Automaker to Pay $40 Million for Misleading Investors

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Washington D.C., Sept. 27, 2019 —The Securities and Exchange Commission today charged Michigan-based automaker FCA US LLC, and its parent company, Fiat Chrysler Automobiles N.V., for misleading investors about the number of new vehicles sold each month to customers in the United States. FCA US and Fiat Chrysler Automobiles have agreed to pay $40 million to settle the charges.

According to the SEC's order, between 2012 and 2016, FCA US issued monthly press releases falsely reporting new vehicle sales and falsely touting a "streak" of uninterrupted monthly year-over-year sales growth, when in fact, the growth streak had been broken in September 2013. FCA US and Fiat Chrysler Automobiles included the press releases in their SEC filings. New vehicle sales and the growth streak were key performance indicators that illustrated the company's competitive position and demand for its vehicles. The SEC's order finds that FCA US inflated new vehicle sales results by paying dealers to report fake vehicle sales and maintaining a database of actual but unreported sales, which employees often referred to as a "cookie jar." In months when the growth streak would have ended or when FCA US fell short of other targets, FCA US dipped into the "cookie jar" and reported old sales as if they had just occurred.

"New vehicle sales figures provide investors insight into the demand for an automaker's products, a key factor in assessing the company's performance," said Antonia Chion, Associate Director in the Division of Enforcement. "This case underscores the need for companies to truthfully disclose their key performance indicators."

The SEC's order finds that FCA US and Fiat Chrysler Automobiles violated the antifraud provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934, as well as the reporting, books and records, and internal accounting controls provisions of the Exchange Act. Without admitting or denying the Commission's findings, the two companies have agreed to cease and desist from committing or causing any future violations of these provisions and to pay a civil penalty of $40 million on a joint and several basis.

The SEC's investigation was conducted by Gosia Spangenberg, Andrea Fox, Daniel Maher, and Nicholas Margida, under the supervision of Lisa Deitch, Peter Rosario, and Ms. Chion.

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