Porsche Ex-CEO Investigated For Market Manipulation

FRANKFURT (AP) — Porsche SE ex-chief executive Wendelin Wiedeking and his former finance chief are under investigation in a probe that involves suspicions of market manipulation.

Company spokesman Frank Gaube on Thursday confirmed German media reports that Wiedeking and ex-CFO Holger Haerter are being investigated by Stuttgart prosecutors in connection with the company's unsuccessful attempt to acquire larger automaker Volkswagen AG.

Gaube said both men, as well as Stuttgart-based Porsche, would cooperate with prosecutors and support the investigation.

A spokeswoman for prosecutors, Claudia Krauth, confirmed that an investigation was under way into suspicions of market manipulation and passing on inside information. She declined to give any details.

Porsche said in a statement that prosecutors searched its Stuttgart offices on Thursday morning and seized documents. It said that the company denies the accusations that include market manipulation, but did not specify what exactly they relate to.

Wiedeking and Haerter stepped down last month.

The two championed Porsche Automobil Holding SE's drive to take over VW. Porsche gradually acquired 51 percent and — until the end of last year — was hailed for the move.

However, the global economic crisis put the brakes on luxury car sales — hampering Porsche's push to increase its VW stake to 75 percent and take full control.

The VW investment for a time boosted Porsche's earnings, but the drive to up its stake ultimately left it with a mountain of debt.

At one point, Porsche tied up so many VW shares that, when traders needed shares in October to cover bets they had made against the stock, a so-called short-squeeze briefly pushed VW shares so high that it was, for a few days, the world's most valuable company.

Germany's financial regulator, BaFin, launched an investigation which it dropped, but then resumed in May. Spokeswoman Anja Engelland said the agency informed prosecutors of "peculiarities" in one area, but did not elaborate.

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