

Michigan GM workers sue United Auto Workers local for embezzling funds

Jerry White**25 September 2000**

Members of United Auto Workers Local 594 at the General Motors truck manufacturing complex in Pontiac, Michigan filed a lawsuit September 18 charging that local union officials embezzled at least half a million dollars to settle a sexual harassment suit against the local's former president, Don Douglas, and to pay legal bills.

UAW Local 594, which represents 5,200 GM workers, is already under federal investigation and faces a civil suit for a bribery and extortion scheme stemming from an 87-day strike in 1997. In August, 134 workers filed a class action suit against Local 594, the UAW International and GM, charging that the strike was prolonged for two months because local union officials pressed GM for a \$200,000 kickback in phony overtime payments and jobs for their relatives in exchange for ending the walkout. The workers are seeking \$550 million in damages.

Douglas was president of Local 594 from 1981 to August 1995, when he was promoted to the position of servicing representative for the UAW International, where he reported directly to UAW Vice President Richard Shoemaker, head of the union's GM department. Both Douglas and Shoemaker may be targets of the federal probe into the 1997 extortion scheme. Following the strike of that year, Shoemaker's son was hired into the Pontiac truck complex, where he worked for one year before he was hired as a \$75,000-a-year service representative for the UAW International, a job that requires one year's plant experience.

The September 18 lawsuit was filed in US District Court in Detroit. In the suit, two local union members allege that Local 594 officials illegally used union funds to pay more than \$250,000 in legal fees and a \$230,000 settlement in a sexual harassment suit against Douglas and the local, brought by a female clerical

worker at the local union headquarters. The lawsuit contends that union members' dues money was used without their knowledge or consent. Filed under federal anti-racketeering laws, the lawsuit seeks the return of the money to the local.

In November of 1995, shortly after Douglas' elevation from Local 594 president to the UAW international apparatus, clerical worker Cynthia Van Dusen filed a lawsuit alleging that Douglas had harassed her and propositioned her for sex. Two further complaints of sexual harassment were subsequently lodged with the UAW International against Local 594 officials.

Over the next three years, union officials spent nearly one-sixth of UAW 594's budget to pay for attorneys for the local and Douglas. In October 1998, however, they settled the lawsuit and entered into a confidential agreement to make sure that details of the settlement would not become public. Later, when news of the settlement began to emerge, they lied to the union membership, claiming that terms of the agreement had been "sealed by the court."

Attorney Harold Dunne, who is representing the workers who filed suit against Douglas and the local union, said, "This is plain and simple theft of union funds. The union members had no knowledge this was going on, nor was the union liable for what Douglas did outside of the scope of his authority as local president. The members' interests were sacrificed for his personal interests."

Douglas' successor, Ron Miller, and the current Local 594 president, Larry Trandell, also a close associate of Douglas, are named in the lawsuit, as are the attorneys who collaborated with them.

Evidence suggests that top UAW International officials, including UAW President Stephen Yokich and Vice President Richard Shoemaker, were involved

in the scheme to misuse union funds, or at the very least to conceal the use of union funds from the local's members. After Local 594 paid off the confidential settlement and legal fees, it was given \$755,162 in loans from the UAW International sometime around February 1999, ostensibly to help the local pay delinquent dues and other monies to the UAW International. According to Dunne, who spent 21 years on the International staff of the UAW before retiring in 1985 and becoming an attorney, the loan had to have been signed by the UAW's secretary treasurer and approved by the UAW International Executive Board.

"The International certainly knew what it was for. Douglas was an agent for the international union at the time. When the local went delinquent on dues because it paid off the attorneys and defendants, the International gave them the loan," Dunne told the *World Socialist Web Site*.

Part of the disbursement from the UAW's Solidarity House headquarters, around \$140,000, went to pay off a lawsuit filed against Local 594 by Ulico Casualty Co., the local's general liability insurer. Ulico successfully argued in court that it did not have to insure Local 594 for Douglas' harassment. "They tried first to hide the settlement by getting the insurance company to cover \$80,000 of the costs," Dunne said. "When that failed, the International came in to cover it up."

The May 1999 election of Local 594's current president, Larry Trandell, is presently being investigated by the Department of Labor on charges that a \$35,000 grievance settlement that he received from GM as part of the settlement of the 1997 strike was illicit. The Labor Department is also looking into the charge that GM tampered with the local elections by delaying the payment to Trandell until after he was elected, so as not to damage his chances for victory, particularly since Local 594 members lost between \$10,000 and \$20,000 each during the strike.

In the late 1980s Don Douglas joined the New Directions faction of the UAW, led by local officials who were reacting to widespread opposition among union members to the corporatist policies of the international union. In 1989 Douglas ran unsuccessfully as the New Directions candidate for UAW Region 1-1B director against the Solidarity House-backed incumbent. Until he openly threw in his lot with UAW President Yokich and took a job with the International

union, Douglas was hailed by ostensibly "left" organizations associated with the publication *Labor Notes* as a leading dissident official and champion of the UAW rank-and-file.



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