

# WEDNESDAY: HEAT OF PASSION

Crazy stuff happens when there's a full moon like last night's. Crazier stuff happens under heat and pressure. Brace yourselves as the heat dome slides from the southwest to Midwest and east this week.

## Hot wheels

- A look at the whys behind Volkswagen's Dieselgate scandal (DailyBeast) – Interesting read in which German and VW culture loom large as contributing factors behind the fraud that is 'Clean Diesel'.
- New York, Maryland, Massachusetts each file lawsuits against VW (Reuters) – Filings accuse VW of violating states' environmental laws. The suits claim VW's executives knew 'clean diesel' technology would not meet states' environmental standards, and that former VW CEO Martin Winterkorn knew about this failure since 2006. The suits also claim VW employees willfully tampered with evidence after they were told an order to freeze documents was impending. A DOJ criminal investigation

is still underway.

- VW set aside another \$2.4B (BBC) – In addition to the previous \$15.3B, the additional amount was set aside to address “further legal risks predominately arising in North America.”  
Hmm...was that about the states’ environmental lawsuits now popping up?
- And yet VW’s stock price popped up because profits (TheStreet) – Uh-huh. Short-term churn, unsustainable, because VW hasn’t yet seen half of its legal exposures given the number of states’ lawsuits so far, let alone other countries’ claims. VW expects sales to lag over last year, too, not to mention all the other factors increasing market instability.
- EU Competition Commission busts European truck cartel with \$3.2B fine (Bloomberg) – Interesting push-pull inside this story: Scania AB, a Swedish truckmaker owned by Volkswagen, has been penalized after MAN SE, another Volkswagen subsidiary, squealed to the EU and got its \$1.2B fine waived. Wonder if VW execs

did the math on that in advance? Another interesting tidbit is Volvo's reduction in production here in North America and abroad, blamed on stagnant market; this says something about consumption.

- Mercedes' self-driving buses pass 20-kilometer trip test (The Verge) – IMO, self-driving mass transport should have priority over passenger cars; there's not much difference between a semi-autonomous bus on a scheduled route and a streetcar on a track like those in New Orleans or San Francisco, and we know they are successful. This distance test could mean a lot to cities the size of Detroit; now will U.S. transportation companies meet Mercedes' challenge?

#### Miscellany

- Feds seizing assets related to Malaysian theft, including *Wolf of Wall Street* (THR) – DOJ tracking down the \$1B stolen from Malaysia; destinations of cash may suffer asset forfeiture including rights to artworks like recent pop

music and films. Background on the IMDb scandal here (not to be confused with Amazon's subsidiary IMDb.com).

- Oil bidness, part 1 – UK edition: Oil price crash plus Brexit accelerates capping of North Sea well heads (Bloomberg) – The uncertainty of UK's future plans makes the country a good opportunity especially when the pound is low to shut down wells. It'll only cost more to do the same when UK comes out of its funk, and the well heads must close eventually due to falling demand and a long-term glut expected. Oh, and Scotland. Don't forget the risk of costly transition between a UK pound, the euro, and a possible Scottish pound in the future.
- Oil bidness, part 2 – Russian edition: Oil price below \$40/BBL will help Russia (Bloomberg) – Okay, this one made me laugh my butt off. Uh-huh, less cash is exactly what Putin wants in order to make Russia great again. Right. The real crux is and has been

Russia's access to cash for their defense (offense?), and it's not Russia who wants less cash spent on that.

- BEFORE meeting with UK's PM May, Scotland's FM Sturgeon suggested another indy ref vote next year (The Scotsman) – I think this is the match-up we'll want to watch, the volley of words between Sturgeon and May as they jockey for best position. Sturgeon has the upper hand, period; she'd already had a chat with the EU about remaining in the community before May was named PM, though Spain was a sticking point (because of their own potential breakaway state, Catalonia).
- Student researching WiFi brings center of Brussels to a screeching halt (Le Soir) – Good news, bad news story: Security took note of the young man wearing too long a coat for the day's heat and halted traffic in the city's center as counterterror teams were dispatched. Turns out the guy was just studying the city's WiFi. Good that security wasn't goofing off, bad that even

looking odd while  
researching can stop a major  
city.

Stay cool – I'm considering popcorn for dinner  
at the local cineplex this evening until the sun  
sets and the temperature drops outside. Dinner  
tomorrow and Friday might be Jujubes and Good-  
and-Plenty.