

Volkswagen faces German court showdown over 'dieselgate'

7 September 2018, by Yann Schreiber



American authorities accused the group of fitting some 11 million vehicles with a so-called 'defeat device'

Three years after the "dieselgate" scandal shook it to its foundations, Volkswagen next week faces a first major court case in Germany over cheating emissions tests on millions of vehicles worldwide.

From 10:00 am (0800 GMT) on Monday, the regional court in Brunswick will examine whether the auto giant should have informed investors sooner about the trickery.

On September 18, 2015, American authorities accused the group of fitting some 11 million vehicles with a so-called "defeat device" able to detect when they were undergoing regulatory tests and reduce emissions to meet legal limits—only to allow them to rise again in on-road driving.

Volkswagen's stock plunged some 40 percent in two days when markets reopened the following week, wiping billions off its market value.

Now investors are claiming some 9.0 billion euros (\$10.5 billion) of reimbursement.

Shareholders say they could have avoided painful losses had executives—legally obliged to share promptly any information that could affect the share price—informed them sooner of the cheating.

The case beginning Monday will not result in a final decision for the 3,650 claims against VW, but is supposed to clear up more than 200 questions common to all of them, in a "model case" procedure specific to German law.

'Every nut and bolt'

Judges are expected to take at least until next year to work out whether VW failed in its legal obligation to keep investors in the know.

Lawyers for investment fund Deka, whose case has been chosen to stand in for all the others, argue board members knew about the fraud and should have revealed it between the offending software's first deployment in 2008 and September 2015.

For its part, the world's largest carmaker blames a handful of engineers acting without authorisation for the scheme, and says the information it had before the American authorities intervened was not significant enough to warrant warning capital markets.

At the centre of attention in the court case will be Martin Winterkorn, the engineer who claimed to know "every nut and bolt" of Volkswagen's entire range of models and ran the company as [chief executive](#) from 2007 to 2015.

VW said in 2016 that Winterkorn—who stepped down after the scandal became public—was sent a "memo" highlighting emissions irregularities in the manipulated EA189 engine, without confirming whether he ever read it.

Multiple fronts

As it looks to move past dieselgate, in part with a slew of upcoming battery-powered cars, Volkswagen remains mired in court cases related to the cheating—along with other firms in the industry.

Several regional prosecutors' offices in Germany are investigating fraud, stock price manipulation or false advertising by employees of Volkswagen, its subsidiaries Audi and Porsche, Mercedes-Benz manufacturer Daimler and components supplier Bosch.

Audi chief executive Rupert Stadler remains in custody after being arrested on June 18 on suspicion of "fraud" and involvement in "issuing false certificates".

Prosecutors in Brunswick, whose jurisdiction includes VW's Brunswick HQ, are targeting some 40 people in their probe alone.

As well as inquiries into individuals, German investigators slapped the group with a one-billion-euro fine in June for failing to adequately monitor emissions testing.

So far, dieselgate has cost VW more than 27 billion euros in fines, vehicle buybacks and recalls and legal costs.

After the firm pleaded guilty to fraud and obstruction of justice in the US, Winterkorn was among eight former and current managers charged for fraud and conspiracy, on top of an Audi manager.

Of those nine people, two engineers have already been convicted.

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