Carvana, LLC and an Order Revoking any and all Illinois Dealer's Certificates of Authority, Temporary Registration Plates, and all dealer plates issued to Carvana (hereinafter, collectively, "Summary Suspension and Revocation");

**WHEREAS**, the Summary Suspension and Revocation alleged that Carvana failed to transfer title to certain purchasers within 20 days of the sale of the vehicle, as required by 625 ILCS 5/3-113(a);

**WHEREAS**, Carvana admits that, in certain instances, in connection with the Summary Suspension and Revocation, it failed to transfer title to the purchaser within 20 days from the date of sale of the vehicle;

**WHEREAS**, Carvana otherwise denies the remaining allegations in the Summary Suspension and Revocation;

**WHEREAS**, there is a case pending in the Illinois Secretary of State Administrative Hearings Department regarding the abovementioned Summary Suspension and Revocation;

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**WHEREAS**, the SOS and Carvana have reached an agreement to resolve the issues that are the subject of the administrative hearing and wish to settle their dispute to avoid the risk, distraction, and expense of further litigation.

**NOW THEREFORE**, the parties hereby agree as follows:

1. Carvana agreed to and has submitted new applications for Buy Here, Pay Here licenses, and further agrees to apply for any other licenses the SOS deems necessary.

The SOS agrees to promptly process Carvana's applications and issue Buy Here, Pay Here dealer's licenses for Carvana's locations in Oakbrook and Arlington Heights, Illinois (and any other licenses the SOS deems necessary) without a lapse in Carvana's operations or licensure. The SOS agrees that it will issue Buy Here, Pay Here licenses and any other licenses it deems necessary for Carvana to replace Carvana's existing licenses by January 31, 2023 upon successful completion of a pre-licensing inspection and application process. Carvana agrees that, on the day following the date that the SOS has issued Carvana its Buy Here, Pay Here licenses and any additional licenses the SOS deems necessary (if any), Carvana will surrender its current Dealer's Certificates of Authority and Dealer Plates.

2. The SOS agrees that the surrender of Carvana's existing licenses is part of a process to transition Carvana into Buy Here, Pay Here licenses. The SOS further agrees it will not argue or take the position that the surrender of Carvana's current Dealer's Certificates of Authority and Dealer Plates as contemplated in paragraph 1 above can be used to deny Carvana any future dealer's license under 625 ILCS 5/5-102 or any other provision of Illinois law.

3. Carvana agrees to surrender the existing \$250,000.00 bond as settlement of the issues that are set for adjudication at the administrative hearing on January 24, 2023 including all complaints, alleged violations, and citations referred to in the Summary Suspension and Revocation, the July 18, 2022 Amended Order of Summary Suspension, the August 16, 2022 Motion to Terminate the Stay of the Stay Order, or in the discovery produced in connection with this administrative proceeding.

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4. The parties acknowledge that Carvana disputes the SOS's position that a vehicle sale is consummated when and where a person becomes an owner as defined in 625 ILCS 5/3-100, which occurs, according to the SOS, when and where a buyer signs documentation necessary to transfer title and to secure registration for a vehicle.

5. As of the date the Buy Here, Pay Here licenses are issued, Carvana will no longer be required to use a remitter.

6. Carvana will participate in additional dealer training to be agreed to by the parties to take place within 30 days of the issuance of the Buy Here, Pay Here licenses.

7. The Illinois Secretary of State Police shall conduct an inspection of Carvana's Oakbrook and Arlington Heights locations prior to the issuance of any Buy Here, Pay Here license.

8. Carvana shall comply with all of the laws and the Illinois Administrative Code of the State of Illinois.

9. The provisions of this settlement apply to all the violations noticed on Carvana as a result of the Summary Suspension and Revocation, as amended by the July 18, 2022 Amended Order of Summary Suspension, as well as the August 16, 2022 Motion to Terminate the Stay of the Stay Order. Any new complaints for violations first alleged after the effective date of this agreement shall be designated a new violation and could subject Carvana to new sanctions. Nothing herein shall be deemed to waive any of Carvana's due process rights, or any other rights to obtain notice of, and contest, any future administrative action or sanction.

10. Carvana agrees to dismiss, with prejudice, its civil matter against the SOS pending in DuPage County on the date this agreement is executed.

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11. The Hearing Officer will retain jurisdiction over this matter until all complaints related to the initial subject matter of this case are resolved.

12. This Agreement shall be governed by the laws of the State of Illinois.

13. This Agreement constitutes the entire understanding and agreement between the parties. This Agreement shall not be modified or amended except by a written consent of each of the parties.

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

15. For the purposes of 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 or litigation.

16. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitutes one and the same agreement. Facsimiles of signatures or electronic signatures shall constitute binding signatures for purposes of this Agreement.

17. This Agreement shall become effective upon the date signed by the parties including the SOS. Each signatory to this Agreement certifies that by signing he or she is fully authorized, in his or her own capacity, or by the named party he or she represents, to accept the terms and conditions of this Agreement in its entirety and agrees in his or her personal and representational capacity to be bound by its terms.

Agreed and entered into this 24 day of January, 2023.

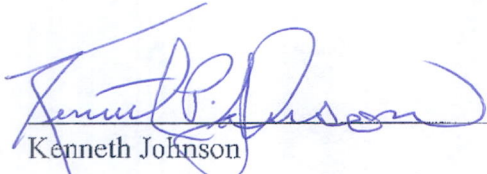


Carvana, LLC

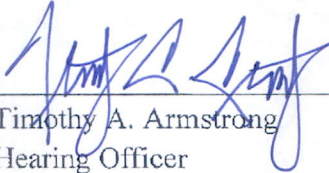
By: Paul Breaux, Vice President, General Counsel and Secretary

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Kenneth Johnson  
Attorney, Illinois Secretary of State  
Department of Administrative Hearings



Timothy A. Armstrong  
Hearing Officer  
Illinois Secretary of State  
Department of Administrative Hearings

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