

Volkswagen Does U-Turn in EPA Dispute

Auto maker halts U.S. sales of vehicles that regulator had challenged over software



ENLARGE

New Volkswagen cars arrive at AutoNation in Las Vegas in September. *PHOTO: ZUMA PRESS*

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[Volkswagen](#) AG reversed course in a fresh dispute with U.S. regulators, halting sales of thousands of additional diesel vehicles amid claims they may contain illegal software that can cheat on emissions tests.

The German auto maker on Wednesday told its U.S. dealers to stop selling Volkswagen and [Audi](#) vehicles from the 2013 through 2016

<http://www.wsj.com/articles/volkswagen-recalls-91-867-cars-for-camshaft-problem-1446641196>

model years equipped with 3.0-liter diesel engines. The move came two days after Volkswagen rejected Environmental Protection Agency allegations that some of the engines contained so-called defeat devices capable of duping emissions tests, and said it didn't plan to stop selling the affected vehicles.

Volkswagen Emissions Scandal Spreads



Volkswagen said its emissions scandal has widened beyond what it had already disclosed. The German auto maker said 800,000 more cars could be affected and cost at least an additional \$2 billion. Photo: Reuters

The sales halt represents another likely financial blow for Volkswagen, coming a day after it said a broader set of infractions could affect 800,000 more cars and cost it about \$2.2 billion. The company, embroiled in an emissions-cheating scandal that emerged in mid-September and initially affected 11 million vehicles world-wide and nearly 500,000 in the U.S., has been scrambling to manage a crisis that has damaged its reputation and cost its chief executive his job.

Volkswagen earlier set aside \$7.3 billion for those repairs.

Volkswagen shares fell 9.5% in Germany on Wednesday amid the widening financial risks. The European Commission said on Wednesday that the auto maker could be fined for misstating the levels of carbon-dioxide emissions and fuel economy in its cars. Germany plans to test all Volkswagen cars for fuel-economy, CO2 and nitrogen-oxide emissions after Volkswagen admitted some vehicles it tested raised questions about past claims.



Volkswagen has always been more than a car. It occupies a special place in German society. WSJ's Dipti Kapadia goes through some of the iconic moments for the German auto maker, now caught in a scandal over emissions. Photo: Getty Images

Volkswagen's disclosure of CO2 reporting irregularities were at the heart of a Tuesday disclosure that also widened the scope of the company's emissions scandal to include for the first time vehicles that run on gasoline.

Credit ratings firm [Moody's Investors Service](#) on Wednesday downgraded some of Volkswagen's corporate debt, citing "mounting

risks to Volkswagen's reputation and future earnings" in the wake of new disclosures in the widening emissions crisis.

The U.S. sales halt goes beyond the models the EPA cited earlier this week. The EPA on Monday said roughly 10,000 Volkswagen, Audi and Porsche vehicles with 3.0-liter diesel engines and from model years between 2014 and 2016 featured illegal software that can allow vehicles to emit less during tests than during normal driving conditions. Porsche stopped sales of 2014-2016 diesel-powered Cayenne sport-utility vehicles in the U.S. on Tuesday.

The models cited by the EPA include the 2015 Porsche Cayenne; the 2014 Volkswagen Touareg; and 2016 Audi A6 Quattro, A7 Quattro, A8, A8L, and Q5. Volkswagen's newly halted sales broaden beyond those vehicles to include other older and newer models, such as the Audi Q7, company officials said. Volkswagen doesn't yet have a tally of all the new vehicles affected by the sales stoppage, the company officials said.

U.S. Volkswagen officials said the company is halting sales of all the models while it reviews data regulators found in testing, and discusses with them how emissions software on the vehicles work. The broader sales halt isn't meant to suggest more vehicles have problematic software, the company officials said.

Volkswagen previously halted sales of diesel-powered cars in the U.S. with 2.0-liter engines after revelations it installed defeat devices on nearly 500,000 of them.

The company withdrew a request for U.S. regulators to certify the newest of those diesel models for sale after failing to disclose an

emissions-control device. No evidence has yet emerged that the device on those vehicles is capable of gaming emissions tests.

Separately, Volkswagen on Wednesday recalled nearly 92,000 newer cars in the U.S. for a faulty camshaft lobe that can shear off, reducing engine and braking power. A number of vehicles sold in Canada also are affected.

The German auto maker ordered dealers to stop selling certain 2015-2016 model year cars until the company comes up with a fix for them, according to a bulletin to dealers reviewed by The Wall Street Journal.

Volkswagen is still trying to determine a cause for the defect and a repair may not be completed until the end of March, according to a filing with the National Highway Traffic Safety Administration.

The 91,867 models affected include the Jetta, Passat, Beetle, Beetle Convertible, Golf/GTI and Golf Sportwagen. Overall, the company through the end of October this year sold roughly 294,600 vehicles in the U.S., including about 33,000 SUVs.

No injuries have been reported, a Volkswagen spokeswoman said.