

Michigan auto union officials convicted in extortion scheme

The UAW in microcosm

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A federal jury in Detroit has found two United Auto Workers (UAW) officials guilty of prolonging an 87-day strike at General Motors facilities in Pontiac, Michigan in order to pressure management to give jobs to friends and family members. The jury returned the verdict June 26 after little more than one day of deliberations.

The federal investigation further showed that union officials used the strike to obtain thousands of dollars in unearned overtime pay for themselves and their cronies.

The facts of the case present a picture of a thoroughly corrupt organization that is deeply hostile to the interests of the working class.

Donny Douglas, former Local 594 president, now a UAW international service representative, and Jay Campbell, former shop committee chairman, presently retired, were convicted of extortion and conspiracy for prolonging the 1997 strike by 5,000 UAW members at the General Motors truck manufacturing complex in Pontiac. A third UAW official, William Coffey, a former zone committeeman for skilled trades, was also named in the original indictment, but died in 2003.

All outstanding issues were reportedly resolved within the first 30 days of the walkout. However, the three union officials demanded that Campbell's son, Gordon Campbell, and Todd Fante, the son of another UAW official, be hired for skilled trades jobs for which they were not qualified. The strike continued until GM agreed to their hiring. GM also agreed to substantial payments for overtime claimed by UAW local officials.

Allegations that the overtime payments amounted to bribes and kickbacks to Local 594 officials were also investigated by federal authorities, but the matter was not included in the final indictment. No General Motors officers were prosecuted as a result of the investigation, although the agreement to hire Fante and Campbell was to all appearances a violation of US labor law.

During the trial, which opened June 1, a GM manager testified that, in negotiations prior to the calling of the strike, Campbell threatened to assault him and Douglas threatened to

stop production unless the company hired Fante, the younger Campbell and a third man. Kenneth Horvath, GM supervisor of labor relations for engineering at the time of the strike, testified that the issue of jobs for the three men came up repeatedly in bargaining meetings prior to the strike.

Documents show that Douglas admitted at a union meeting in 1997 to forcing GM to hire Fante and Campbell as part of the strike settlement, though the language stipulating the hiring of the two men was deleted from copies of the agreement submitted to rank-and-file members for ratification.

The two convicted UAW officials face up to 20 years in prison. Sentencing has been set for November 2 of this year.

The strike, which began in April of 1997, was the longest at GM since 1970. It cost UAW members between \$10,000 and \$20,000 in lost wages. The UAW called the walkouts ostensibly to address overwork due to under-staffing. It was one of a series of local strikes that year, including walkouts in Dayton, Ohio and Oklahoma City.

GM was able to make up lost production during the 1997 strike by shifting work to other facilities. The company took in a record \$2 billion in profits despite the walkout. In the settlement ending the strike, GM agreed to hire 300 additional workers; job losses continued unabated, however.

Other relatives of UAW officials were also hired at the conclusion of the strike, including Jason Beardsley, the son of James Beardsley, an administrative assistant to then-UAW President Steve Yokich, and David Shoemaker, son of then-UAW Vice President Richard Shoemaker. After one year, the younger Shoemaker was promoted to a \$75,000-a-year job with the UAW International, in a position that required one year's plant experience.

The hiring of Fante and Campbell led to the filing of a grievance by rank-and-file UAW members because the men were clearly unqualified, lacking the minimum experience and training stipulated by the UAW contract with GM. The nepotism was crude, and the workers suspected a rotten quid pro quo between UAW officials and the company. The grievance, filed through the union, went nowhere.

In 2000, 140 UAW members at the Pontiac Truck and Bus

plant filed a civil lawsuit against the UAW and General Motors, alleging that their rights had been violated by illegal union-management collusion. The action was launched after it was revealed that members of the UAW bargaining committee had received an estimated total of \$200,000 in questionable overtime payments from General Motors following the settlement of the strike. Campbell alone pocketed \$40,000 and Coffey received \$60,000. Other bargaining committee members got \$5,000 each.

The lawsuit alleged that in 1997 GM agreed to pay \$35,000 to Larry Trandel, then UAW Local 594 vice president, but delayed the payment until December 1999 so he could run for the position of local president without the money becoming an issue. The suit demanded \$50 million in actual damages and \$500 million in punitive damages on behalf of UAW members.

The UAW and General Motors made no attempt to dispute the facts asserted in the lawsuit. They moved to get the suit thrown out of court on the basis that it was filed too late. The lawsuit was dismissed by a federal judge in Flint, Michigan on the grounds that it was not filed within the statute of limitations. The ruling was upheld on appeal last year.

Attorneys for the auto workers argued that workers had waited to initiate a lawsuit because they had a grievance in process through the UAW. Normally, the courts will not accept civil suits about a matter that is the subject of a pending grievance. Indicating its contempt for workers who had suffered gross abuse at the hands of GM and its UAW flunkies, the court asserted workers should have realized their grievance was futile and filed their lawsuit sooner.

In a separate filing, members alleged that Local 594 officials embezzled at least \$500,000 to settle a sexual harassment lawsuit against Douglas. The plaintiffs claimed that the local illegally used union funds to pay \$250,000 in legal fees and \$230,000 in settlement costs in a case brought by a female clerical employee who worked at the local union headquarters. The payments were made without the knowledge or consent of local members and then covered up.

Between 1995 and 1998, Local 594 spent nearly one-sixth of its budget to settle the suit against Douglas. The local union and its attorneys never disclosed the terms of the settlement to the membership, in apparent violation of UAW bylaws which require rank-and-file approval for large expenditures.

The UAW international loaned Local 594 money during this period to cover the resulting budget shortfall. According to an internal UAW document, part of the loan was earmarked to cover the cost of the lawsuit.

At the same time, federal authorities began an investigation of the local, centering on the demands for jobs for relatives and bogus overtime payments. Douglas and Campbell were indicted in 2002. The charges were dismissed in 2003 by US District Judge Nancy Edmunds, but reinstated in 2004 by the Sixth Circuit of the US Court of Appeals.

In large part due to subsidies from the auto bosses, partly in

the form of slush funds for joint union-management programs, the leadership of the UAW, even those in the mid- and lower ranks, are able to lead a cushy and well compensated existence despite the catastrophic decline in union membership. According to the financial report of the UAW for 2005, filed with the US Labor Department last April, Donny Douglas, listed as a servicing rep, received a salary of \$96,270, plus \$8,260 in allowances and \$11,649 in disbursements, for a total compensation of \$116,179.

David Shoemaker, listed as a coordinator, received \$100,600 in salary, \$7,540 in allowances and \$5,844 in disbursements, for a total of \$113,984. His father, Richard Shoemaker, listed as a vice president, received \$127,490 in salary, \$7,500 in allowances and \$4,217 in disbursements, for a total of \$139,207.

In the late 1980s, Douglas joined New Directions, a dissident faction within the UAW bureaucracy. In 1989 Douglas ran as the New Directions candidate for the post of UAW Region 1B director against the candidate chosen by the UAW International leadership.

At the time, various middle-class “left” apologists for the UAW bureaucracy claimed that Douglas represented a progressive alternative to the official Solidarity House leadership. However, only a few years later Douglas cut his ties with New Directions and accepted a well-paid appointed post with the International union. This seamless transition underscored the lack of any fundamental differences between the UAW leadership and dissident elements within the bureaucracy.

The Pontiac case exemplifies the thoroughly corrupt and even criminal character of the UAW bureaucracy, and the nature of the relations that exist between it and the auto companies, on the one side, and the auto workers, on the other. It exposes the UAW as the apparatus, rife with nepotism, of a reactionary social element that sees the workers it supposedly represents as raw material for its own enrichment.

Even on the rare occasion when the UAW calls a strike, as the Pontiac case further shows, it is done not for the purpose of defending the workers, but rather to secure the interests of the bureaucracy. There is no reason to believe that the 1997 Pontiac strike was the only occasion when union officials used the financial sacrifices of rank-and-file workers to line their own pockets and get jobs for relatives and friends.



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