

Volkswagen's U.S. CEO Blames "Individuals" for Dieselgate

By Ben Hinshaw, J.D. Candidate 2017 | October 23, 2015

Volkswagen's cheating scandal began in September when emissions data gathered from multiple studies of its vehicles found that additional emissions were present during road tests compared to lab tests. It was discovered that several of Volkswagen's models contained software that switches to a low-emission compliant mode when it detects an ongoing emissions test. Consequently, multiple high-ranking Volkswagen officials have [resigned](#), including the CEO Martin Winterkorn, and the value of the company's shares dropped significantly since September.

On October 8, 2015, the head of Volkswagen America, Michael Horn, testified in a House of Representative's hearing about the emissions scandal. Horn claimed that the use of the software was not a corporate decision, but rather something a few employees engineered. As a result, Volkswagen has begun [firing](#) or [suspending](#) top engineers involved with the diesel engine development.

The Hearing Committee was [skeptical](#) of Horn's apology in which he blamed a few individuals instead of the entire corporation for the software. The apology actually led to a slight increase in Volkswagen's stock price, but it still remains far below the trading value from before the scandal.

Lawmakers did not stop with Volkswagen during the hearing, but also questioned EPA official, Christopher Grundles, for not uncovering the cheating scandal. West Virginia University uncovered the software in a study that only had a budget of \$70,000 compared to the EPA's budget of roughly \$100 million.

Most of the cars require extensive alterations that will neutralize the emissions and put them within the emission standards. However, Volkswagen is expected to attempt to repair the software, but in reality of the situation, this attempt would only affect a small percentage of vehicles. EPA's Air Enforcement Director, Phillip Brooks, indicated that the company and individual employees could face criminal charges.

Currently, many investors have their doubts that the scandal will actually effect sales and decrease revenue, but those doubts may be inflated. According to German Automotive supplier, [Bosch](#), they have not seen any negative changes in the market of diesel cars as a result of the scandal. But there are still hundreds of pending lawsuits against Volkswagen that may [require](#) them to buy back the defective vehicles at a great expense. The future of Volkswagen will depend on the efforts to restore trust in the brand.