

# Federal indictment charges Fiat Chrysler paid top UAW negotiator \$1.2 million in bribes

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A federal indictment filed in US District Court in Detroit Wednesday charges that a former vice president of Fiat Chrysler funneled more than a million dollars in bribes to United Auto Workers Vice President General Holiefield between 2009 and 2014.

Holiefield, who died of pancreatic cancer in March 2015, pushed through pro-company labor agreements in 2007, 2009 and 2011 that imposed crushing concessions on Fiat Chrysler workers, including a 50 percent cut in the wages of new hires and establishing the hated 10-hour-a-day “alternative work schedule.”

Named in the indictment is Alphons Iacobelli, Fiat Chrysler Automobiles (FCA) vice president for employee relations from 2008 to 2015, who was responsible for negotiating with the UAW. Also charged is Monica Morgan, the girlfriend and later the wife of UAW Vice President Holiefield.

Morgan, 54, is a well-connected photographer and publisher of *Who's Who in Black Detroit*, an “upscale coffee table book,” highlighting the achievements of African American business and political leaders. She married Holiefield in September 2012 in a ceremony at St. Mark's Basilica in Venice and they honeymooned in Athens, Naples, Rome, Livorno, Istanbul, Toulon and Barcelona.

A federal grand jury returned an indictment after an investigation that included the FBI and the Internal Revenue Service criminal investigation division. Federal prosecutors have charged the two with 12 counts of violating federal labor and tax laws, including conspiring to violate the Labor Management Relations Act, which prohibits employers from bribing union officers and those officers from receiving or agreeing to accept such bribes. The two are also charged with concealing payments and defrauding the government by filing false tax returns or failing to file tax returns.

Between 2009 and 2015, Iacobelli, FCA Financial Analyst Jerome Durden and other co-conspirators “paid and delivered more than \$1.2 million in prohibited payments and things of value, directly and indirectly, to UAW Vice President General Holiefield and other UAW employees,” the indictment charges.

The conduit for these payoffs was the UAW-Chrysler National Training Center (NTC) in Detroit, one of the myriad labor-management schemes set by the UAW and Big Three

automakers in the 1980s. The NTC, a tax-exempt corporation, which purports to provide education, training, and retraining to autoworkers, received between \$13 million and \$31 million in annual payments from FCA between 2009 and 2014.

According to the indictment, Iacobelli and Durden, the NTC comptroller in charge of finances and spending, funneled company money “for personal travel, personal purchases and personal expenditures of UAW Vice President General Holiefield and other UAW officials, their family members and their associates.” No other UAW officials are named.

More than a million dollars in NTC funds were transferred to dummy companies set up by Holiefield and Morgan, and to a phony charity—the Leave the Light on Foundation (LTLOF)—which Holiefield formed “to help children who are struggling with hardships,” according to 2011 donation appeal by the UAW executive.

Between 2010 and 2012, the NTC transferred \$668,612 to these companies, which were selected as “vendors” by the training center in no-bid contracts. An estimated \$178,000 in NTC funds were also transferred to Holiefield's “charity” between 2009 and 2011. Most of the operating funds of foundation went to Morgan who used them for personal expenditures at retailers, night clubs and restaurants, according to the indictment.

Between 2011 and 2013, the NTC also purchased more than \$30,000 in airline tickets for Morgan to travel to Miami, Las Vegas, Los Angeles. In June 2011, Iacobelli authorized a payment for Holiefield to stay at a suite in the Beverly Hills Hotel in Beverly Hills, California for four nights at a cost of \$3,100 per night.

In 2012 and 2013, federal prosecutors say, Holiefield made over \$200,000 worth of personal purchases on his NTC-issued credit card, including jewelry, furniture, designer clothing, and other personal items and expenses, and in 2014 the NTC paid off the remaining \$262,219.71 balance of the mortgage on Holiefield's Harrison Township, Michigan home.

The FCA officials, the indictment says, viewed these payments as an investment in “relationship building” with the UAW vice president. Durden reported that he, Iacobelli and other FCA officials “created a liberal spending policy for the NTC issued credit cards as part of their effort to keep senior

members of the UAW Chrysler Department ‘fat, dumb and happy.’”

According to the indictment, in 2011 UAW President Bob King confronted Holiefield and Iacobelli and told them that “paying Monica Morgan was a bad idea and that they could ‘go to jail.’ King, the indictment says, instructed them not to direct any additional business to Monica Morgan.” Further inquiries took place in 2013, according to the indictment, which included the UAW General Counsel.

Whether such meetings, let alone instructions to stop the payments, ever took place is unknown. The reference to King, however, indicates that the former UAW president and other top union officials, likely fearing their own prosecution, are cooperating with federal investigators and prosecutors.

In any case, Holiefield did not stop his operation. Instead he set up another dummy company and hired an unnamed “associate” to “get around conflicts of interest rules.” The new company—“Morgan Company A”—was quickly hired by NTC as a vendor and sent \$200,000 in company money.

During this time, Durden, who personally collected the credit card statements mailed to the NTC offices for Holiefield and other UAW officials, instructed NTC accounting staff not to open, examine or review the NTC credit card statements, and allegedly changed the security on his accounting software.

At the same time, the Fiat Chrysler executives took their own cut from the money stolen from Chrysler workers. FCA officials transferred more than a million dollars in NTC funds, according to the indictment, to Iacobelli to buy two solid gold limited edition Mont Blanc fountain pens, costing \$35,700 each, a 2013 Ferrari 458 Spider sports car, travel on a private jet, and to install a swimming pool, outdoor kitchen and outdoor spa at his Rochester Hills, Michigan home.

In June 2015, on the eve of talks for a new four-year contract with the UAW, Iacobelli suddenly retired with no explanation. In January 2016, General Motors hired Iacobelli as executive director of labor relations. GM officials have not said whether he still works for the automaker.

As for Holiefield, his March 2015 funeral was attended by past and present UAW presidents and top executives, Democratic Party officials, including Detroit Congressman John Conyers Jr., and auto bosses.

UAW President Dennis Williams praised the “gentle giant” for being a “tireless activist for working women and men everywhere,” who worked side by side with President Obama to bring “Chrysler through the dark days of the auto crisis.” FCA CEO Sergio Marchionne sent a statement calling Holiefield a “true partner.”

The indictments further expose the reactionary, pro-company character of all the contracts negotiated by the UAW, including the 2015 contracts signed by Holiefield’s replacement and UAW executives at GM and Ford that were only rammed through over rank-and-file opposition by resort to threats, intimidation and ballot-stuffing. Indeed, the FBI admitted the

scheme elaborated in the indictment, “calls into question the integrity of contracts negotiated during the course of this criminal conspiracy.”

The indictment of Holiefield confirms the long-held suspicions of workers in the Chrysler factories. “We knew all along we were being sold out,” said one Toledo, Ohio Jeep worker, who added, “even the FBI is saying the contract was a fraud.”

In a damage control effort, Fiat Chrysler released a statement saying “FCA US and the UAW were the victims of malfeasance by certain of their respective employees that held roles at the National Training Center, an independent legal entity” and that these egregious acts were neither known to nor sanctioned by FCA US.” The company fired the two FCA officials after an investigation and “also worked with the UAW to implement governance, auditing and structural reforms to improve the accountability and transparency of the NTC.”

Late Wednesday, the UAW released its own statement, making the absurd claim that the current leadership had no knowledge of any illegal activity until the federal government informed them. It went on to defend the integrity of the sell-out agreements negotiated by Holiefield. It also claimed the none of the money used to pay off UAW officials came from workers—a blatant lie, since the UAW regularly bargains away workers’ wages and benefits in exchange for increased funding to their labor-management businesses.

As the indictment makes clear, the UAW was aware of this scheme at least as early as 2011 and concealed it from autoworkers and the public. It strains credibility to believe similar operations, on even grander scales, are not already in place, at UAW-Ford and UAW-GM “human resource” and “training centers.”

The gross corruption of Holiefield is simply the crudest expression of the content of the UAW’s corporatist labor-management “partnership” with the auto bosses based on its suppression of the class struggle and the political subordination of the working class to the big business Democratic Party.



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