

VW pleads guilty to US criminal charges, pays \$4.3bn in 'dieselgate'

NEW YORK: Volkswagen AG will plead guilty to three criminal charges and pay a total \$4.3 billion in fines to settle the emissions cheating scandal known as "dieselgate", US officials announced on Wednesday.



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The US Justice Department also charged six Volkswagen executives deemed responsible for the conspiracy, five of whom are believed to be in Germany while one was arrested in Miami on Saturday.

The Justice Department charged VW with conspiracy to defraud the United States and violate the Clean Air Act by using defeat devices on its diesel vehicles that evaded emissions standards. The company also was charged with obstruction of justice for destroying documents related to the scheme.

The company will pay \$2.8 billion in criminal fines, and \$1.5 billion in civil fines. That is in addition to \$17.5 billion already agreed in settlements with car owners, dealers and for environmental cleanup. The settlement also requires the company to employ an independent corporate compliance monitor for at least three years.

Attorney general Loretta Lynch said the size of the penalty reflects the unusual level of premeditation of wrongdoing at high levels of Volkswagen.

"The knowledge and choices they made went to the executive levels and that did set it apart from other companies," she said at a news conference in Washington.

The six VW executives believed to be in Germany were identified as Heinz-Jakob Neusser, Jens Hadler, Richard Dorenkamp, Bernd Gottweis and Jurgen Peter. All are described as heads of divisions or supervisors.

On Monday, Oliver Schmidt was arraigned in a court in Miami following his arrest upon visiting the country.

Lynch said it was "too early to predict" how US officials might work with their German counterparts to bring the other executives to justice. She also said the investigation could extend to other individuals.

The settlement requires the German automaker to cooperate with the Justice Department on its ongoing prosecutors of the executives. Volkswagen said it would also cooperate with inquiries by the Braunschweig and Munich public prosecutor's offices in Germany.

"Volkswagen deeply regrets the behavior that gave rise to the diesel crisis," Volkswagen chief executive Matthias Muller said in a statement.

"The agreements that we have reached with the US government reflect our determination to address misconduct that went against all of the values Volkswagen holds so dear. They are an important step forward."

Muller was tapped to lead the German automaker in a management shakeup just days after US and California regulators announced the first charges in the case in September 2015 following the discovery that diesel cars that were marketed as clean spewed nitrogen oxide and other pollutants at 40 times the legal levels.

Regulators discovered that the excess emissions, which were not present during environmental tests of the cars, were released on the road because of "defeat device" software designed to evade US clean air laws.

The Justice Department said the fraudulent technology was specifically devised beginning in 2009 and executed by the defendants named in the case.

An affidavit the Justice Department released this week following the Schmidt arrest showed that senior Volkswagen employees were briefed on the illegal technology in July 2015, two months before the US regulators announced charges.

They opted to cover up the case rather than come clean, prosecutors said.

Deputy Attorney General Sally Yates told reporters the investigation turned up evidence of lower-ranking employees who questioned the use of the defeat devices, but were overruled. One of the executives named in the case oversees more than 10,000 employees, she said.

"We don't really see many multinationals decide at a very high level to knowingly" violate US law, Yates said at the Washington press conference.

While the US criminal settlement is a key landmark, dieselgate is expected to continue to dog Volkswagen. In Germany alone, shareholders have filed claims seeking damages from VW totalling some 8.2 billion euros.

Financial analysts have estimated the total bill for the scandal could be as much as 35 billion euros.

At this week's Detroit auto show, Volkswagen unveiled a new fully electric, autonomous prototype bus as it attempts to pivot to better days. But auto analysts say questions hang over the company's efforts to reinvent itself after the emissions scandal.

Source: AFP

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