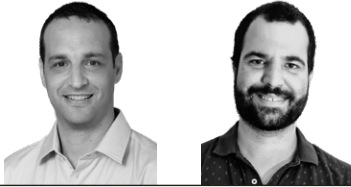


# The Impact of Environmental Fraud on the Used Car Market: Evidence from Dieselpgate



Itai Ater and Nir S. Yoseph

This study explores the effects of Volkswagen's 2015 emissions scandal on the used car market in Israel. Using a difference-in-differences research design and administrative and proprietary data, we find that after Dieselpgate the number of transactions involving VW manipulated cars dropped by 18%, and the resale price of these cars fell by 6%. We find that the drop in the number of transactions was concentrated among private sellers, which suggests that the supply of vehicles depends on the seller type. We discuss alternative explanations for our findings and their relevance to green-vehicle policies.

# The effect of Internal and External Supervision Authorities on the Information Value of Disclosures



Neta Gilat

In this paper, we introduce a model of earnings management in the presence of an internal monitoring entity, and show that there exists a unique equilibrium. We show that from an information viewpoint, an increase in the required level of internal supervision may surprisingly harm disclosure quality. We also show that while external penalties for earnings manipulation attempts increase the information value of disclosure, internal penalties decrease it. This implies that when increasing the required level of internal supervision, and internal penalties, one should consider the potential harm it may have on the information value of reported earnings.