

More revelations in UAW corruption scandal

Fiat Chrysler CEO Marchionne met with federal investigators last year

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According to press reports, Fiat Chrysler CEO Sergio Marchionne talked to federal investigators last year in relation to a scandal involving the misappropriation of \$4.5 million in funds from a union-management training center in Detroit.

The revelation, published in the *Detroit News* Sunday, follows reports that the corruption investigation involving Fiat Chrysler and United Auto Workers officials has spread to Ford and General Motors.

The investigation first erupted to the surface in July with the indictment of former top Chrysler negotiator Alphons Iacobelli and UAW officials involved in the running of the UAW-Chrysler National Training Center in Detroit. Among those indicted was Monica Morgan, the wife of late UAW Vice President General Holiefield. The multi-year scheme involved illegal payoffs carried out in a variety of ways, including unaudited use of training center credit cards and the funneling of money through fake charities to the pockets of Holiefield and other UAW officials.

Marchionne reportedly met with investigators at the United States Attorney's Office in Detroit in July 2016 escorted by his personal defense attorney, William Jeffress of Washington DC, an expert in white-collar criminal defense. Among Jeffress's past clients were former president Richard Nixon. Marchionne apparently agreed to the meeting with federal officials voluntarily and has not been named as a suspect in the case.

Those currently under investigation in relation to possible misappropriation of funds include UAW Vice President for General Motors Cynthia Estrada, who heads the UAW-GM Center for Human Resources.

Estrada also heads the Cynthia Estrada Charity Fund with more than \$100,000 in assets. Joe Ashton, a retired UAW vice president who currently sits on the GM board of directors, is also the subject of a probe.

Another UAW official with his own charity is UAW Vice President for Ford Jimmy Settles, who runs the JUST foundation. Settles, who also heads the UAW-Ford training center, has not yet been named in the corruption probe.

The UAW vice president for Chrysler, Norwood Jewell, has not been named in the investigation either, though he received a shotgun purchased by another UAW official illegally using an unaudited credit card. Jewell is head of the Making Our Children Smile nonprofit. It has received \$629,000 in the last three years from unidentified donors.

A source with knowledge of the inner workings of the UAW told the *World Socialist Web Site Auto Worker Newsletter* that the creation by UAW officials of charities raised many questions. "There is a charity in each training center. The question is why? If the UAW wants to donate money to a charity, fine. Why would they put these charities in training centers and put UAW officials in charge?" After all, he noted, "everything in the training center is a tax write off."

He rejected the claim by UAW President Dennis Williams that his administration had no knowledge of the scandal. He pointed out that according to a federal indictment former UAW President Bob King confronted Iacobelli and Holiefield in 2011 over payouts from UAW-run charities to Morgan, warning they could "go to jail." He noted, "Dennis Williams was UAW financial secretary when King was president. It was obvious he must have been at that meeting. Who

would you take but your financial guy?”

He said he believed that pressure was being put on the FBI to slow down the investigation. “We don’t know ¼ of what they know. It could be that Ford, Chrysler and GM are leaning on the government to shield the UAW as much as possible. There have only been a few indictments so far.

“The time lag is too long. It is being dragged out above the level of the FBI. How long does it take to trace charge card purchases?”

He continued, “If Dennis Williams and with him the Ford and GM contracts get thrown out because of union-management collusion the whole sweet deal comes apart at the seams. If Dennis Williams gets dirtied out of this, he is no longer of any use to them.”

He continued, “Ford kept the UAW out of the sexual harassment lawsuit in Chicago. That means Ford told [UAW Vice President Jimmy] Settles and the UAW you ‘owe us.’

“Now comes this, but Ford is experienced in covering things up.”

The naming of Estrada in the FBI probe has dire implications for the UAW, given that she is seen by many as a likely replacement for Dennis Williams. It further undercuts the claim that the scandal involved merely a few “bad actors” and not the organization as a whole.

Along with Williams, Estrada led the charge in denouncing the WSWS *Autoworker Newsletter* for providing rank-and-file workers with the truth and organizing opposition to the 2015 sellout contracts. In a Facebook post, Estrada claimed the WSWS newsletter was really backed by “Right-to-Work Republicans.”

The present crisis in the UAW is the product of decades of degeneration in which the union, born out of semi-insurrectionary struggles of workers, has morphed into a pliant tool of management. It has presided over the gutting of wages, benefits and job protections, handing back the hard-won gains workers fought for over generations.

The UAW responded to changes in the globalization of production by abandoning any defense of the interests of workers and adopting a program of unbridled union-management collaboration. Beginning in the 1980s, the UAW contracts became increasingly corporatist documents, enshrining the principle of “joint-ness” and increasingly merging the union into

the structure of management through the establishment of labor-management schemes, such as the training centers.

The establishment of these schemes required the passage of the bipartisan Labor-Management Cooperation Act of 1978, which overturned the decades-long legal ban on corporate payments to unions.

The recent apparent suicide of 21-year-old Jacoby Hennings at a Ford stamping plant outside of Detroit highlights the horrific conditions that have been created in the auto factories as a product of this betrayal. New workers now can look forward to a life as disposable temporary workers, without any contract rights though they are still compelled to pay dues to the UAW.

The source noted that untold millions have been funneled into the coffers of the UAW by the auto companies over the years through the training centers, which were first set up in the 1980s. “Now there is no way to track the money going to the training centers. The training centers have become a big business.”

The exposure of widespread bribe taking by UAW officials means all the contracts negotiated with the auto companies are legally inoperative. It further establishes the fact that the UAW is not a workers’ organization, but an arm of the employers and the state.

Workers must take their future into their own hands by organizing new organizations of struggle, controlled by the rank-and-file and committed to the principles of the class struggle and the uncompromising defense of the social rights of all workers.



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