

Current, former VW bosses face 'market manipulation' charges

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'Dieselgate', still haunting VW

Weeks after its latest attempted new start with an all-electric car, Volkswagen is again in the legal weeds over its years-old "dieselgate" scandal, as charges against top executives pile on top of mass lawsuits by investors and car owners.

In a new blow to the auto giant, German prosecutors said Tuesday they had charged Volkswagen's chief executive Herbert Diess, former boss Martin Winterkorn and supervisory board chief Hans Dieter Poetsch with "market manipulation".

The prosecutors argued that the VW chiefs should have informed shareholders about the investigation into so-called defeat devices as soon as they learnt of it, not wait until US authorities dropped the bombshell news on September 18, 2015, sharply driving down stock prices.

Underlining the cloud that has hung over Germany's once-vaunted car industry since the VW scandal broke in 2015, another major auto giant, Daimler, said it would pay an 870 million euro (\$957 million) fine over hundreds of thousands of diesel vehicles that breached emissions rules.

The Daimler fine related to some 684,000 vehicles which have been flagged for excessive emissions by the KBA transport authority. The company has however always contested involvement in the dieselgate scandal.

Car behemoth Volkswagen admitted four years ago that it built software into 11 million cars worldwide that made them appear less polluting in the lab than they were in real on-road driving.

In a 636-page indictment, prosecutors in the north German city of Brunswick said Diess, Winterkorn and Poetsch "are accused of deliberately informing capital markets too late about the significant payment obligations in the billions arising from the so-called 'diesel scandal', thereby illegally influencing the share price".

'Vigorous defence'

Tuesday's move means the trio are on the threshold of a full trial, like

Rupert Stadler, former head of Volkswagen subsidiary Audi, who was charged by Munich prosecutors in July.

Judges must now decide if and when the case will be heard.

Prosecutors argue that Diess, Winterkorn and Poetsch—who all sat on the executive board in 2015—had failed to inform investors of the cheating as soon as they knew about it and the massive financial risks for the company, "against their legal obligation".

Volkswagen's supervisory board said it remained "unable to identify any intentional failure to inform the capital market from today's perspective".

It said it had received legal advice at the time that it was customary to "first seek an amicable solution with the US authorities, which would then be presented to the public in a joint statement".



Diess has been in charge since last year

Broad legal front

Diess has run the entire group since April 2018, but joined the board as Volkswagen brand chief in July 2015.

Weeks ago, he was at the IAA auto show in Frankfurt to launch the company's new "ID.3" all-electric car.

VW hopes it will be the model to help the technology break into the mass market and restore the carmaker's image.

He told AFP at the time there was "no question" he would step down if charged.

"The indictment... is beyond comprehension," his lawyers said in a statement Tuesday.

Diess "was always extremely assiduous and thorough in the way he dealt with this matter. He therefore intends to defend himself vigorously," they added.

Winterkorn was at the controls from 2007 to 2015, stepping down soon after the scandal broke.

In April, he was charged with serious fraud, unfair competition and breach of trust by prosecutors in Brunswick, alongside four other suspects.

His lawyers reiterated that he is "blameless in this matter" and "will continue defending himself".

Meanwhile, Poetsch's lawyers also said he was "blameless".

The dieselgate scandal shook Volkswagen to its foundations, and with it Germany's flagship car sector, a pillar of the economy that employs around 800,000 people.

It has cost VW alone more than 30 billion euros (\$33 billion) in fines, legal costs and compensation payments to car owners—the vast majority in the United States.

At home, Audi, Porsche and the Volkswagen brand have paid a total of 2.3 billion euros in fines for negligence in failing to stop the cheating—the only way to punish the companies themselves in German

law.

Shareholders have launched a massive joint lawsuit demanding nine billion euros of damages, while some 400,000 drivers' cases have been bundled into a trial that will begin on September 30.

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