

## Press Release

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# SEC Charges Volkswagen, Former CEO With Defrauding Bond Investors During "Clean Diesel" Emissions Fraud

**FOR IMMEDIATE RELEASE**  
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*Washington D.C., March 14, 2019 —*

The Securities and Exchange Commission today charged Volkswagen AG, two of its subsidiaries, and its former CEO, Martin Winterkorn, for defrauding U.S. investors, raising billions of dollars through the corporate bond and fixed income markets while making a series of deceptive claims about the environmental impact of the company's "clean diesel" fleet.

According to the SEC's complaint, from April 2014 to May 2015, Volkswagen issued more than \$13 billion in bonds and asset-backed securities in the U.S. markets at a time when senior executives knew that more than 500,000 vehicles in the United States grossly exceeded legal vehicle emissions limits, exposing the company to massive financial and reputational harm. The complaint alleges that Volkswagen made false and misleading statements to investors and underwriters about vehicle quality, environmental compliance, and VW's financial standing. By concealing the emissions scheme, Volkswagen reaped hundreds of millions of dollars in benefit by issuing the securities at more attractive rates for the company, according to the complaint.

"Issuers availing themselves of American capital markets must provide investors with accurate and complete information," said Stephanie Avakian, Co-Director of the Division of Enforcement. "As we allege, Volkswagen hid its decade-long emissions scheme while it was selling billions of dollars of its bonds to investors at inflated prices."

The SEC's complaint, filed in the U.S. District Court for the Northern District of California, charges Volkswagen AG, its subsidiaries Volkswagen Group of America Finance, LLC and VW Credit, Inc., and Winterkorn with violating the antifraud provisions of the federal securities laws. The SEC complaint seeks permanent injunctions, disgorgement of ill-gotten gains with prejudgment interest, and civil penalties. The complaint also seeks an officer and director bar against Winterkorn.

The SEC's investigation was conducted by Kevin Wisniewski, Jake Schmidt, Amy Flaherty Hartman, and Daniel Nigro of the Complex Financial Instruments Unit and the Chicago Regional Office, under the supervision of Jeffrey Shank and Daniel Michael, Chief of the Enforcement Division's Complex Financial Instruments Unit. The litigation is being led by Daniel Hayes.

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