

## **Hedge funds file €1.8bn lawsuit against Porsche board members**

Seven hedge funds have claimed damages to the tune of Euros 1.8 billion in a civil lawsuit filed in a Frankfurt court against Wolfgang Porsche, the chairman of Porsche and Ferdinand Piëch, a member of the company's board. The hedge funds claim that the duo misled the markets as they sought to take over their much larger peer Volkswagen. Both Porsche and Piëch are grandsons of the founder Ferdinand Porsche and are supported by the company that denies any wrong doing.

The company clarified that all press releases that the company published during the disputed period are truthful. On the contrary, investors claim that Porsche secretly began acquiring options to buy Volkswagen but repeatedly denied that it intended to take control over Volkswagen. The investors claim that on the strength of those denials, they short-sold Volkswagen shares. They eventually lost heavily when Porsche revealed its options position in October 2008 as they had to buy Volkswagen shares at much higher prices to cover their short positions. Previous lawsuits filed by hedge funds against Porsche management on similar grounds have been dismissed, though the company's chief financial officer - Holger Härter, was found guilty of credit fraud during the takeover battle.

Source: Financial Times, February 2, 2014