

Federal UAW corruption probe turns to GM and Ford

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According to a report in the *Detroit News*, federal investigators are looking into the possible illegal diversion of funds from joint union-management training programs at Ford and General Motors into the pockets of United Auto Workers officials.

The FBI has issued subpoenas for information about joint training centers run by the UAW in collaboration with GM and Ford. The federal probe appears to be focusing in on UAW Vice President for GM Cindy Estrada and retired UAW vice president Joe Ashton, who is the former director of the UAW GM department and currently still sits on the GM board of directors.

Estrada, in addition to her UAW post, serves as co-chair of the UAW-GM Center for Human Resources with almost \$78 million in assets. In addition, Estrada heads the Cynthia Estrada Charity Fund, which according to press reports received \$1.4 million in donations in the past five years.

The UAW Vice President for Ford, Jimmy Settles, is co-president of the UAW-Ford National Programs Center. He is also head of the JUST foundation, another nonprofit. According to tax filings JUST has received \$1.3 million in donations in the course of the past several years.

Both auto company management and the UAW say they are cooperating with the investigation. The UAW, however, has not issued a formal statement.

The probe by the FBI follows the indictment of three UAW officials at Fiat Chrysler in relation to the theft of funds from the UAW-Chrysler National Training Center. Those indicted included Monica Morgan, the widow of late UAW Vice President General Holiefield, and Alphons Iacobelli, the former top labor negotiator for Fiat Chrysler management. Iacobelli was accused of both illegally pocketing money as well as paying off UAW officials to keep them “fat, dumb and happy.”

One Fiat Chrysler executive, Jerome Durden, has already pled guilty to charges related to the illegal diversion of funds and is apparently willing to cooperate with prosecutors under a plea deal.

In the case of Monica Morgan, federal prosecutors charge that she and the late General Holiefield used a fake hospice to launder money stolen from UAW-Chrysler joint training funds. Another top UAW official with a charity registered in his name is Norwood Jewell, UAW vice president for Chrysler. He heads Our Children Smile, a nonprofit that over the last three years has collected \$629,000.

While Jewell has not been charged in relation to the illegal diversion of funds from the UAW-Chrysler National Training Center, he allegedly received as a gift a \$2,180 shotgun paid for with funds skimmed from the training center.

Another target of the federal probe is Rex Blackwell, a former top labor negotiator for GM, who retired unexpectedly June 1, 2015, just as national contract talks with the UAW were set to begin. He departed at the same time as Chrysler’s top negotiator, Iacobelli.

The resignation of two top auto company officials on the eve of contract talks startled observers, who at the time were not able to offer a convincing explanation for what was taking place. It now seems highly likely that both men knew they were the target of corruption probes. This raises the question of whether top auto company executives were also aware of their potential legal troubles, and pressured them to resign.

No one should believe claims by UAW President Dennis Williams that top union officials had no idea what was going on under their noses. According to court documents, then UAW President Bob King told Holiefield and Iacobelli in 2011 that they could “go to jail” for giving payouts to Monica Morgan, at the time

Holiefield's girlfriend.

In any event, the exposure of rampant corruption at the top levels of the auto companies and the UAW calls into question the legitimacy of all the contracts signed by the auto union.

In the wake of the indictments of UAW and FCA officials for stealing joint training funds, Ford had said it did not plan an investigation of the UAW-Ford National Program Center, claiming they were "confident" in the integrity of the program.

In a similar manner, GM declined to conduct a review of its joint training programs.

In an indication of the nervousness of the corporate establishment over the potential destabilization of the UAW as a result of the corruption investigation, the *Detroit News* contacted Peter Hennings, a Wayne State University law professor, whose specialty is "white collar crime." He told the *News*, "This sends a message that union leaders are just in it for themselves," he noted. "This can rile up members and lead to an insurgency."

The *News* has a right to be concerned. In 2015 in the wake of the negotiation of sellout agreements between the UAW and Fiat Chrysler, Ford and GM, auto workers revolted. Workers at Fiat Chrysler voted down a tentative contract by a two-to-one margin. The UAW only eventually secured passage of the deal through a campaign of lies and intimidation, threatening workers with the closure of factories if they did not agree to the concession-laden deal.

At Ford the UAW only narrowly secured passage of the same sellout deal, amid reports of ballot stuffing and intimidation.

Few details are available concerning the giving activities of the various charities run by top UAW officials. For example, according to public records the Cynthia Estrada Charity Fund had \$152,000 in assets in 2013 and \$195,000 in income. The charity lists its address as 8000 Jefferson Ave, Detroit, the location of Solidarity House, the UAW national headquarters. However, this reporter could uncover little public information about the activities of the foundation, aside from a \$20,000 donation to the Academy of the Americas in southwest Detroit in 2014.

Under terms of the National Labor Relations Act, it is illegal for management to make direct payment to union officials. This stipulation, aimed at banning the

creation of company unions, has long been circumvented in practice through the creation of myriad labor-management schemes going from the shop floor to the highest levels. This has had the effect of creating a "labor movement" in the United States completely beholden to the interests of the corporations, who serve as paymasters for the union executives. Beginning in the late 1980s, the Detroit automakers funded the creation of joint training programs largely staffed by union officials who were in effect on the company payroll.

For a considerable period of time this "legal" bribery has apparently been supplanted by the siphoning off of joint program funds into the pockets of UAW officials under the table. The participation of top-level auto executives in the various schemes indicates that management considered such payouts merely the cost of doing business.



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