

Late Fiat Chrysler CEO Sergio Marchionne lied to federal investigators about gift to UAW official

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Former Fiat Chrysler Automobiles CEO Sergio Marchionne, who died on July 25 following complications during surgery to treat cancer, lied to federal investigators in 2016 about whether he had given a luxury Italian watch to United Auto Workers Vice President General Holiefield, according to a report Thursday morning in the *Detroit News*.

The report is the second this week in the ongoing UAW corruption scandal, which since last summer has revealed that money from the UAW-Chrysler National Training Center was funneled to union officials in return for pushing through pro-company contracts.

On Monday, attorneys for indicted former FCA executive Alphons Iacobelli filed a memorandum asserting that the conspiracy to bribe union officials “started long before” 2009, the year to which investigators have thus far nominally traced the scheme.

An autoworker with nearly six years at FCA’s Kokomo, Indiana, transmission plants—where workers recently voted nearly unanimously to authorize a strike over hundreds of health and safety violations—told the *WSWS Autoworker Newsletter* that the latest revelations should raise questions about the forced bankruptcy of the company in 2009. During that time, the administration of Democratic President Barack Obama, with the collaboration of the UAW, oversaw the bankruptcy of both Chrysler and GM and rammed through a brutal restructuring of the auto industry, shuttering numerous plants and slashing the pay of all newly hired autoworkers in half.

“With this newest information, maybe they should go back before the bankruptcy and find out why Chrysler was in the shape it was in,” he said. “I feel that this has

been going on longer than most UAW members think, and that’s why Chrysler had to file for bankruptcy, because of misuse of funds and a corrupt union and company.”

Marchionne, who became CEO of the merged companies following Fiat’s takeover of Chrysler in 2009, was questioned by federal investigators at the US Attorney’s office in Detroit in July 2016, accompanied by noted white-collar criminal defense attorney William Jeffries. Jeffries, whose services were paid for by FCA, previously represented disgraced former President Richard Nixon following the Watergate scandal, and later I. Scooter Libby, chief of staff to Vice President Dick Cheney.

During the meeting with federal officials, Marchionne was reportedly asked whether he had given any valuable gifts to UAW leaders, a violation of US federal labor law. He said no and was then presented with evidence that he had given UAW VP Holiefield a custom Terra Cielo Mare Italian watch, in what the *Detroit News* described as a “dramatic ‘gotcha’ moment.” Watches similar to Holiefield’s, which reportedly had a Fiat logo emblazoned on it, retailed for \$2,245 in 2014.

The watch was given with a handwritten note—presumably kept by Holiefield and seized from his house by investigators—from an FCA executive whose identity was redacted from court documents. The note, reading like an affectionate letter from a mob boss to his corrupt politician, stated, “Dear General, I declared the goods at less than fifty bucks. That should remove any potential conflict. Best regards, and see you soon.”

Marchionne reportedly gave the gift to Holiefield

(who died of pancreatic cancer in March 2015) in February 2010, less than a year after he and other union officials forced through historic concessions in wages and benefits against widespread anger and opposition among workers. Holiefield and his wife, Monica Morgan, used a phony charity—the “Leave the Lights On Foundation”—to spend thousands of dollars on luxury goods and travel for themselves, along with paying for a \$43,000 pool and a \$260,000 mortgage. While Holiefield passed away before charges were filed against him, his widow Morgan has been convicted of tax evasion and sentenced to 18 months in prison, which she is in the process of appealing.

While Marchionne ostensibly could have been charged both for giving the gift and for lying to investigators, federal officials chose not to do so, for reasons not yet known. It is possible that prosecutors are continuing to prepare charges against FCA as a whole, which along with the UAW has been named as an unindicted co-conspirator in the case. Another possibility is that the prosecution of Marchionne was viewed as too explosive and destabilizing, particularly under conditions in which he had been lauded by the media, politicians, and union officials alike as the “savior” of Chrysler.

Following his death in July, UAW VP for FCA (formerly for GM) Cindy Estrada, whose personal charity has also been reportedly under investigation, praised Marchionne—known for arrogantly demanding that workers “accept a culture of poverty”—for “the success of his vision” and “his rich legacy.”

In response to the new allegations, FCA released a statement Thursday which did not deny Marchionne gave Holiefield the gift. A company spokesperson wrote, “FCA US continues to cooperate fully with this investigation. The company also confirms that Sergio Marchionne met with the government in July 2016, in the spirit of full cooperation, where he answered questions to the best of his recollection. As the US attorney’s investigation is ongoing, the company cannot comment further.”

In recent weeks the spiraling corruption scandal has expanded to implicate the highest levels of company and union officials.

In her plea deal last month, former UAW aide Nancy Johnson claimed that she received directives from a top UAW official, identified by the media as recently

retired UAW President Dennis Williams, to use training center funds for illegal purposes, including expenses for travel, meals and entertainment for union officials, their families and friends. Four of the eight members of the UAW bargaining team that negotiated the sellout 2015 contract have also been indicted or implicated in the scandal.

The worker from Kokomo said that he thought the scandal went beyond just Chrysler and union officials at the national level, stating, “I know the way things are run isn’t right with any of the Big Three automakers, and they just keep shuffling the people around who are being investigated. So I believe everyone from local to national should be questioned about the scandal at all unions, because who knows how long the pocket stuffers have been buying the union.”

Virtually every week, new evidence emerges which further confirms the long-term assessment of the UAW by the *World Socialist Web Site*: namely, that the union ceased to be a “workers’ organization” decades ago. Instead, it functions as a corrupt labor contractor and arm of company management, selling off the gains for which workers spent generations struggling, for which union officials receive in exchange privileges and a few trifles.

While the corruption investigation has brought to light damning information about the incestuous relationship between the corporations and the union, workers must have no illusions that they will be helped by the FBI, the National Labor Relations Board, or any other section of the state, which ultimately functions to defend the companies’ profit interests and the ruling class’ stranglehold over the resources of society.

The only way workers can regain what has been stolen from them and see that their needs are met is to rely on their own independent strength and initiative: i.e., to break completely with the criminal UAW and form rank-and-file factory committees in the auto industry and beyond to lead a struggle for workers’ control over production.



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