

German prosecutors charge ex-VW boss with fraud

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German prosecutors say former Volkswagen CEO Martin Winterkorn was as "guarantor" to authorities and customers that the group was not selling cheating vehicles "even after he knew about the illegal manipulations"

German prosecutors said Monday they had charged former Volkswagen chief executive Martin Winterkorn and four other managers over

"dieselgate", bringing the cheating scandal back into the headlines just as VW battles to move on from the affair.

Prosecutors in Brunswick, near VW's Wolfsburg HQ in northern Germany, said they had charged Winterkorn and four other managers.

Among the accusations against the former chief executive were "a particularly serious case of fraud", "infraction of the law against unfair competition" and "breach of trust".

Winterkorn was CEO during a period when VW fitted 11 million diesel-powered vehicles worldwide with so-called "defeat devices"—software that made them appear less polluting in the lab than in real driving conditions.

Such allegations have hit other German manufacturers since, with Mercedes-Benz maker Daimler confirming Sunday it was facing a regulatory probe, reportedly over 60,000 vehicles.

At the helm from 2007 to 2015, Winterkorn, a trained engineer, had a reputation as a detail-obsessed executive who was familiar with "every screw" of each VW model.

The group admitted to the fraud in September 2015, beginning a drawn-out process of fact-finding and legal action that has so far seen it pay out 29 billion euros (\$33 billion) in fines, compensation and buyback schemes, much of it in the United States.



Volkswagen declined to comment on the new charges against Winterkorn and the four other managers

But in his role as "guarantor" to authorities and customers that the group was not selling cheating vehicles, Winterkorn "failed to reveal" the fraud immediately after he learned of it as early as May 2014, or to prevent the sale of infringing vehicles, prosecutors said.

"In the end, this resulted in the imposition of higher fines against Volkswagen AG in Germany as well as the USA," the prosecutors said.

Winterkorn's lawyer Felix Doerr complained prosecutors had not given the defence time to examine all the documents related to the case before bringing charges.

36 others probed

Investors appeared little impressed by the fresh move against Winterkorn, and Volkswagen shares added 1.1 percent to close at 154.98 euros, outperforming the DAX blue-chip index.

It was not immediately clear whether the other four accused on Monday—whom prosecutors did not identify by name or position—still work at VW or have since left.

Meanwhile the Braunschweig prosecutors recalled that "investigations of 36 other suspects are continuing".



Volkswagen's current CEO, Herbert Diess, is overseeing a shift of focus to electricity-powered cars

Volkswagen stressed in a statement that German criminal investigations into the company itself had closed last year, when VW paid a fine of one billion euros and its high-end subsidiary Audi another 800 million euros.

The firm "will not comment" on the new charges, it added.

Aftershocks from the diesel scandal have been serious enough to change the auto industry titan's course, with bosses now making a massive bet on electrification over the next decade.

Electric charge

The car industry as a whole has come under pressure in Germany and Europe to reduce emissions harmful to human health as well as those contributing to climate change.

VW plans 70 electric models by 2028, and hopes to sell 22 million electric vehicles over the same period.

"Volkswagen will change radically... make no mistake, the supertanker is picking up speed," Herbert Diess—the group's second CEO since Winterkorn—said in March.



VW has so far paid out 29 billion euros (\$33 billion) after admitting to fraud related to the 'dieselgate' scandal

While the firm has returned to similar levels of profitability as before dieselgate, its new technology is proving costly to develop—making for a double burden alongside the fallout from the scandal.

Last year alone, bosses reported three billion euros of charges related to diesel in their annual results.

On the legal front, Winterkorn and eight current and former managers have been charged in the US with crimes including fraud and conspiracy, and the firm itself has admitted to fraud and obstruction of justice.

In Germany, more than 410,000 customers in are demanding compensation for their manipulated vehicles, while investors are demanding compensation for the stock price's precipitous tumble when the scandal emerged.

VW has always maintained that a handful of engineers, rather than bosses, were behind the cheating, meaning executives could not have communicated the risks to shareholders.

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