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**Subject:** Volkswagen Senior Manager Sentenced to 84 Months in Prison for Role in Conspiracy to Cheat U.S. Emissions Tests

## **Volkswagen Senior Manager Sentenced to 84 Months in Prison for Role in Conspiracy to Cheat U.S. Emissions Tests**

**WASHINGTON** (December 6, 2017) - The former general manager of Volkswagen AG's (VW) U.S. Environment and Engineering Office was sentenced today 84 months in prison for his role in VW's scheme to sell diesel "clean diesel" vehicles containing software designed to cheat U.S. emissions tests.

Acting Assistant Attorney General John P. Cronan of the Justice Department's Criminal Division, Deputy Assistant Attorney General Jean E. Williams of the Justice Department's Environment and Natural Resources Division, Acting U.S. Attorney Daniel L. Lemisch of the Eastern District of Michigan, Special Agent in Charge David P. Gelios of FBI's Detroit Field Office and Acting Assistant Administrator Larry Starfield, for the Environmental Protection Agency (EPA)'s Office of Enforcement and Compliance Assurance made the announcement.

Oliver Schmidt, 48, a citizen and resident of Germany, was sentenced by U.S. District Judge Sean F. Cox of the Eastern District of Michigan, who also ordered Schmidt to pay a criminal penalty of \$400,000. Schmidt pleaded guilty on Aug. 4 to one count of conspiracy to defraud the United States, to commit wire fraud and to violate the Clean Air Act, and to one count of violating the Clean Air Act.

"Upon learning of Volkswagen's massive scheme to defraud and mislead U.S. consumers and regulators, Oliver Schmidt chose to join the conspiracy and deceive U.S. regulators," said Acting Assistant Attorney General Cronan. "This case, along with the prior prosecution of the company and another Volkswagen engineer, further demonstrate the Criminal Division's unwavering commitment to hold both corporations and individuals accountable for their wrongdoing."

"Oliver Schmidt cheated the American people, and today's sentencing shows that such behavior will be prosecuted to the fullest extent of the law," said Deputy Assistant Attorney General Williams. "The Department of Justice and its partner agencies will continue to work together to ensure a level playing field for all competitors and a cleaner environment for all Americans."

"This sentence reflects how seriously we take environmental crime," said Acting U.S. Attorney Lemisch. "Protecting natural resources is a priority of this office. Corporations, and individuals acting on behalf of corporations, will be brought to justice for harming our environment."

"Americans expect corporations to follow laws and regulations designed to protect consumers and the environment," said FBI Special Agent in Charge Gelios. "The sentence of Mr. Schmidt demonstrates the Department of Justice's commitment to hold companies that defraud their customers both personally, as well as, corporately accountable for their crimes."

"As this case demonstrates, EPA is committed to ensuring a level playing field for companies that follow the rules and pursuing individuals whose actions create an unfair competitive advantage for

their employer,” said EPA Acting Assistant Administrator Starfield.

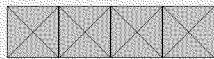
In connection with his guilty plea, Schmidt admitted that he agreed with VW employees to mislead and defraud the United States and domestic customers who purchased diesel vehicles, and to violate the Clean Air Act. Schmidt first learned during the summer of 2015 that certain VW diesel vehicle models contained a defeat device, or software that detected the difference between when the car was undergoing standard U.S. emissions testing and when it was being driven under normal conditions on the road. If the vehicle recognized that it was not being tested, many of its emissions control systems were significantly reduced, resulting in NOx emissions that were sometimes 30 times higher than U.S. standards. Schmidt admitted to participating in discussions with other VW employees in the summer of 2015 on how to coordinate responses to questions from U.S. regulators about VW’s diesel vehicles without admitting to the defeat device contained in vehicles. On the instructions of management, Schmidt met with U.S. regulators twice in August 2015 and attempted to obtain approval for the sale of additional VW diesel vehicles without disclosing what he knew was the truth – that the real reason for the high emissions on the road was that VW had intentionally installed software designed to cheat emissions testing.

Schmidt further admitted that he knew during his participation in the conspiracy that the VW “clean diesel” vehicles were being marketed to the public as being environmentally friendly and promoting increased fuel economy while complying with U.S. environmental regulations. Schmidt knew that VW’s diesel vehicles were not compliant with U.S. standards and regulations and that these representations made to domestic customers were false, he admitted.

As part of his guilty plea, Schmidt agreed that during his participation in the scheme, he and his co-conspirators caused losses to victims of more than \$150 million and that he obstructed justice.

The FBI’s Detroit Field Office and the EPA’s Criminal Investigation Division are investigating the case, with assistance from U.S. Immigration and Customs Enforcement’s Homeland Security Investigations. Securities and Financial Fraud Unit Chief Benjamin D. Singer and Trial Attorney David M. Fuhr of the Criminal Division’s Fraud Section, Senior Trial Attorney Jennifer Blackwell of the Environment and Natural Resources Division’s Environmental Crimes Section and White Collar Chief John K. Neal of the U.S. Attorney’s Office for the Eastern District of Michigan are prosecuting the case.

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