

# Two key players in UAW corruption scandal to enter guilty pleas

**Shannon Jones**  
**18 January 2018**

According to a court filing Tuesday, Fiat Chrysler Vice President for Employee Relations Alphons Iacobelli has agreed to a plea deal with prosecutors relating to charges he funneled money to officials from the United Auto Workers union (UAW). Another figure in the scandal, Monica Morgan, the widow of UAW Vice President for Fiat Chrysler General Holifield, is also scheduled to enter a guilty plea.

The details of the plea agreements are not known at this time, but both were charged with violations of the Labor Management Relations Act, which bans payments by management to union officials, as well as tax violations. The illegal payouts were in the words of one Chrysler executive intended to keep UAW officials “fat, dumb and happy.”

In July, federal prosecutors indicted Iacobelli and Holifield’s widow, along with another UAW official, Virdell King, who accepted a plea deal from prosecutors. Jerome Durden, a FCA financial analyst and controller of the UAW-Chrysler Joint Training Center in Detroit, also reached a plea deal relating to the scandal, which involved the skimming of some \$4.1 million in Joint Training Center funds.

Both Iacobelli and Morgan were charged with illegally pocketing hundreds of thousands of dollars, which they used to purchase luxury cars, travel, jewelry, clothing and other items. Funds were also used to pay off the balance of Morgan and Holifield’s mortgage.

Another UAW official, Norwood Jewell, who took over the union’s Fiat Chrysler department after Holifield’s departure, recently retired following revelations that he received a \$2,180 shotgun as a present. The gun was paid for with a misappropriated training center credit card.

Federal investigators are also looking at other top officials connected to the UAW, including Cynthia Estrada, vice president for General Motors, and Joe Ashton, former vice president for GM, who recently resigned his post on the GM Board of Directors.

On Monday, Fiat Chrysler CEO Sergio Marchionne confirmed he will step down in June from the top

management post at the company. US federal investigators questioned Marchionne in July 2016 relating to the UAW bribery scandal. He was represented at that hearing by William Jeffress, a lawyer who once handled legal matters for disgraced former president Richard Nixon.

The federal investigation has shed further light on the incestuous relations between the UAW and auto company management. The UAW long ago abandoned any defense of the jobs and living conditions of autoworkers. It has formed myriad connections to corporate management through the establishment of joint programs covering everything from health and safety to job training that for decades have served as a pseudo-legal conduit for funneling corporate cash into union coffers.

In recent weeks, nervous articles have appeared in the corporate-controlled media warning of the danger represented by the total discrediting of the UAW in the eyes of workers. In a December 20 piece in the *Detroit News*, for example, labor writer Daniel Howes called the corruption probe “deadly serious.” He added the scandal could, “devastate the union’s credibility with its own” and lead to a collapse of its authority with unpredictable consequences.

Though left largely unstated, the remarks reflect fear that the UAW is losing its ability to suppress the class struggle amidst the rising determination of workers to resist any further lowering of living standards in advance of the 2019 national contract expiration. The rebellion by autoworkers during the 2015 contract sellout—which saw the first defeat of a UAW-backed contract in more than three decades—could be just a foretaste of things to come, it fears.

As the scandal widens, the pathetic arguments by UAW President Dennis Williams that the recent exposures represent only a few “bad actors” are becoming more and more exposed. In fact, what is becoming clear to workers is that the bribery of top UAW officials proves the illegitimacy of all the contracts negotiated by the UAW, at least since the 2009 bankruptcy of GM and Chrysler.

A lawsuit filed January 11 in US District Court in Ohio by some 72 former workers at the Fiat Chrysler Toledo Jeep

complex in Ohio alleges company bribes to UAW officials led to their firing in 2012. Holifield was the international UAW official in charge of negotiations with FCA that resulted in the termination of the workers.

The workers filing the lawsuit were all veteran employees who were induced to “retire” from Chrysler and go to work for a nominally independent supplier at the Jeep complex to fill a skilled manpower shortage. They later lost their jobs in a sellout deal brokered by Holifield and were replaced by younger, lower-paid new hires.

The workers had been originally induced to work at the Jeep Wrangler Paint Shop in the Toledo Supplier Park, a part of the Jeep complex, by an offer that they could work indefinitely at the facility. Both UAW Local 12 and the UAW International assured the workers they “would be taken care of” if they agreed to work in the paint shop.

In 2012, the UAW apparently decided to “insource” all employees of the Paint Shop so that they would be traditional FCA employees. To accomplish this, the UAW signed a deal providing for the termination of the workers at the paint shop and their replacement by new hires.

The lawsuit notes press reports following the July indictments that members of the UAW Chrysler department were under investigation for “selling jobs” at Chrysler plants. Among those mentioned was James Hardy, a UAW official and Holifield’s top administrative assistant, who was involved in the sellout deal depriving the paint shop workers of their jobs.

It states that apart from receiving money to take “company-friendly positions,” Holifield and company “had developed a lucrative side business of selling Chrysler jobs. By acting in the manner described above, these officials created over 70 open positions that could be sold.”

John Murray, an attorney for the Jeep workers, told the *World Socialist Web Site Autoworker Newsletter*, “Chrysler was using their training fund to pay the spouse of Holifield for cutting the retirees and replacing them with lower paid workers.”

He noted that through the firing of the senior paint shop workers, management was able to cut hourly wages from about \$24 per hour to \$14. “Fifty workers lost their jobs completely. Others were ‘rehired’ after losing all their seniority and had their pay cut to \$14 an hour.”

A Jeep worker familiar with the case who wished to remain anonymous told the *World Socialist Web Site Autoworker Newsletter*, “The people who bought their jobs [from Holifield] ended up in the paint shop. They were all friends and family of the UAW leadership, local and international.”

Jeep workers are fully justified in launching a lawsuit against the corrupt union management deal that axed their

jobs. However, workers cannot rely on the corporate-controlled legal system to end this criminality and provide them redress.

These exposures demonstrate the anti-working-class actions of the UAW, which is a paid tool of the auto bosses and an enemy of rank-and-file workers. If workers are to defend themselves against this union-company conspiracy, they must build new organizations of struggle, rank-and-file factory committees, to take up the responsibilities long abandoned by the UAW, including defending workers against management abuse, abolishing the two-tier wages and benefits, and uniting workers in a common struggle to defend jobs and oppose speed up.

All contracts negotiated by the UAW should be declared null and void, and new terms of employment, democratically formulated by rank-and-file workers themselves, must be fought for.

The decades-long degeneration of the UAW is the result of the dead end of its pro-capitalist and nationalist program, and the political subordination of the working class to the Democratic Party. Autoworkers must reject this and develop lines of communication with workers in other factories and with their brother autoworkers in Mexico, Canada and overseas to conduct a common, international struggle against the globally organized auto giants and banks.

The revival of the methods of the class struggle, long suppressed by the UAW, must be combined with a new political strategy whose aim is to establish workers power and the reorganization of the economy based on human needs, not on profit. This fight for socialism includes the transformation of the auto industry into a public utility, democratically controlled and collectively owned by the working class.



To contact the WSWS and the Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**