

On January 4, 2016, the United States Department of Justice filed a civil case on behalf of the United States Environment Protection Agency (EPA) against Volkswagen AG (VW) for violating the Clean Air Act (CAA). The complaint alleged that VW had installed illegal defeat devices in about 600,000 of its diesel vehicles in the US which impaired EPA's emission test system and the vehicles caused emissions that exceeded EPA's standards, resulting in air pollution. The scandal dragged VW into the worst crisis it had faced in its 78-year history. It not only brought down VW's stock price drastically but also raised the possibility of the automobile major having to pay out billions of dollars as fines and penalties. The scandal cast a shadow on the reputation of the company, known for selling some of the world's most luxurious and best selling brands. VW saw a massive drop in sales post the scandal. Known for its engineering marvels and some of the best engines, VW suddenly saw customers expressing doubts on its core competence. The brand value of its cars and the company itself suffered.

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