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EPA: Fiat Chrysler software enabled emissions cheating

By <u>Steven Overly</u> and <u>Brady Dennis</u> January 12 at 1:15 PM

EPA accuses Fiat Chrysler of cheating on emissions

The Environmental Protection Agency accused Fiat Chrysler on Thursday of installing software that appeared to enable certain diesel trucks to emit lower emissions during pollution tests. The company denied those accusations, saying its software meets regulatory requirements.

The vehicles involved were the 2014 to 2016 model year Dodge Ram 1500 pickup trucks and Jeep Grand Cherokees with 3.0-liter diesel engines. The allegations affect roughly 104,000 vehicles, EPA officials said.

Janet McCabe, head of EPA's Office of Air and Radiation, said "no immediate actions are necessary" for owners because their vehicles are still safe and legal to drive.

The software reduced the amount of nitrogen oxide emitted during emissions tests, obscuring the fact that they spew more of the pollutant than is allowed under the Clean Air Act, officials said. They stopped short of calling the technology a "defeat device," which is illegal, but said the company has not yet offered another explanation for the software.

The technology was brought to light after the EPA expanded its vehicle testing to look for so-called defeat devices in September 2015 following a similar scandal at Volkswagen. FCA did not disclose the software to regulators, which may itself be a violation of the law, the EPA said.

"Failing to disclose software that affects emissions in a vehicle's engine is a serious violation of the law, which can result in harmful pollution in the air we breathe," Cynthia Giles, assistant administrator for EPA's Office of Enforcement and Compliance Assurance, said in a statement.

Fiat Chrysler officials denied those claims in a statement Thursday. Every automaker must use "various strategies" to reduce tailpipe emissions without compromising the durability and performance of its engines, FCA said, adding its emission control system complies with necessary requirements.

The company also said it has offered to make extensive changes to its software to address EPA concerns.

"FCA U.S. intends to work with the incoming administration to present its case and resolve this matter fairly and equitably and to assure the EPA and FCA U.S. customers that the company's diesel-powered vehicles meet all applicable regulatory requirements," the company said in a statement.

Fiat Chrysler's stock price dropped as much as 18 percent Thursday morning and trading was temporarily halted.

EPA officials said on a call Thursday that they are looking into whether other automakers may be using similar devices.

"We continue to investigate the nature and impact of these devices," Giles said in a statement. "All automakers must play by the same rules, and we will continue to hold companies accountable that gain an unfair and illegal competitive advantage."

The agency's move is similar to the initial steps it took at the start of the German automaker Volkswagen emissions scandal, which eventually led to about \$20 billion in fines and charges against seven employees over the course of the last year and a half. Federal prosecutors announced a settlement that forced Volkswagen to plead guilty to defrauding regulators and consumers, a rare admission of criminal wrongdoing for a large corporation.

"Once again, a major automaker made the business decision to skirt the rules and got caught," California Air Resources Board Chair Mary D. Nichols said in a statement. "CARB and U.S. EPA made a commitment to enhanced testing as the Volkswagen case developed, and this is a result of that collaboration."

David Uhlmann, who served as head of the Department of Justice environmental crimes section from 2000 to 2007, said it remains to be seen whether the Fiat Chrysler violations are as "egregious" as Volkswagen's. But after the VW scandal, it makes sense that regulators would take a closer look at the industry.

"It is no surprise that the VW investigation has prompted enhanced focus on the automotive industry," the University of Michigan law professor said. "When corporate misconduct occurs, it often reflects industry practice, not just the wrongdoing of a single company."

Advocacy groups were quick to praise the EPA for holding corporations accountable and chide those companies for actions that they say are harmful to public health.

"As polluter lobbyists mass at the gates of Congress and the White House, this case underscores the critical importance of keeping the environmental cop on the beat," said Frank O'Donnell, president of the advocacy group Clean Air Watch. "Otherwise, the breathing public could be harmed, and consumers scammed."

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