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INTERNATIONAL BUSINESS

# Volkswagen Suspends 5th Executive in Emissions Scandal

By **JACK EWING** OCT. 20, 2015

FRANKFURT — Volkswagen has suspended its top quality-control executive, a person close to the company said on Tuesday, as the company's widening emissions scandal is sidelining some of the carmaker's most seasoned managers.

The executive, Frank Tuch, 48, Volkswagen's head of quality control, is the fifth in a high-ranking post to be suspended in connection with revelations that 11 million Volkswagen vehicles were equipped with software designed to trick emissions tests. Mr. Tuch's suspension was reported last week by Bild, a German newspaper.

The union that represents rank-and-file Volkswagen workers publicly complained on Tuesday that the company was using the crisis as an excuse to plan job cuts. The union also criticized management as having a "rigid hierarchy" in need of change.

The tone of the statement was unusually harsh for the union, IG Metall, which has traditionally been known for its close relations with Volkswagen management. It illustrated another way the emissions scandal is taking its toll. The company has already scaled back investment in new projects by billions of euros to absorb the cost of fixing the affected cars and deal with a growing

number of lawsuits from unhappy owners.

Volkswagen probably has a deep enough pool of managers to find replacements for the suspended executives, said Jeffrey A. Thinnies, a former Daimler executive who works as a consultant for European companies on compliance and ethics issues.

But Mr. Thinnies said in an email that management turmoil could have a demoralizing effect.

“With each bit of news that continues to hit the press, motivation and productivity can be impacted,” he said. “That is the risk as I see it.”

Mr. Tuch had been head of quality control at Porsche, starting in 2002, before the sports car maker was acquired by Volkswagen in 2009. He was credited with helping Porsche to reach the top of J.D. Power ratings of owner satisfaction, defying stereotypes of sports cars as finicky, high-maintenance machines.

Mr. Tuch left Porsche in 2010 to work at the British sports car maker Lotus, but he soon returned to become overall head of quality control for the Volkswagen Group. That post included responsibility for more than 100 factories and several brands like Audi and Porsche that belong to the company.

A Volkswagen spokesman said the company had a policy of not commenting on what he called “speculation” about employees.

Volkswagen has been conducting an internal inquiry into the scandal, which has led to four other suspensions. Last week the company suspended Falko Rudolph, 50, manager of a Volkswagen factory in the German city of Kassel and previously head of diesel motor development, the person close to the company said.

Mr. Tuch and Mr. Rudolph did not respond immediately to emails seeking comment.

Prosecutors in Braunschweig, a city near Volkswagen's headquarters in Wolfsburg, have been conducting their own investigation but have not announced any arrests or charged anyone with a crime in connection with the emissions cheating.

Earlier, Volkswagen suspended three other top managers: Ulrich Hackenberg, head of development for all Volkswagen Group brands, and previously head of development for Volkswagen-brand cars from 2007 to 2013; Heinz-Jakob Neusser, head of development for the Volkswagen brand; and Wolfgang Hatz, head of engines and transmissions development for all Volkswagen brands.

Martin Winterkorn, the former chief executive, resigned in late September soon after Volkswagen admitted that it had programmed cars to detect when they were being tested and then turn on pollution controls.

Aside from Mr. Winterkorn, no other members of the Volkswagen management board — the top layer of operating management — have been forced out because of the scandal.

The five executives who have been suspended all held positions below, but close to, the management board. If the number of suspended operations managers continues to grow, Volkswagen could face problems filling the positions and ensuring that the company's design and production activities run smoothly.

Mr. Tuch and Mr. Winterkorn worked together closely, according to an article last year in *Das Auto*, Volkswagen's in-house magazine. The article quoted Mr. Tuch as saying that he and Mr. Winterkorn met every Monday to discuss quality issues, often taking test drives in vehicles manufactured by the company.

The IG Metall union said on Tuesday that company management needed to be more open about its decision making.

In a statement, the union demanded changes to what it called the company's "rigid hierarchy, limited to a number of top decision makers."

IG Metall said it would fight "scenarios discussed by the management board, in which the crisis will be used to push forward the long dreamed-of reduction of temporary workers."

This month, Matthias Müller, who replaced Mr. Winterkorn as chief executive, raised the possibility that Volkswagen would need to cut the labor force because of the financial damage caused by the scandal.

Melissa Eddy contributed reporting from Berlin.

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