The Christian Science Monitor



Volkswagen CEO admits to cheating consumers and the environment (+video)

Volkswagen has admitted to installing a 'defeat device' in over 500,000 vehicles that hides the vehicle's true level of emissions during testing.

By Story Hinckley September 20, 2015

Volkswagen admitted to intentionally cheating the Environmental Protection Agency's Clean Air Act standards in over 500,000 of their diesel-powered cars.

The German automaker installed what EPA calls a "defeat device," a software that masks the car's true emissions during testing. The cars in question "contained software that turns off emissions controls when driving normally <u>and turns them on</u> when the car is undergoing an emissions test," Cynthia Giles, Assistant Administrator for the Office of Enforcement and Compliance Assurance, explained to Reuters.

"Using a defeat device in cars to evade clean air standards is illegal and a threat to public health," Giles said in a press release by the EPA. "...EPA is committed to making sure that all automakers play by the same rules. <u>EPA will continue to investigate</u> these very serious matters."

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When one of the cars-in-question is on the road, it emits as much as 40 times the level of pollutants allowed under The Clean Air Act.

"[Volkswagen] was cheating not just car buyers but the <u>breathing public</u>," said Frank O'Donnell, director of Clean Air Watch.

California has issued a separate violation to Volkswagen and plans to work alongside the EPA and Justice Department for further investigation. The probe should not take long, investigators say, because the company has already admitted that this isn't simply an oversight. "We have admitted to it...<u>It is true</u>," a spokesman for Volkswagen said Sunday.

What's next for Volkswagen drivers and dealers?

EPA officials say that owners of affected vehicles should expect recall notices within the next year. The recall includes almost 482,000 diesel Volkswagens sold in the US since 2009, including the Jetta, Beetle, Passat and Audi A3 models.

As for Volkswagen, the Justice Department could fine the automaker \$37,500 for each recalled vehicle, for a possible total penalty of <u>\$18 billion</u>.

"<u>I personally am deeply sorry</u> that we have broken the trust of our customers and the public," Martin Winkerhorn, the CEO of Volkswagen, said in a press release Sunday. "We do not and will not tolerate violations of any kind of our internal rules or of the law," adding that the company was fully cooperating with federal agencies.

But a simple apology might not be enough.

"They appear to have designed a system with the intention to mislead consumers and the government. If that's proven true, it's remarkable and outrageous. It would merit a heck a lot more than just a recall and a fine. We would see <u>criminal prosecution</u>," Tyson Slocum, director of the energy program at Public Citizen, a consumer advocacy group, told the New York Times.

Tuning diesel engines to meet pollution regulations can be expensive and time-intensive, and pollution-controls usually decrease performance. "When the pollution controls are functioning on these vehicles, <u>there's a trade-off</u> between performance and emissions," explained Drew Kodjak, executive director of the International Council on Clean Transportation.

VW sales fell 2.8 percent this year, while industrywide sales rose 3.8 percent.

In an effort to improve US sales, the German automaker <u>continuously bragged</u> of their cars as a "clean, fuel efficient and powerful" diesel option. The company has struggled to stay competitive in the world's second-biggest car market, but recently seemed to find their footing by marketing "clean diesel" vehicles.

"This is one of the companies that's been trying to get Americans to buy diesels," Dan Becker, director of the Safe Climate Campaign a Washington-based environmental group, told Bloomberg. "They've banked their future in a significant way on diesel. They assumed the EPA would never catch them at it, and that was a huge risk."

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