

Automotive News

THE VW DIESEL CRISIS

German prosecutors backtrack on Winterkorn's role in VW probe

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GENEVA (Bloomberg) -- German prosecutors were forced into a U-turn in their investigation of former Volkswagen CEO Martin Winterkorn after they may have been too quick to name the executive as the focus of their probe amid a review of the diesel emissions scandal at the automaker.

In a fresh statement today, the Lower Saxony prosecutor's office said that there must be "concrete facts" before a probe into Winterkorn is opened as they investigate accusations of fraud at the automaker. They removed a statement from earlier in the week.

The apparent slip-up shows the pressure German prosecutors are under to get to the bottom of who ultimately ordered the creation of software that allowed some Volkswagen Group diesel cars to cheat U.S. emissions testers for years.

The initial probe against Winterkorn came after Volkswagen and others filed complaints calling for a criminal investigation into whether fraudulent measures were taken to sell cars that didn't meet emissions standards. It was "too early" to name Winterkorn, said Christoph Schalast, a professor at the Frankfurt School of Finance. "An initial suspicion must be based on facts, and you must begin an investigation before you can establish the facts."

Prejudged

It seemed "Winterkorn had been prejudged," he said. The scandal has rocked Germany, prompting Winterkorn to resign last week, and has wiped more than 25 billion euros from the company's market value.

Volkswagen faces civil lawsuits and criminal investigations and has stopped selling the affected vehicles in a growing number of countries after it publicly admitted to cheating on diesel emissions almost two weeks ago. The automaker has said up to 11 million group vehicles worldwide could be affected by the manipulated software that was installed to cheat emissions testing.

The company said on Tuesday it plans to fix the pollution-control systems. It hasn't specified how many of each type of car are affected, exactly how it'll make the repairs or to what extent the fixes may affect the way the vehicles drive.

Volkswagen spokesman Eric Felber declined to comment.

"Given the importance of VW in Germany, the prosecutor may have been warned to be careful," said Norbert Gatzweiler, a Cologne-based lawyer whose firm is not involved in the case. "Fundamentally, I think his decision was right to do so and such moderation would be wise."



Former VW CEO Martin Winterkorn has said he is "not aware of any wrongdoing" on his part in the diesel emissions scandal.

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