

In plea deal with prosecutors

Former Fiat Chrysler negotiator says FCA bribed the UAW to secure passage of 2009, 2015 contracts

Shannon Jones
25 January 2018

In a plea deal revealed Monday, former Fiat Chrysler chief negotiator Alphons Iacobelli admitted that he paid out \$1.5 million to top United Auto Workers (UAW) officials to “obtain benefits, concessions, and advantages for FCA in the negotiation, implementation, and administration” of contracts between 2009 and 2015.

The admission has thrown the UAW into a crisis since it demonstrates that all of the contracts negotiated by the union with Fiat Chrysler since at least September 2009, the time of the first payments, are tainted by corruption and thus legally null and void.

During the time when the bribes were being paid out, the UAW agreed to massive concessions, including the expanded use of lower-paid tier two workers and the hated alternative work schedule. In 2015, the UAW rammed through a contract that not only failed to restore past concessions but also maintained the two-tier wage structure and permitted an expanded use of super-exploited Temporary Part Time (TPT) workers.

According to the plea deal Iacobelli admitted to making illegal payments to the late UAW Vice President for Fiat Chrysler General Holiefield, Assistant Director Virdell King and three other UAW officials listed in the document as only “UAW Official-2, UAW Official-3 and UAW Official-4,” while stating that “other UAW officials” were also involved. The payouts included hundreds of thousands of dollars to phony charities set up by Holiefield and his widow Monica Morgan.

Iacobelli now faces up to eight years in prison and must pay restitution. Sentencing is set for May 29.

Morgan is also expected to plead guilty. The terms of that plea agreement have not yet been made public. Fiat Chrysler financial analyst Jerome Durden and King have already pleaded guilty to charges relating to the scandal.

According to details of the plea deal, the corrupt activities included the transfer of hundreds of thousands of dollars to the UAW supposedly as reimbursement for services of UAW employees to the UAW-Chrysler National Training Center (NTC), individuals who in reality did no work for the NTC.

Iacobelli admitted meeting with Durden in September 2010 to review NTC funds. At the meeting, Iacobelli said that “it was time to consider funding for certain ‘high value/high leverage programs.’” He identified a payout of \$50,000 to Holiefield’s Leave the Light On Foundation as one such “high value/high leverage” expenditure. It was later revealed that Holiefield’s supposed charity was a sham.

Other expensive gifts followed. In 2011, Iacobelli authorized a payment of \$435,000 to a company called “Wilson’s Diversified Products” also controlled by Holiefield and Morgan.

In a new revelation laid out in court documents, Iacobelli provided a script for Holiefield in advance of a scheduled UAW international executive board meeting in December 2013. At the time of the meeting, the UAW was considering the terms of a multi-billion-dollar offer to purchase Chrysler stock held by the UAW through its control of the retire health care trust fund. The deal was eventually consummated. As part of the agreement, the UAW agreed to abandon its court

challenge over the price of Fiat Chrysler shares.

In August 2014 Iacobelli authorized \$30,000 from NTC funds for a party for UAW official “UAW-3” at the FCA-UAW World Class Manufacturing Academy in Warren, Michigan. The expenses included “ultra premium” liquor, more than \$7,000 worth of cigars and \$3,000 worth of wine.

As late as February 2015, on the eve of the national contract negotiations, a Fiat Chrysler official acting at the direction of Iacobelli sent an email to “UAW Official UAW-4” offering that the company would make lump sum payments of \$50,000 to select UAW officials as a “one time non precedent setting” retirement offer that would be constructed in such a way as to be kept from the view of rank-and-file workers in the plants.

Around the same time Iacobelli offered to pay \$50,000 apiece to select UAW officials in bogus “settlement agreements,” again all under the table.

In response to the revelations, calls are being raised by rank-and-file autoworkers for the invalidation of all the contracts reached between Fiat Chrysler, Ford and General Motors and the UAW. At least one autoworker has set up a “GofundMe” page to solicit money for legal representation.

Hundreds of workers from the Toledo Jeep complex carried out a demonstration Sunday at the Detroit auto show to protest the elimination of the jobs of 88 truck drivers at the Toledo Truck Terminal. Jeep workers told the *World Socialist Web Site Autoworker Newsletter* that they suspected the job cuts are the product of an under the table agreement negotiated by Holiefield.

Another group of former Toledo Jeep complex workers have launched a lawsuit against the UAW and Fiat Chrysler claiming that a sweetheart deal negotiated by the union to eliminate their jobs in the Jeep Wrangler Paint Shop was the product of illegal bribes.

The latest admissions further debunk the claim by UAW President Dennis Williams that the corruption scandal involved only a few “bad actors” and that the payouts did not affect contract negotiations. In fact the latest revelations only appear to be the beginning. It strains credibility that top UAW officials, including Williams, at the time the union’s chief financial officer, were unaware of the illegal payouts.

Federal investigators are also reportedly looking at charities set up by UAW Vice President for General

Motors Cynthia Estrada and former UAW Vice President for GM Joe Ashton, who recently resigned from his post on the GM board of directors.

Another top UAW official, Norwood Jewell, vice president for Fiat Chrysler, took an early retirement. While not yet indicted, he reportedly received a \$2,180 shotgun as a birthday present paid for by misappropriated funds.



To contact the WSWs and the
Socialist Equality Party visit:

wsws.org/contact