

Former UAW official pleads guilty as corruption scandal threatens top union executives

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Retired United Auto Workers official Virdell King pleaded guilty in a Detroit federal court Tuesday on felony conspiracy charges stemming from her role in the massive bribery scheme between Fiat Chrysler and the UAW. The plea deal—which reduces potential jail time from five years to 16 months—opens the way for King to implicate other top UAW officials.

According to indictments filed by federal prosecutors, Fiat Chrysler Vice President and chief labor negotiator Alphons Iacobelli paid UAW officials \$4.5 million in bribes to take “company friendly positions.” The money was funneled through the UAW-Chrysler National Training Center in Detroit to then-UAW Vice President General Holiefield and his wife, Monica Morgan, along with other still unnamed “senior UAW officials.”

Holiefield—who died of cancer in 2015—was in charge of labor negotiations with Chrysler in 2007, during Obama’s restructuring of the company in 2009 and again in 2011. During this time, the UAW agreed to historic givebacks, including halving the wages of new hires, imposing a mandatory 10-hour workday on autoworkers and relieving the auto companies of their obligation to pay retiree health care benefits.

The UAW officials were encouraged to use the credit cards liberally in order to keep them “fat, dumb and happy,” in the words of in the words of FCA Financial Analyst Jerome Durden who pleaded guilty to two felony counts last month.

King was part of the UAW-Chrysler bargaining teams in 2011 and in 2015—when Fiat Chrysler workers rebelled and voted down a UAW-backed sellout agreement by a 2-to-1 margin. She was also on the “joint activities board” of the UAW-Chrysler training center, which received as much as \$47 million a year from the auto company.

Between 2012 and 2015, the plea agreement states,

King used the training center’s credit cards to make more than \$40,000 in purchases for personal items for UAW officials and herself. The purchases included designer clothing, jewels, golf equipment, luggage, and concert and theme park tickets.

King, who was paid \$128,930 as a UAW “Associate Director” in 2015 before retiring in February 2016, also used the credit card to buy a \$2,180 shotgun as a birthday present for UAW Vice President Norwood Jewell. Jewell has since claimed that he did not know the gift was purchased with stolen money. UAW President Dennis Williams claimed the UAW thoroughly investigated the matter and “concluded that Norwood Jewell did nothing illegal and has acted in line with the UAW’s ethical practices.”

The *Detroit News* previously reported that King was told to buy the shotgun by Jewell’s top administrative assistant, Nancy Johnson, according to sources familiar with the investigation.

Although Johnson is not named in the indictment, prosecutors refer to “UAW-4” as a senior labor official in the Chrysler department who told King to buy the shotgun in August 2015. “Ask them for a really good one with (a) case,” “UAW-4” wrote in a text, according to prosecutors.

“UAW-4” made more than \$75,000 worth of purchases on a training center credit card from 2014 to 2016, according to the government. In March 2015, the month General Holiefield died, “UAW-4” used a training center credit card to buy Christian Louboutin shoes that cost more than \$1,000 and encouraged King to buy a pair, too. The same month, King used her training center card to buy a pair, prosecutors said.

While Jewell has not been publicly named as part of the investigation so far, the corruption scandal is reaching the

top echelons of the UAW hierarchy. Jewell was Holiefield's successor and led the Fiat Chrysler negotiations in 2015. His two sons, Justin and Derik, are also on the UAW International's payroll, receiving large salaries as "International Servicing Reps." Jewell also oversaw a sellout contract at John Deere just months afterwards.

In a September 2015 "contract information meeting" in Toledo, Ohio, Jewell cursed rank-and-file Chrysler Jeep workers who denounced the UAW-backed contract for preserving the hated two-tier wage system, paving the way for sweeping attacks on health care benefits and allowing an unending exploitation of temporary workers.

Jewell lambasted workers for supposedly lacking an understanding of the complexities of collective bargaining. "This contract includes better language than you've ever had," he declared, before storming away from the microphone in the face of the angry response of workers.

This angry denunciation came less than one month after Jewell got his \$2,180 shotgun as a birthday gift.

The UAW was only able to get its sellout deals past workers at Fiat Chrysler, GM and Ford—many of whom were closely following the *WSWS Autoworker Newsletter*—through a combination of lies, intimidation and fraud.

In any future union meeting, when UAW officials try to ram through the next sellout, rank-and-file workers will ask with full justification: "How much money is Chrysler paying you to sell this?"

UAW President Dennis Williams told WardsAuto that according to the union's internal investigation, "We believe anyone who engaged in intentional misconduct is no longer employed by the UAW." This claim is no more plausible than Williams' insistence that the payoffs did not affect the outcome of the labor negotiations, a ridiculous assertion, which was predictably endorsed by Fiat Chrysler boss Sergio Marchionne.

The plea deal and latest revelations show that the payoffs continued long after Holiefield's death and involve leading figures in the UAW. While Williams, Jewell & Co. may believe autoworkers are fools, the corruption scandal only confirms what workers have long sensed: that the UAW is a fully owned subsidiary of the auto corporations.

GM and Ford have come to the defense of the UAW and have rejected any investigation into their joint labor management operations, which funnel far more money into the UAW. After being "separated" from Chrysler in early 2015, Iacobelli was immediately hired to lead labor

relations for GM and was only discharged after the indictment became public. For the automakers, the payoffs to the UAW are not so much "bribes" as payment for services rendered by its "union partners," who are paid to suppress any resistance from autoworkers.

There is nothing legitimate about any of the "contracts" negotiated by the UAW. These are not the product of negotiations between two adversarial parties, but a conspiracy by the corporations and their paid enforcers to increase the exploitation of workers and boost the returns of the CEOs, Wall Street investors and the business executives in the UAW itself.

Lessons must be drawn. Workers need an organization on the shop floor to defend their interests. The UAW long ago abandoned the most elemental needs of workers. That is why the *WSWS Autoworker Newsletter* calls on workers to form rank-and-file factory committees, controlled by workers themselves and based on the methods of class struggle, not class collaboration.

All officials associated with the UAW should be banned from the shop floor, work locations and all meetings of workers. The factory committees should declare the previous contracts null and void and assume control of the negotiation of all new agreements. The guarantee of good working conditions and wages, and protection against arbitrary victimization by management, depends on the determined resistance and collective action of workers themselves.

In opposition to the UAW's corporatist labor-management "partnership," and the subordination of workers' needs to the mad drive for profit, factory committees should fight for workers' control over production, as part of a broader struggle to transform the auto industry in the US and internationally into a public enterprise run for the common good, not private profit.

For advice and assistance in planning for and building rank-and-file factory committees, sign up for the *WSWS Autoworker Newsletter* today.



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