

U.S. Sues Volkswagen in Diesel Emissions Scandal

By CORAL DAVENPORT and [DANNY HAKIM](#)

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WASHINGTON — The Justice Department sued the German automaker [Volkswagen](#) in federal court on Monday, saying that the company installed illegal devices in nearly 600,000 diesel engine systems to impair emissions controls, increasing harmful air pollution.

But despite a pledge by the Justice Department in September to go after executives responsible for corporate wrongdoing, federal prosecutors stopped short of criminal charges and did not single out individuals. They did question [Volkswagen](#)'s efforts to restore its credibility, accusing the company of being uncooperative — even recently — with regulators.

The civil complaint was filed in Detroit on Monday. In September, Volkswagen admitted that it had installed the software created to cheat on emissions tests in 11 million of its diesel vehicles worldwide, setting off one of the largest corporate scandals in the auto industry.

Since then, regulators in the United States and Canada have accused the company of also installing devices to cheat emissions on some vehicles with larger engines, a claim Volkswagen has disputed. Federal prosecutors on Monday said the company had “impeded and obstructed” regulators’ inquiries and provided “misleading information.” The accusation on Monday deals only with the nearly 600,000 vehicles sold in the United States.

Since the scandal broke, the company’s chief executive, Martin Winterkorn, has resigned, nine employees have been suspended, and the company has begun the twin tasks of designing fixes for the vehicles and containing consumer outrage and litigation. The Justice Department’s suit and its accusation of continuing obstruction were fresh blows to its new chief executive, Matthias Müller, and will make damage control more difficult.

In a statement, Volkswagen, which includes the brands Audi, Porsche and Lamborghini, said it “will continue to work cooperatively with the E.P.A. on developing remedies” to bring its diesel vehicles “into full compliance with regulations as soon as possible.” The company also said it was working “to develop an independent, fair and swift process for resolving private consumer claims relating to these issues.”

Regulators across the globe, including in India, South Korea and Germany, are conducting their own investigations, as are attorneys general in all 50 states. But the Justice Department has been seen as the only agency that might hold executives personally accountable.

“With today’s filing, we take an important step to protect public health by seeking to hold Volkswagen accountable for any unlawful air pollution, setting us on a path to resolution,” said Cynthia Giles, assistant administrator for the Environmental Protection Agency’s Office of Enforcement and Compliance Assurance. “So far, recall discussions with the company have not produced an acceptable way forward. These discussions will continue in parallel with the federal court action.”

Given the cascade of revelations, the civil complaint, which does not involve criminal charges or auto executives facing charges, is something of a blow to the Obama administration’s highly promoted [new strategy for getting tough on corporate crime](#). The Justice Department has gained a reputation in recent years for forcing companies to pay big fines, while sparing the executives involved. In September, Deputy Attorney General Sally Q. Yates said that impression had weakened public confidence and vowed to change it.

“Corporations can only commit crimes through flesh-and-blood people,” Ms. Yates said as she announced the new policy, which encouraged prosecutors to set their sights on prosecuting corporate executives from the beginning of investigations.

Two weeks later, the Justice Department opened its investigation into Volkswagen.

The government is seeking an array of penalties against the company, including fines and further actions to mitigate the emission of harmful pollutants. The complaint does not specify actions the company must take to further reduce emissions, nor does it name a dollar figure for the penalty. Those will be decided by a federal court.

Under the [Clean Air Act](#), the company could be fined up to \$32,500 for each 2-liter diesel vehicle with the illegal software (about 499,000 autos) and up to \$37,000 for each 3-liter vehicle with the software (about 85,000). Added together, the penalty could top \$19 billion.

Justice Department officials said that the complaint represented the first step in legal action against Volkswagen and did not preclude a criminal charge or the targeting of specific executives. Environmental and public health advocates said the government should push forward with further charges. “The government should follow up with criminal charges against both VW and its management to protect our health from auto pollution and signal other automakers that it will throw the book at any company that follows VW’s lead,” Dan Becker, director of the safe-climate campaign at the Center for Auto Safety, wrote in an email.

The decision to cheat was made a decade ago as the company began a major push to bring diesels to the United States, the chairman of the company’s supervisory board, Hans-Dieter Pötsch, acknowledged last month. The company’s technology was not sufficient to comply with emissions standards for smog-forming pollutants, particularly in the United States.

A pivotal episode came in 2006 and 2007, when Volkswagen initially decided to forge a partnership with BMW and Daimler to pursue technology to mitigate diesel emissions. After a management shake-up at Volkswagen in early 2007, the partnership was abandoned, and Volkswagen used its own technology.

One key figure in the scandal is Wolfgang Hatz, who was promoted in early 2007 to lead engine and transmission development for Volkswagen. A few months after taking over, Mr. Hatz was filmed complaining about the expectations of the California Air Resources Board, which at the time was proposing sharp new limits on [global warming](#) gases released by automobiles.

“We can do quite a bit, and we will do a bit, but ‘impossible’ we cannot do,” Mr. Hatz said at the time. “From my point of view, the C.A.R.B. is not realistic,” he said of the air resources board. Mr. Hatz was suspended.

Hundreds of Volkswagen owners and California municipal districts have filed a collective suit against the company in Federal District Court for the Northern District of California. The Justice Department will next seek to transfer its case to the California court, joining that multidistrict litigation. The case will be heard by Judge Charles Breyer, brother of the Supreme Court justice Stephen Breyer.

Coral Davenport reported from Washington and Danny Hakim from London. Matt Apuzzo contributed reporting from Washington.

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