Message

From: Valentine, Julia [Valentine.Julia@epa.gov]
Sent: 1/12/2017 7:27:56 PM
To: McGonagle, Kevin [mcgonagle.kevin@epa.gov]
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Subject: FCA Clips 1/12/17

FCA statement:

FCA US is disappointed that the EPA has chosen to issue a notice of violation with respect to the emissions control technology employed in the company's 2014-16 model year light duty 3.0-liter diesel engines.

FCA US intends to work with the incoming administration to present its case and resolve this matter fairly and equitably and to assure the EPA and FCA US customers that the company's diesel-powered vehicles meet all applicable regulatory requirements.

FCA US diesel engines are equipped with state-of-the-art emission control systems hardware, including selective catalytic reduction (SCR). Every auto manufacturer must employ various strategies to control tailpipe emissions in order to balance EPA's regulatory requirements for low nitrogen oxide (NOx) emissions and requirements for engine durability and performance, safety and fuel efficiency. FCA US believes that its emission control systems meet the applicable requirements.

FCA US has spent months providing voluminous information in response to requests from EPA and other governmental authorities and has sought to explain its emissions control technology to EPA representatives. FCA US has proposed a number of actions to address EPA's concerns, including developing extensive software changes to our emissions control strategies that could be implemented in these vehicles immediately to further improve emissions performance.

FCA US looks forward to the opportunity to meet with the EPA's enforcement division and representatives of the new administration to demonstrate that FCA US's emissions control strategies are properly justified and thus are not "defeat devices" under applicable regulations and to resolve this matter expeditiously.

Below: Bloomberg (Updated), AP (Updated), USA Today (Updated), CNN Money (Updated), Greenwire, Reuters (updated), Wall Street Journal, Washington Post (updated), AP (updated), AFP via (Yahoo), Financial Times (2), Bloomberg (updated), New York Times, Automotive News, Detroit Free Press, CNN Money, Reuters, Financial Times, USA Today, CNBC , AP, AP

Bloomberg

https://www.bloomberg.com/news/articles/2017-01-12/fiat-chrysler-plunges-on-report-epa-to-allege-emissions-cheating

Fiat Chrysler Accused of Diesel Emissions Cheating by U.S. EPA

By Jamie Butters and Ryan Beene 1/12/17 12:39 PM EST

Fiat Chrysler Automobiles NV was accused of violating pollution laws for 104,000 diesel vehicles, sending the shares plunging on the prospect the automaker may face billions of dollars in possible fines.

The Environmental Protection Agency alleged Fiat Chrysler installed software in 2014-2016 Jeep Grand Cherokee sport utility vehicles and Ram 1500 pickups that allowed them to exceed pollution limits. The regulator stopped short of calling the software a "defeat device" but said the company didn't disclose the means it was using to improve vehicle performance in testing. Fiat Chrysler defended its actions and said it would work with President-elect Donald Trump's administration to contest the allegations.

Fiat Chrysler becomes the second automaker in less than three years the EPA has accused of violating regulations by using software to help its diesel vehicles pass laboratory emissions tests. Volkswagen AG, which admitted to using a defeat device in September 2015, pleaded guilty Wednesday to using false statements to import cars into the U.S. and obstructing investigations and paid a $4.3 billion fine.

"Our meetings with Fiat Chrysler to date have not produced a viable explanation" for the software, Cynthia Giles, the EPA's enforcement chief, said in a conference call. "This is a clear violation of the Clean Air Act."

The violations could result in penalties of as much as $44,539 per vehicle, Giles said. That means the total potential penalty could be as much as $4.6 billion.

Fiat Chrysler is "disappointed" the EPA issued the notice of violation and "intends to work with the incoming administration to present its case and resolve this matter fairly and equitably," the automaker said in a statement. "The company's diesel-powered vehicles meet all applicable regulatory requirements."

Fiat Chrysler fell as much as 18 percent, the biggest intraday drop since the shares began trading in October 2014. The stock declined 12 percent to $9.71 as of 12:30 p.m. after being halted earlier in New York trading.

The company's bonds also fell. Its $1.47 billion of 5.25 percent coupon notes due in 2023 sank 4 cents to 99.7 cents at 11:19 a.m. in New York, according to Trace, the bond-price reporting system of the Financial Industry Regulatory Authority. That's the biggest decline since the notes were sold in July 2015.

The EPA says it discovered Fiat Chrysler's allegedly illegal software while conducting enhanced testing of other diesel vehicles in the wake of VW's scandal. The agency said it's now up to Fiat Chrysler to demonstrate the software was not a defeat device like VW used.

"Chrysler's alleged misbehavior -- rigging its trucks, VW-like, to increase pollution of our lungs and lying about it -- is appalling," Dan Becker, director of the Safe Climate Campaign, said in an e-mailed statement.

The EPA's violation notice said Fiat Chrysler's diesel engine system had eight control devices changing the emissions of the vehicles under certain conditions that the company didn't disclose.

Not all such systems are cheat devices like Volkswagen used, said John German, senior fellow at the International Council on Clean Transportation, a Washington-based non-profit that conducts technical and scientific analysis. ICCT played a central role in exposing Volkswagen's cheat devices.

German said the government allows control devices, but they can't be used to change emissions to meet testing requirements and they must be disclosed.

“The EPA is still investigating whether these are cheat devices,” German said in a phone interview. “VW got hit hard because they lied, covered it up and didn’t have a fix.

AP
http://bigstory.ap.org/article/30c07ba9ae5a47c3ab09de68ccbdc3bf/ap-sources-us-allege-fiat-chrysler-cheated-emissions?utm_campaign=SocialFlow&utm_source=Twitter&utm_medium=APBusiness
US gov't accuses Fiat Chrysler of cheating on emissions
By Tom Krisher and Michael Biesecker 1/12/17 1:03 PM EST

WASHINGTON (AP) -- The U.S. government accused Fiat Chrysler on Thursday of failing to disclose software in some of its pickups and SUVs with diesel engines that allows them to emit more pollution than allowed under the Clean Air Act.

The Environmental Protection Agency it had issued a "notice of violation" to the company that covers about 104,000 vehicles including the 2014 through 2016 Jeep Grand Cherokee and Ram pickups, all with 3-liter diesel engines. The California Air Resources Board took similar action.

"Failing to disclose software that affects emissions in a vehicle's engine is a serious violation of the law, which can result in harmful pollution in the air we breathe," said Cynthia Giles, EPA assistant administrator for enforcement and compliance.

Fiat Chrysler CEO Sergio Marchionne denied any wrongdoing, saying the EPA was blowing the issue out of proportion. "We have done in our view nothing that is illegal," he said Thursday on a conference call. "We will defend our behavior in the right environment."

Marchionne said he was told by company lawyers that the Justice Department is investigating the company in concert with the EPA. He said the company stopped producing Grand Cherokees and Rams with diesel engines in September and will halt production until the case is resolved with the government.

The company said it intends to present its case to the incoming Trump administration. We will work with the new leadership to get this issue through," Marchionne said.

If found liable, the company could face more than $4.5 billion in potential fines for violations of the Clean Air Act.

EPA said it will continue to investigate the "nature and impact" of the eight software functions identified through an intensive testing program launched after Volkswagen was caught in a 2015 cheating scandal involving its "Clean Diesel" line of vehicles. Regulators were not yet defining the software found in the Fiat Chrysler vehicles as so-called "defeat devices" intended to cheat on government emissions tests.

However, the agency said that numerous discussions with Fiat Chrysler over the last year had not produced any suitable explanation for why the company had failed to disclose the software, which regulators said caused the vehicles to emit less pollution during testing than during regular driving.

"This is a clear and serious violation of the Clean Air Act," Giles said. "When companies break the law, Americans depend on EPA to step in and enforce."

On Thursday California regulators also announced it was citing Fiat Chrysler with 11 violations under that state's strict air quality standards.

Fiat Chrysler said in a statement that its emissions control systems "meet the applicable requirements" and that it spent months giving information to the EPA to explain its emissions technology and proposed a number of actions including software changes to address the agency's concerns.

Regulators said owners of the affected models do not yet need to take any action and that they should continue driving their vehicles.

Fiat Chrysler shares tumbled 20 percent $9.12 Thursday morning as the EPA action was reported, wiping out about $3 billion of the company's market value. The shares recovered a bit to $9.79 by midday but still were down almost 12 percent.

The announcement comes one day after Fiat rival Volkswagen pleaded guilty in federal court to criminal charges related to widespread cheating involving emissions tests, agreeing to pay a record $4.3 billion penalty. Six high-ranking VW executives have been charged in the scandal, which prompted a nationwide recall of more than a half million affected cars and SUVs.

In the Volkswagen case, prosecutors alleged that top officials at the company approved of the cheating scheme, repeatedly lied to U.S. regulators and then orchestrated a mass attempted cover-up that included deleting computer files and emails.

EPA regulators made no such allegations against Fiat Chrysler on Thursday, though they said their investigation is in the early stages and is ongoing.

Marchionne, who clearly was agitated on a conference call with reporters, expressed confidence that the EPA will find no evidence of an illegal "defeat device" in the Jeeps and Rams. He said some of the computer software on the engines was not disclosed because it's standard among automakers and disclosure wasn't previously required. But he said the EPA changed the rules after the Volkswagen case.

Marchionne said there is no comparison between his company and VW because there was no intent by Fiat Chrysler to deceive the EPA or cheat on emissions tests.

"There's not a guy in this house that would even remotely attempt to try something as stupid as that," he said. "And if I found a guy like that I would have hung him on a door."

USA Today
http://www.usatoday.com/story/money/cars/2017/01/12/fiat-chrysler-automobiles-epa-environmental-protection-agency/96485486/
EPA accuses Fiat Chrysler of cheating emissions laws
By Nathan Bomey

U.S. regulators accused Fiat Chrysler Automobiles of violating emissions standards in more than 100,000 diesel vehicles, spawning concerns among investors that the company could become ensnared in a scandal like the one that engulfed Volkswagen Group and cost the German automaker billions of dollars.

The Obama administration's Environmental Protection Agency said Thursday that Fiat Chrysler installed software on about 104,000 pickup trucks and sport-utility vehicles and failed to disclose the technology, thus cheating emissions standards.

The allegations involve the 2014, 2015 and 2016 Jeep Grand Cherokee and light-duty Ram 1500 trucks with 3-liter diesel engines.

The EPA said the automaker installed eight different undisclosed software programs on the vehicles that collectively caused them to spew harmful nitrous oxide emissions, which can exacerbate breathing conditions.

"This is a clear and serious violation of the Clean Air Act," Cynthia Giles, assistant administrator for EPA's Office of Enforcement and Compliance Assurance, told reporters. "There is no doubt they are contributing to illegal pollution."

Fiat Chrysler CEO Sergio Marchionne blasted the EPA in a quickly arranged press call, saying he was offended by the agency's "incredibly belligerent" attacks on the auto industry and that his company had done "nothing" illegally.

"There is nothing in common between the VW reality and what we are describing here," he said, saying it's "absolute nonsense" to suggest so and anything who disagrees with him is "smoking illegal material."
He added: "We're trying to do an honest job here. We're not trying to break the bloody law."

Marchionne rejected the suggestion that rogue employees could have schemed to violate EPA laws. "If I found a guy like that, I would have hung them on a door," he said.

Fiat Chrysler (FCAU) shares traded in New York plunged 14.2% at 11:41 a.m. to $9.52 as investors fretted about the financial implications.

The EPA has the authority to fine automakers up to $44,539 per vehicle for the worst violations of the Clean Air Act. The agency threatened possible fines on Thursday if it determines that the software installed on the vehicles qualify as illegal "defeat devices" under U.S. laws.

But it's possible the incoming Trump administration won't continue the Obama administration's investigation or won't crack down as aggressively.

"We find it very, very strange it would happen before this administration changes over," Marchionne said.

Kelley Blue Book analyst Rebecca Lindland said there was no indication that Fiat Chrysler had intentionally cheated.

"So they're not meeting the standards, but right now it doesn't appear to be the same type of deliberate act that Volkswagen admitted to," she said.

Fiat Chrysler said in a statement that it had offered to the EPA to develop software fixes to "further improve emissions performance" because it wants to "resolve this matter fairly and equitably."

The vehicles were programmed with software that violated standards and was not disclosed to the EPA, Giles said. In lab testing, the vehicles met standards but at high speeds and in extended driving they violate regulations, EPA's Giles said.

"That means that the vehicles were sold illegally," she said.

But Lindland said the sin might have been a failure to mention the technology when requesting EPA certification to sell the vehicles.

"It's like bringing a calculator to your math test -- you're allowed to bring it and it's one thing to have it on your desk, but it's another thing to have it in your lap," she said.

The EPA said it discovered the alleged violations after expanding its testing of on-road vehicle performance following the Volkswagen scandal.

Volkswagen admitted to cheating emissions laws on more than half a million vehicles and has since agreed to criminal and civil settlements totaling nearly $22 billion. Six VW executives were charged Wednesday with allegedly weaving a conspiracy to dodge regulations while the company pled guilty to similar charges on a corporate level.

In Volkswagen's case, vehicles were spewing NOx emissions at rates of up to 40 times the U.S. standard. Giles declined to provide a comparable assessment for Fiat Chrysler.
But Marchionne sought to distance himself from VW.

"To be perfectly honest I think it's being blown out of proportion," he said. "I find this to be a bizarre characterization of FCA's activities and we will defend our behavior."

Unlike VW, the EPA has not yet ordered Fiat Chrysler to halt sales of diesel vehicles accused of violations. And Marchionne said he would not stop sales proactively.

CNN Money
http://money.cnn.com/2017/01/12/news/companies/epa-emissions-cheating-fiat-chrysler/index.html
Fiat Chrysler cheated on diesel emissions EPA says
By Chris Isidore 1/12/17 1:10 PM EST

The accusation by the U.S. Environmental Protection Agency and the California Air Resources Board (CARB) is similar to the scandal that has plagued automaker Volkswagen for more than a year.

Just this week, Volkswagen agreed to pay $4.3 billion to settle charges that it cheated on diesel emissions tests with more than 590,000 diesel-powered U.S. cars. The Justice Department also indicted six Volkswagen executives on Wednesday.

"This is a clear and serious violation of the Clean Air Act," said Cynthia Giles, assistant administrator for EPA. "When companies break the law, Americans depend on the EPA to step in and enforce."

"Once again, a major automaker made the business decision to skirt the rules and got caught," said CARB Chair Mary Nichols. "CARB and U.S. EPA made a commitment to enhanced testing as the Volkswagen case developed, and this is a result of that collaboration."

The vehicles cited include 2014, 2015 and 2016 model year Jeep Grand Cherokees SUVs and and Dodge Ram 1500 trucks with 3-liter diesel engines.

Fiat Chrysler said it believes its emission control systems meet the applicable regulations.

It said the software on its engines is an allowable way to meet emissions rules. The company said it is not there to cheat on emissions tests, but rather to improve engine performance.

But the EPA said that since the software had not be disclosed to the EPA, that puts Fiat Chrysler is in violation of the Clean Air Act, even if it wasn't seeking to cheat on emissions tests.

Fiat Chrysler said it has proposed a number of steps that could be taken to address EPA's concerns. Unlike Volkswagen, which admitted the deception and apologized for it soon after it was cited by EPA and CARB, Fiat Chrysler indicated it will continue to fight the allegation once President-elect Trump takes office.

"FCA intends to work with the incoming administration to present its case and resolve this matter fairly and equitably and to assure the EPA and FCA customers that the company's diesel-powered vehicles meet all applicable regulatory requirements," it said.

Still Fiat Chrysler shares were down 10% on the news.

Regulators said that the Fiat Chrysler vehicles emitted much more than the allowable level of the pollutant nitrous oxide when they were driving on the road than they did when they were stopped to have their emissions tested. These were the same issues in the Volkswagen case.

The problem was discovered with new testing that better measures real-world emissions. The new tests were implemented in the wake of the VW scandal.

Fiat Chrysler may not be the last automaker charged under these enhanced tests. The EPA said it is still investigating diesel vehicles made by other automakers, but declined to name them.

"Most vehicles pass these tests," said Giles. "It is by no means impossible to make a clean diesel passenger vehicle that meets these standards."

Greenwire
http://www.eenews.net/greenwire/stories/1060048294
EPA accuses Fiat Chrysler of cheating on emissions tests
By Camille von Kaenel 1/12/17

U.S. EPA accused Fiat Chrysler Automobiles and its American subsidiary today of violating emissions standards by using undisclosed software on more than 100,000 diesel vehicles.

Roughly 104,000 light-duty model year 2014, 2015 and 2016 Jeep Grand Cherokees and Dodge Ram 1500 trucks with 3.0-liter diesel engines are equipped with that software, EPA said, and many spew "significantly" more nitrogen oxides on the road than during testing.

Environmental regulators sent the automaker a notice of violation today. The firm's stock dropped more than 15 percent following the news.

Car companies are under increased scrutiny after the fall 2015 announcement that Volkswagen AG had cheated on emissions tests for half a million diesel vehicles, which culminated in $4.3 billion in criminal and civil penalties and the indictment of six high-ranking employees yesterday.

Fiat Chrysler could be liable for civil penalties and injunctive relief, EPA leaders said this morning.

EPA engineers found the undisclosed software on Fiat Chrysler trucks during an expanded testing program started in late 2015, the agency said.

Environmental regulators are continuing their enhanced testing of other automakers, but officials would not comment on whether they have discovered other violations.

"Once again, a major automaker made the business decision to skirt the rules and got caught," said Mary Nichols, chairwoman of the California Air Resources Board, which is also investigating the automaker.

Automakers are allowed to include some software that alters the performance of vehicles during emissions tests, called "auxiliary emission control devices," but must disclose them to regulators. Fiat Chrysler did not share information about at least eight devices, EPA officials said.

The agency is investigating whether the company specifically installed the software with the purpose of defeating emissions standards, which would make them illegal "defeat devices," said Cynthia Giles, assistant administrator for EPA's Office of Enforcement and Compliance Assurance.

"We are asking Fiat Chrysler to show us how these are not defeat devices," she said.

Fiat Chrysler said in a statement it was "disappointed" EPA had decided to issue the notice of violation.

"FCA US looks forward to the opportunity to meet with the EPA's enforcement division and representatives of the new administration to demonstrate that FCA US's emissions control strategies are properly justified and thus are not 'defeat devices' under applicable regulations and to resolve this matter expeditiously," the statement said.

Half a million Dodge Ram owners alleged in a lawsuit in November that engines in some of their trucks were rigged to hide emissions that were as much as 14 times higher than permitted by law (Greenwire, Nov. 15, 2016). EPA officials said they were still investigating how much pollution the vehicles with the software emitted.

Reuters
http://www.reuters.com/article/us-fiatchrysler-emissions-idUSKBN14W29S?il=0
EPA Accuses Fiat Chrysler of excess diesel emissions
By David Shepardson and Bernie Woodall 1/12/17 12:24 PM

The U.S. Environmental Protection Agency on Thursday accused Fiat Chrysler Automobiles NV of illegally using hidden software that allowed significant excess diesel emissions, the result of a probe that stemmed from regulators' investigation of rival Volkswagen AG.

The EPA action affects 104,000 U.S. trucks and SUVs sold since 2014, about one-sixth the number of vehicles than in the Volkswagen case. The maximum fine is about $4.6 billion.

The EPA and California Air Resources Board told Fiat Chrysler it believes its undeclared auxiliary emissions control software allowed vehicles to generate excess pollution in violation of the law.

Fiat Chrysler CEO Sergio Marchionne denied the company was cheating and has been in talks with EPA and made significant disclosures of documents.

"We have done nothing that is illegal," he said. "There was never any intent of creating conditions that were designed to defeat the testing process. This is absolute nonsense."

The company's U.S. arm, FCA US, said in a statement it is "disappointed" with the EPA assertions. It said its "diesel-powered vehicles meet all applicable regulatory requirements."

EPA has reviews ongoing of other automakers' emissions systems, but it is not clear if they have found any additional wrongdoing. In April, Daimler AG said the U.S. Justice Department had asked the carmaker to investigate its emissions certification process for vehicles including its Mercedes brand.

Regulators said FCA failed to disclose engine management software in 104,000 U.S. 2014-2016 Jeep Grand Cherokees and Dodge Ram 1500 trucks with 3.0-liter diesel engines. The undisclosed software results in increased emissions of nitrogen oxides (NOx). EPA is still investigating if the software constitutes a "defeat device."

"Failing to disclose software that affects emissions in a vehicle's engine is a serious violation of the law, which can result in harmful pollution," said Cynthia Giles, an EPA official, in a statement.

FCA said it will prove to the EPA that its emissions controls are justified and not 'defeat devices' under applicable regulations.

The EPA said it has found at least eight undisclosed pieces of software that can alter how a vehicle emits air pollution.

EPA said Fiat Chrysler had recalled vehicles for one of the undisclosed pieces of software and had only used it in 2014 models.

By contesting the charge, FCA will push the case into the administration of President-elect Donald Trump. It is not clear how Trump's EPA will handle this or similar issues.

Trump, who takes office Jan. 20, has nominated Oklahoma Attorney General Scott Pruitt, a critic of federal environmental regulation, to lead the EPA.

"FCA US intends to work with the incoming administration to present its case and resolve this matter fairly and equitably," the company said.

FCA's Milan-listed shares closed down 16 percent, weighing on the auto sector and wider European stock markets.

U.S.-listed shares were temporarily halted, then reopened and were last down 12 percent.

The EPA announcement comes amid rising scrutiny of automakers after Volkswagen AG admitted to cheating diesel emissions tests in 580,000 U.S. vehicles.

The EPA has for months declined to certify Fiat Chrysler's 2017 diesel vehicles for sale in the United States, but the automaker has continued to sell 2016 diesel models. Marchionne said they will not stop selling the new 2016 models in dealer showrooms.

In 2015, EPA said it would review all U.S. diesel vehicles following an admission from Volkswagen that it installed software in cars allowing them to emit up to 40 times legally permissible level of pollution.

On Wednesday, VW agreed to pay $4.3 billion in criminal and civil fines and plead guilty to three felonies for misleading regulators and selling polluting vehicles.

The EPA has extensively investigated the vehicles and Fiat Chrysler has turned over significant documents as part of the probe, two people briefed on the matter said.

Fiat Chrysler could face fines of $44,539 per vehicle if it is proven that it violated emissions rules.

European regulators have also raised questions about Fiat Chrysler diesels.

Last fall, Germany wrote a letter to the European Commission accusing FCA of using an illegal device to switch off exhaust treatment systems in diesel engines in Fiat and Jeep vehicles sold in Europe.

Wall Street Journal

http://www.wsj.com/articles/epa-accuses-fiat-chrysler-of-diesel-emissions-violations-1484237791

EPA: Fiat Chrysler Used Emissions-Cheating Software

By Chester Dawson and Mike Spector 1/12/17 11:55 AM EST

U.S. environmental regulators accused Fiat Chrysler Automobiles NV of using software that allowed illegal emissions in diesel-powered vehicles, the latest broadside in an unprecedented government crackdown on auto makers for alleged pollution transgressions.

The Environmental Protection Agency, days before the end of the Obama administration, delivered a violation notice to Fiat Chrysler accusing the auto maker of using illegal software that allowed 104,000 recent diesel-powered Jeep Grand Cherokee sport utilities and Ram pickup trucks to spew toxic emissions beyond legal limits. The affected vehicles have model years ranging between 2014 and 2016.

Shares of the auto maker were down 13% in recent trading.

The EPA's move came a day after six current and former Volkswagen AG executives were criminally charged in the German auto giant's long-running emissions cheating on nearly 600,000 diesel-powered vehicles in the U.S. Volkswagen separately pleaded guilty to criminal wrongdoing and agreed to pay $4.3 billion in penalties stemming from the long-running deception, which involved installing so-called defeat-device software on cars that allowed them to pollute less during government emissions tests than on the road. That was on top of up to $17.5 billion Volkswagen agreed to pay in previous civil settlements.

Officials stopped short of calling Fiat Chrysler's software defeat devices, saying they were continuing to investigate. But they nevertheless accused Fiat Chrysler of illegal activity and said it could cost the company $4.63 billion, based on a $44,539 penalty for each affected vehicle.

"This is a clear and serious violation of the Clean Air Act," said EPA Assistant Administrator Cynthia Giles, adding Fiat Chrysler failed to disclose eight so-called auxiliary emission control devices on the vehicles when getting them certified. "AECDs that are not disclosed are illegal."

Fiat Chrysler "is disappointed that the EPA has chosen to issue a notice of violation," the auto maker said in a statement. The company "intends to work with the incoming administration to present its case and resolve this matter fairly and equitable and to assure the EPA and FCA US customers that the company's diesel-powered vehicles meet all applicable regulatory requirements."

Washington Post
https://www.washingtonpost.com/news/innovations/wp/2017/01/12/epa-fiat-chrysler-used-software-to-cheat-on-emissions-tests/?utm_term=.46ce736d6d70
EPA: Fiat Chrysler used software to cheat on emissions tests
By Steven Overly and Brady Dennis 1/12/17 11:28 AM EST

The Environmental Protection Agency accused Fiat Chrysler Thursday of using software that enabled some of its diesel trucks to cheat on emissions tests. The company denied those accusations, saying its software meets regulatory requirements.

The vehicles involved were the 2014 to 2016 model year Dodge Ram 1500 pickup trucks and Jeep Grand Cherokees with 3.0-liter diesel engines. The allegations affect roughly 104,000 vehicles, EPA officials said.

Janet McCabe, head of EPA's Office of Air and Radiation, said "no immediate actions are necessary" for owners of the vehicles targeted under Thursday's action, and assured owners that those vehicles "continue to be safe and legal to drive."

The software allowed the vehicles to emit more nitrogen oxide than is allowed under the Clean Air Act, officials said. The scheme was brought to light after the EPA expanded its vehicle testing to look for so-called defeat devices in September 2015 following a similar scandal at Volkswagen.

"Failing to disclose software that affects emissions in a vehicle's engine is a serious violation of the law, which can result in harmful pollution in the air we breathe," Cynthia Giles, Assistant Administrator for EPA's Office of Enforcement and Compliance Assurance, said in a statement.

Fiat Chrysler officials denied those claims in a statement Thursday. Every automaker must use "various strategies" to reduce tailpipe emissions without compromising the durability and performance of its engines, FCA said, adding its emission control system complies with necessary requirements.

The company also said it has offered to make extensive changes to its software to address EPA concerns.

"FCA U.S. intends to work with the incoming administration to present its case and resolve this matter fairly and equitably and to assure the EPA and FCA U.S. customers that the company's diesel-powered vehicles meet all applicable regulatory requirements," the company said in a statement.

The news caused Fiat Chrysler's stock price to drop more than 13 percent in trading Thursday morning.

EPA officials said on a call Thursday that they are looking into whether other automakers may be using similar devices.

"We continue to investigate the nature and impact of these devices," Giles said in a statement. "All automakers must play by the same rules, and we will continue to hold companies accountable that gain an unfair and illegal competitive advantage."

The agency's move is similar to the initial steps it took at the start of the German automaker Volkswagen emissions scandal, which eventually lead to about $20 billion in fines and charges against seven employees over the course of the last year and a half. Federal prosecutors announced a settlement that forced Volkswagen to plead guilty to defrauding regulators and consumers, a rare admission of criminal wrongdoing for a large corporation.

"Once again, a major automaker made the business decision to skirt the rules and got caught," California Air Resources Board Chair Mary D. Nichols said in a statement. "CARB and U.S. EPA made a commitment to enhanced testing as the Volkswagen case developed, and this is a result of that collaboration."

Advocacy groups were quick to praise the announcement as yet another sign of regulators holding corporations accountable.

"As polluter lobbyists mass at the gates of Congress and the White House, this case underscores the critical importance of keeping the environmental cop on the beat," said Frank O'Donnell, president of the advocacy group Clean Air Watch. "Otherwise, the breathing public could be harmed, and consumers scammed."

AFP (via Yahoo)
https://www.yahoo.com/news/us-charges-fiat-chrysler-cheating-emissions-standards-161511923.html?utm_source=dlvr.it&utm_medium=twitter&ref=gs
US charges Fiat Chrysler with cheating emissions standards
1/12/17

Washington (AFP) - The United States on Thursday charged Fiat Chrysler with using software on its trucks to evade emissions standards on about 104,000 vehicles, an accusation the company immediately denied.

The Environmental Protection Agency said the undisclosed software on the 2014 to 2016 models of Grand Cherokees and Dodge Ram 1500 trucks sold in the United States allowed the vehicles to emit more nitrogen oxides than permitted.

Trading of FCA shares was briefly suspended on the New York Stock Exchange, after the share price had fallen over 16 percent just after the announcement. When it restarted it was down 14.5 percent around 1640 GMT. In Milan, the share price fell nearly 15 percent before trading was halted.

The company already is facing two class-action lawsuits over use of the defeat software.

However, FCA US said in a statement that emissions control systems on its vehicles meet all US requirements and "are not 'defeat devices.'" It said it looks forward to working with the "incoming administration" to resolve the matter.

President-elect Donald Trump Wednesday praised the company for its plans for new investment in the United States which will create 2,000 new jobs.

The EPA announcement about FCA comes a day after the government announced a final settlement of the criminal charges against German auto giant Volkswagen for using defeat technology in its diesel cars.

"Failing to disclose software that affects emissions in a vehicle's engine is a serious violation of the law," said Cynthia Giles from EPA's Office of Enforcement and Compliance Assurance.

"We continue to investigate the nature and impact of these devices. All automakers must play by the same rules, and we will continue to hold companies accountable," Giles said in a statement.

The EPA is working with the California Air Resources Board (CARB), which also is investigating FCA.

The company said in a statement it was disappointed with the EPA decision, and has provided evidence to the agency to prove "its emission control systems meet the applicable requirements."

"FCA US intends to work with the incoming administration to present its case and resolve this matter fairly and equitably and to assure the EPA and FCA US customers that the company's diesel-powered vehicles meet all applicable regulatory requirements."

VW on Wednesday agreed to plead guilty to three criminal charges and pay $4.3 billion in civil and criminal fines for conspiracy and fraud in its emissions scandal. That was in addition to $17.5 billion paid to consumers, dealers and to CARB for environmental cleanup.

Financial Times
https://www.ft.com/content/0ca2ee81-239e-3d3c-8772-1e070e764db6
Fiat Chrysler "disappointed" with US allegations over diesel emissions
By Jessice Dye 1/12/17

Fiat Chrysler said on Thursday that it is "disappointed" that US environmental regulators have accused it of violating clean air laws by failing to disclose emissions-control software in more than 100,000 vehicles.

The statement comes after the Environmental Protection Agency said it has issued a notice of violation to Fiat for alleged violations of the Clean Air Act, and that the company could be liable for civil penalties and injunctive relief if it is found to have violated the law. The software in question was installed on model year 2014, 2015 and 2016 Jeep Grand Cherokees and Dodge Ram 1500 trucks with 3.0-liter diesel engines sold in the US.

Cynthia Giles, assistant administrator of the EPA's office of enforcement and compliance assurance, said the agency was investigating whether the emissions-control devices in the vehicle were illegal "defeat devices" meant to evade emissions testing. Fiat has thus far failed to provide a "viable explanation" of how the devices conform with the law, Ms Giles said in a call with reporters.

Fiat said in a statement:

FCA US intends to work with the incoming administration to present its case and resolve this matter fairly and equitably and to assure the EPA and FCA US customers that the company's diesel-powered vehicles meet all applicable regulatory requirements...FCA US looks forward to the opportunity to meet with the EPA's enforcement division and representatives of the new administration to demonstrate that FCA US's emissions control strategies are properly justified and thus are not 'defeat devices' under applicable regulations and to resolve this matter expeditiously.

Fellow automaker Volkswagen this week agreed to pay $4.3bn and plead guilty to resolve US criminal and civil charges over defeat devices it was accused of installing on thousands of "clean diesel" vehicles.

Shares in Fiat fell by as much as 17.8 per cent before they were halted for trading.

Financial Times
https://www.ft.com/content/dc7794a0-d8e2-11e6-944b-e7eb37a6aa8e
Fiat Chrysler accused by US regulator of emissions cheating
By Jessica Dye 1/12/17

Fiat Chrysler could be facing a fine of up to $4.6bn after the Environmental Protection Agency accused the company of violating US emissions laws, the second time in a week that US regulators have targeted a global automaker after Wednesday's deal with Volkswagen to pay a $4.3bn fine for deliberately evading diesel emissions laws.

Fiat's shares dropped 18 per cent after the EPA accused the carmaker of using software to evade diesel emissions tests. It said the violations covered roughly 104,000 vehicles and that Fiat "may be liable for civil penalties".

The EPA said the software in question was installed on model year 2014, 2015 and 2016 Jeep Grand Cherokees and Dodge Ram 1500 trucks with 3.0-litre diesel engines sold in the US.

"Failing to disclose software that affects emissions in a vehicle's engine is a serious violation of the law, which can result in harmful pollution in the air we breathe," said Cynthia Giles, assistant administrator for the EPA's Office of Enforcement and Compliance Assurance. "We continue to investigate the nature and impact of these devices. All automakers must play by the same rules, and we will continue to hold companies accountable that gain an unfair and illegal competitive advantage."

Fiat said it would work with the incoming US administration to present its case.

"FCA US looks forward to the opportunity to meet with the EPA's enforcement division and representatives of the new administration to demonstrate that FCA US's emissions control strategies are properly justified and thus are not 'defeat devices' under applicable regulations and to resolve this matter expeditiously," the carmaker said in a statement.

Volkswagen on Wednesday agreed to pay $4.3bn and plead guilty to resolve civil and criminal charges over allegations that it installed software on thousands of "clean diesel" vehicles to dupe emissions testing.

The prices of Fiat Chrysler bonds fell. A €1.25bn senior unsecured bond maturing in 2024 is trading at 102 cents on the euro, down from close to 105 cents. This represents a yield of 3.4 per cent.

New York Times
https://www.nytimes.com/2017/01/12/business/epa-emissions-cheating-diesel-fiat-chrysler-jeep-dodge.html
E.P.A. Accuses Fiat Chrysler of Secretly Exceeding Emissions Standards
By Hiroko Tabuchi 1/12/17

The Environmental Protection Agency on Thursday accused Fiat Chrysler of using secret software that allowed illegal excess emissions from at least 104,000 diesel vehicles.

Affected models include the light-duty model year 2014, 2015 and 2016 Jeep Grand Cherokees and Dodge Ram 1500 trucks with 3-liter diesel engines sold in the United States, the agency said.
The software resulted in excess emissions of nitrogen oxides, which have harmful health effects, from the vehicles, the agency said.

The excess in emissions "threatens public health by polluting the air we breathe," said Cynthia Giles, an assistant administrator at the E.P.A.

While Ms. Giles stopped short of calling the software "defeat devices," which Volkswagen used to cheat on diesel emissions tests, she said, "There is no doubt that they are contributing to illegal pollution."
Fiat Chrysler was not immediately available for comment.

Volkswagen has been engulfed in a scandal about cheating on emissions tests. Many of the company's 600,000 cars in the United States that are equipped with emissions-cheating software were imported from Germany or Mexico.

Automotive News
http://www.autonews.com/article/20170112/OEM11/170119905/fiat-chrysler-accused-by-epa-of-excess-diesel-emissions-report-says
Fiat Chrysler accused by EPA of excess diesel emissions
From Staff and wire reports 1/12/17, 10:38 AM

WASHINGTON -- The EPA has accused Fiat Chrysler Automobiles of using software that allowed excess diesel emissions in just over 104,000 U.S. pickups and SUVs sold since 2014.

The EPA and California Air Resources Board told the automaker they believe its auxiliary emissions control software allowed vehicles to generate excess pollution in violation of the law.

"Failing to disclose software that affects emissions in a vehicle's engine is a serious violation of the law," said Cynthia Giles, assistant administrator for EPA's office of enforcement and compliance assurance, in a statement. "We continue to investigate the nature and impact of these devices. All automakers must play by the same rules, and we will continue to hold companies accountable that gain an unfair and illegal competitive advantage."

California Air Resource Board Chairman Mary Nichols said, "Once again, a major automaker made the business decision to skirt the rules and got caught."

FCA responded soon afterward, saying in a statement: "FCA US is disappointed that the EPA has chosen to issue a notice of violation with respect to the emissions control technology employed in the company's 2014-16 model-year light-duty 3.0-liter diesel engines. FCA US intends to work with the incoming administration to present its case and resolve this matter fairly and equitably and to assure the EPA and FCA US customers that the company's diesel-powered vehicles meet all applicable regulatory requirements."

An automaker can use an auxiliary emissions control device in limited circumstances to protect the engine from damage, but it must be declared to regulators.

FCA's U.S.-listed shares fell 16 percent to $9.30 as of 11:04 a.m. ET.

The EPA's announcement comes amid rising scrutiny by the agency of automaker emissions after Volkswagen AG admitted to cheating diesel emissions tests in 580,000 U.S. vehicles.

The EPA has for months declined to certify Fiat Chrysler's 2017 diesel vehicles for sale in the United States, but the automaker has continued to sell 2016 diesel models.

In September 2015, EPA said it would review all U.S. diesel vehicles following an admission from Volkswagen that it installed software in cars allowing them to emit up to 40 times legally permissible level of pollution.

On Wednesday, VW agreed to pay $4.3 billion in criminal and civil fines and plead guilty to three felonies for misleading regulators and selling polluting vehicles.

The EPA has extensively investigated the vehicles and Fiat Chrysler has turned over significant documents as part of the probe, two people briefed on the matter said.

FCA could face fines of up to $37,500 per vehicle if it is proven that it violated emissions rules. The probe covers FCA's diesel trucks and SUVs from the 2014-16 model years

Detroit Free Press
http://www.freep.com/story/money/cars/chrysler/2017/01/12/fiat-chrysler-cheating-emissions/96486440/
EPA to accuse Fiat Chrysler of cheating on emissions
By Brent Snavely 1/12/17 11:13 AM EST

FCA boasted about the Ram 1500 EcoDiesel's leading fuel economy when it was introduced in 2014 and again in 2015 when it increased the trucks's fuel economy

The U.S. Environmental Protection Agency on Thursday accuse Fiat Chrysler Automobiles of cheating on its diesel emissions software to get better fuel economy for the Ram 1500 EcoDiesel pickup and other vehicles, according to several media reports.

The EPA said it has notified FCA that it sold the software on more than 104,000 Jeep Grand Cherokee SUVs and Ram 1500 EcoDiesel pickups.

Fiat Chrysler's shares plunged 10.4% at 10:37 a.m. to $9.94 on the New York Stock Exchange and trading of the stock has since been halted.

"This is a clear and serious violation of the Clean Air Act," the EPA said today. "Some of the devices appear to cause the vehicle to perform differently when being tested and when in use."

The investigation comes on the heels of an investigation into civil and criminal investigations into Volkswagen for creating software to cheat on emissions tests.

The EPA has the authority to fine automakers up to $37,500 per vehicle for violations of the Clean Air Act, meaning the scandal could cost Fiat Chrysler about $3.75 billion in civil penalties.

FCA boasted about the fuel economy of the Ram 1500 EcoDiesel in 2015 when it unveiled the the pickup in 2014, saying it was been certified at 28 miles per gallon on the highway, making it the most fuel-efficient half-ton pickup on the market

Bloomberg (updated)
https://www.bloomberg.com/news/articles/2017-01-12/fiat-chrysler-plunges-on-report-epa-to-allege-emissions-cheating?cmpid=socialflow-twitter-business&utm_content=business&utm_campaign=socialflow-organic&utm_source=twitter&utm_medium=social
Fiat Chrysler Plunges on Report EPA to Allege Emissions Cheating
By Jamie Butters and Ryan Beene 1/12/17 10:39 AM EST

Fiat Chrysler Automobiles NV plunged the most intraday on record after Reuters reported that the U.S. government will accuse the company of using software that allowed excess diesel emissions in about 100,000 vehicles.

The agency issued a notice of violation to Fiat Chrysler for alleged violations of the Clean Air Act for installing and failing to disclose the software in 2014, 2015 and 2016 model year Jeep Grand Cherokees and Ram 1500 trucks with 3-liter diesel engines sold in the U.S.

Representatives for Fiat Chrysler didn't immediately respond to requests for comment.

Fiat Chrysler fell as much as 15 percent, the biggest intraday drop since they began trading in October 2014. The shares declined 14 percent to $9.49 as of 10:49 a.m. in New York trading.

Reuters
http://www.reuters.com/article/us-fiatchrysler-emissions-stocks-idUSKBN14W2BI?mod=related&channelName=domesticNews
Fiat Chrysler shares tank on report of pending EPA action on emissions
By Agnieszka Flak 1/12/17 11:00AM

Fiat Chrysler shares slumped on Thursday after a Reuters report said the U.S. Environmental Protection Agency will accuse the group of using software that allowed excess diesel emissions in just over 100,000 U.S trucks and SUVs sold since 2014.

The Milan-listed shares in the Italian car maker erased more than one tenth of their value in just 20 minutes of trading after the news broke. The stock was automatically suspended several times because of the heavy losses and was last down 13 percent.

The EPA will announce the findings at an 11 a.m. conference call, Reuters said in the source-based.

Fiat Chrysler declined to comment.

Financial Times
https://www.ft.com/content/3bf61aa0-dcb5-3058-8a62-1810471b0181
Fiat Chrysler shares plunge as EPA said to ready diesel-emissions suit
By Jessica Dye 1/12/17 10:48 AM EST

Fiat Chrysler shares tumbled more than 13 per cent on Thursday following a report that US environmental regulators are preparing a lawsuit accusing it of using software to evade diesel-emissions testing.

Reuters reported that the imminent lawsuit from the US Environmental Protection Agency concerned software allegedly installed in approximately 100,000 vehicles. FCA was not immediately available for comment, while the EPA said it would make an announcement at 11 am today regarding a "major automaker".

The report comes just a day after fellow carmaker Volkwagen agreed to pay $4.3bn and plead guilty to resolve US agencies' civil and criminal charges over allegations that it installed software on thousands of "clean diesel" vehicles to dupe emissions testing.

CNBC
http://www.cnbc.com/2017/01/12/epa-to-accuse-fiat-chrysler-of-using-software-that-allowed-excess-diesel-emissions-in-about-100k-vehicles.html
Fiat Chrysler shares plunge 15% after EPA reportedly to accuse automaker of using deceptive software
By Berkeley Lovelace Jr. 1/12/17

The United States Environmental Protection Agency will accuse Fiat Chrysler of using software that allowed excess diesel emissions in about 100,000 vehicles, according to Reuters.

US-listed shares of Fiat Chrysler plunged more than 15 percent Thursday after the report. CNBC has reached out to the EPA for comment.

The accusation is reportedly over U.S. trucks and SUVs sold since 2014, according to Reuters sources briefed on the matter. The sources said the EPA told the automaker it believes its undeclared emissions control software allowed vehicles to generate excess pollution in violation of the law.

The report comes after German automaker Volkswagen admitted to criminal offences in rigging U.S. emissions tests and agreed to pay $4.3 billion in civil and criminal fines in a settlement with the U.S. Justice Department.

The automaker said it will contest the EPA's allegations and believes the vehicles meet the agency's standards, sources familiar with the automaker's response told CNBC.

EPA officials will hold a press conference on Thursday at 11 a.m. ET regarding the automaker.

AP
http://hosted.ap.org/dynamic/stories/U/US_FIAT_CHRYSLER_DIESEL_EMISSIONS?SITE=AP&SECTION=HOME&TEMPLATE=DEFAULT
AP Sources: US To Allege Fiat Chrysler Cheated on Emissions
1/12/17 10:35 AM

DETROIT (AP) -- Two people briefed on the matter say that the U.S. government is accusing Fiat Chrysler of violating the Clean Air Act on some of its diesel engines.

The Environmental Protection Agency has scheduled a news conference for Thursday morning to release details of the matter. The people briefed on the matter didn't want to be identified because the formal announcement hasn't been made.

The move comes one day after federal prosecutors announced that Volkswagen would plead guilty to criminal charges and pay a record $4.3 billion penalty for cheating on emissions tests.

AP
http://hosted.ap.org/dynamic/stories/U/US_APNEWSALERT?SITE=AP&SECTION=HOME&TEMPLATE=DEFAULT
AP Sources: US to Accuse Fiat Chrysler of Violating Pollution Laws with Diesel Vehicles
1/12/17 10:30 AM

DETROIT (AP) -- AP Sources: US to accuse Fiat Chrysler of violating pollution laws with diesel vehicles.

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