

Volkswagen Defends Information Distribution on Diesel Scandal

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Volkswagen AG sought to defuse allegations that it was too slow to inform the public about the investigations into rigged diesel engines, saying it initially believed the scandal could be contained and that proposed measures wouldn't affect its stock performance.

The German carmaker first disclosed the probe by U.S. authorities on Sept. 18. At that point, Volkswagen had only identified about 500,000 cars that were affected, and believed the issue could be “contained by measures that were common in such cases,” and thus appeared to be neutral in regard to the company stock price, the Wolfsburg, Germany-based company said in a statement Wednesday.

Volkswagen has slumped by almost a third since it admitted to rigging diesel engines, and the scandal has since widened to about 11 million cars around the globe, mainly in Europe. While the company has managed to find a technical fix for the affected vehicles in Germany and most of Europe, U.S. authorities have thrown out attempts to remedy the engines, leaving management struggling to present a solution.

The carmaker has hired U.S. law firm Jones Day to help in the investigation, which swept out its former chief executive officer, Martin Winterkorn. Volkswagen has set aside 6.7 billion euros (\$7.3 billion) for repairs, while cautioning the sum probably won't suffice. The investigation by Jones Day continues, Volkswagen said Wednesday, and

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the law firm is reviewing data equivalent to 50 million books. Preliminary results will be published in second half of next month.

The four-page statement released on Wednesday sought to shed some light on the months leading up to the disclosure. Volkswagen said Winterkorn was notified of a study showing discrepancies in its vehicle emissions in May 2014, though it is not clear if he took note of the information. In late August of the following year, lawyers for the carmaker were told that software in the engines led to the mismatch, and members of the executive board acknowledged that the software constituted a so-called defeat device under U.S. law.

On Sept. 3, the company admitted to the illegal practice to U.S. authorities, and Winterkorn was told the following day. Volkswagen said on Wednesday that the origins of the scandal could be traced back a decade to a strategic decision in 2005 to push its diesel technology in the U.S., where the company was seeking a breakthrough.