

In re Volkswagen AG Securities Litigation

COURT: United States District Court for the Northern District of California
CASE NUMBER: MDL No. 2672 CRB (JSC)
CLASS PERIOD: 11/19/2010 - 01/04/2016
CASE LEADERS: Gerald H. Silk, Avi Josefson, James A. Harrod, Jeroen van Kwawegen

This is a securities fraud class action asserting claims on behalf of purchasers of Volkswagen AG (“Volkswagen”) American Depositary Receipts (“ADRs”), between November 19, 2010 and January 4, 2016, inclusive (the “Class Period”) and who were damaged thereby (the “Settlement Class”). The case asserts claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 against Volkswagen and certain of its most senior officers.

Volkswagen, based in Germany, is the largest car maker in the world. To achieve that status, the company focused on marketing cars with advanced diesel technologies that were “clean” and “green,” fun to drive, and had high fuel economy. Indeed, Volkswagen was a pioneer in advancing “Clean Diesel” technology, and emphasized its message relentlessly: its diesel cars are fun, quiet, efficient, and most critically, they are clean and comply with the strictest emissions standards in the world.

In contrast with these representations, on September 18, 2015, U.S. regulators announced that Volkswagen admitted to systematically defrauding the public for years by deliberately cheating U.S. emissions tests and making its diesel vehicles appear cleaner and more powerful than they actually are. Specifically, Volkswagen secretly installed illegal defeat devices on several of its most popular car brands—software that would activate only during testing—that made it appear as though its diesel cars’ emissions met regulatory requirements and were compliant with the Clean Air Act and other environmental standards. But when Volkswagen’s cars were not being tested (i.e., in all normal driving situations) the cars’ pollution controls would automatically shut down, resulting in the cars emitting nitrogen oxides and other toxins at up to 40 times the legal limits. Millions of Volkswagen cars in the U.S. and internationally have been impacted by this scandal, leading to the firing of its CEO and the suspensions of several high-level executives and engineers. Volkswagen now faces potential fines of up to \$18 billion, is subject to several civil and criminal investigations, must recall the affected cars to fix the violations, and has since been barred from selling diesel cars in several important markets. Critically, former-CEO Martin Winterkorn admitted that Volkswagen broke the public’s trust by defrauding federal and state regulators, adding that he was “personally [] deeply sorry for the breach of trust.” According to Winterkorn, the company’s “manipulations [] violate American environmental standards . . . [and] [w]e do not and will not tolerate violations of any kind of our internal rules or of the law.” As a result of the disclosures of the Company’s misconduct, the price of Volkswagen ADRs declined precipitously, causing investors in Volkswagen ADRs to incur significant losses.

On November 24, 2015, BLB&G filed a motion on behalf of its client, the Arkansas State Highway Employees Retirement System (“ASHERS”), seeking Lead Plaintiff status in this case.

On January 5, 2016, BLB&G’s client, the Arkansas State Highway Employees Retirement System (“ASHERS”), was appointed Lead Plaintiff in the case.

Settlement

On August 27, 2018, the parties entered into the Stipulation and Agreement of Settlement setting forth the terms and condition of the proposed settlement of this action for \$48 million in cash (the “Settlement”).

Following a May 10, 2019 final approval hearing, the Court granted (i) Plaintiffs' motion for final approval of the Settlement and Plan of Allocation; and (ii) Lead Counsel's motion for an award of attorneys' fees and reimbursement of litigation expenses. The claims administration was completed in April 2020. On April 22, 2020 the Motion for Approval of Distribution Plan was filed. On May 11, 2020 the Court entered the Order Approving the Distribution Plan. The initial distribution of the net settlement fund occurred on July 15, 2020. Subsequent distributions occurred during April and December of 2021.

The claims administration has concluded. The net settlement fund has been fully disbursed. This matter is considered closed.

Case Documents

- May 12, 2020 - Order Approving Distribution Plan
- April 22, 2020 - Plaintiff's Notice of Unopposed Motion for Approval of Distribution Plan, and Memorandum of Points and Authorities in Support Thereof
- August 4, 2020 - Post-Distribution Accounting Motion
- April 22, 2020 - [Proposed] Order Approving Distribution Plan
- April 22, 2020 - Declaration of Alexander Villanova in Support of Plaintiffs' Unopposed Motion for Approval of Distribution Plan
- April 22, 2020 - Motion for Disbursement of Funds Exhibit B
- April 22, 2020 - Motion for Disbursement of Funds Exhibit C
- April 22, 2020 - Motion for Disbursement of Funds Exhibit D
- April 22, 2020 - Motion for Disbursement of Funds Exhibit E
- April 22, 2020 - Motion for Disbursement of Funds Exhibit F
- April 22, 2020 - Motion for Disbursement of Funds Exhibit G
- May 10, 2019 - Judgment Approving Class Action Settlement
- May 10, 2019 - Order Granting Motion for Final Approval & Attorney Fees
- April 5, 2019 - Plaintiffs' Notice of Motion for Final Approval of Settlement and Plan of Allocation, and Memorandum of Points and Authorities in Support Thereof
- April 5, 2019 - Lead Counsel's Notice of Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses, and Memorandum of Points and Authorities in Support Thereof
- April 5, 2019 - Declaration of James A. Harrod in Support of (I) Plaintiffs' Motion for Final Approval of Settlement and Plan of Allocation and (II) Lead Counsel's Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses
- December 19, 2018 - Notice of (I) Pendency of Class Action and Proposed Settlement; (II) Settlement Hearing; and (III) Motion for an Award of Attorneys' Fees and Reimbursement of Litigation Expenses

- November 11, 2018 - Order Granting Motion For Preliminary Approval of Settlement
- August 28, 2018 - Plaintiffs' Notice of Unopposed Motion for Preliminary Approval of Settlement, and Memorandum of Points and Authorities in Support Thereof
- August 28, 2018 - Stipulation and Agreement of Settlement
- February 3, 2017 - First Amended Consolidated Securities Class Action Complaint