

# UAW corruption scandal: Former union VP Joe Ashton reportedly took \$550,000 in illegal kickbacks

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Former United Auto Workers Vice President Joe Ashton is the anonymous “Union Official 1,” who federal prosecutors say took \$550,000 in kickbacks in an illegal scheme involving the jointly operated UAW-GM Human Resources Center in Detroit, according to sources who spoke to the *Detroit News*.

Ashton would be the highest-ranking UAW officer implicated in the corruption scandal that has already led to the conviction of UAW Vice President Norwood Jewell and three other top UAW officials on the 2015 UAW-Chrysler Bargaining Committee. The federal probe into illegal payoffs to UAW officials by Fiat Chrysler executives is now netting union officials bribed with General Motors money and could soon catch UAW-Ford officials.

Last Wednesday, a legal document in federal court was unsealed charging UAW official Mike Grimes with wire fraud, conspiracy and money laundering. Grimes—a top aide to Ashton and his successor Cindy Estrada—is accused of working with several unnamed union officials to take \$1.99 million in kickbacks from vendors contracted by the UAW-GM training center to produce watches, jackets and other union-branded items.

According to a *Detroit News* article posted Monday morning, “Prosecutors have not publicly identified Grimes’ alleged co-conspirators or two UAW contractors who paid bribes and kickbacks. But four sources familiar with the investigation identified Ashton as ‘Union Official 1,’ the senior UAW official who is accused of conspiring to demand and receive bribes in exchange for steering multimillion-dollar contracts to vendors, including his personal chiropractor.”

By Monday *News* afterwards said the sources had also “identified Ashton’s top lieutenant, Jeff Pietrzyk, as one of two unnamed UAW leaders accused in the federal criminal case.”

Ashton, Grimes and Pietrzyk were all leading members of the 2011 UAW-GM Bargaining Committee, which signed a labor agreement providing no pay or pension increases to workers who had suffered a pay freeze since 2003 despite record corporate profits.

The deal paved the way for the closing of the Shreveport, Louisiana GM assembly plant and other factories. It institutionalized the two-tier wage system and the abolition of the eight-hour day imposed by the Obama administration during the 2009 bankruptcy restructuring of GM and Chrysler. Wall Street investors praised the deal for raising GM’s labor costs by barely one percent annually.

After pushing the sellout deal past the opposition of 49,000 GM workers, Ashton boasted, “The UAW has shown that we are totally committed to helping the US auto companies succeed.”

Ashton said he would “love to see” 40 percent of GM’s workforce paid tier-two wages by the end of the contract because “that would mean we are adding new jobs.”

In 2015, Ashton’s successor, Cindy Estrada, who is also a target of the corruption probe, pushed through more concessions. The 2015 contract expanded the number of low-paid temporary and contract workers and gave a green light to the closing of five North American factories, including in Lordstown, Ohio, Oshawa, Canada and Detroit, Michigan.

According to the *News*, Grimes “sat alongside her on

the UAW-GM Center for Human Resources board; and he served on the board of Estrada's nonprofit, the Cynthia Estrada Charity Fund. The nonprofit has received almost \$1.4 million in recent years, according to tax filings that do not reveal donor identities."

Estrada is now leading UAW negotiations for 44,000 Fiat Chrysler workers.

Citing the official legal complaint, the *News* summed up the sordid scheme concocted by Ashton. In 2010, prosecutors say "Union Official 1" (now identified as Ashton) convinced his longtime Philadelphia chiropractor Marc Cohen to loan \$250,000 to a construction company owned by one of Ashton's associates. By 2012, the construction company had stopped repaying the loan. By September 2012, the debt had ballooned to \$283,000, leading to a lawsuit, according to court records.

Prosecutors wrote: "So 'Union Official 1' pitched a plan to repay the construction loan—and help himself. In 2012, the UAW was planning to buy more than 50,000 watches. 'Union Official 1' contacted Cohen, telling him to create a company that could win the contract and supply the watches... Union Official 1 suggested that the profits from the watch contract would repay ... what he was owed on the \$250,000 loan to the construction company."

"Union Official 1" drafted the deal, helped award it to his chiropractor and demanded a \$250,000 kickback in spring 2013, according to court records. Cohen's watch contract described by prosecutors included steep profits. The watches cost less than \$2.3 million to produce, but the contract was for \$3.97 million," the *News* wrote. The completed watches were never given to members but remain in the basement of the UAW-GM Human Resources Center. Grimes received \$25,000 in kickbacks from the watch contract, "a small piece of the \$1.99 million he is accused of pocketing during the conspiracy," prosecutors said.

Following the unsealing of the complaint against Grimes, UAW media spokesman Brian Rothenberg feigned outrage, saying the charges were "shocking and absolutely disgraceful. He added, "Make no mistake about it, our laser focus continues to be on obtaining strong labor agreements with FCA, Ford and General Motors that secure our members' economic and financial future."

This is a lie, and every autoworker knows it. The

corruption of Ashton, Grimes, Jewell & Co. is not the exception to the rule—it expresses the essence of the UAW, which has spent the last four decades colluding with the auto corporations to systematically lower the wages of workers.

With less than one month to the expiration of the four-year labor agreements for 155,000 GM, Ford and Fiat Chrysler workers, these latest revelations underscore the need for autoworkers to build rank-and-file factory committees to take the conduct of the struggle out of the hands of the UAW and prepare a national strike to fight to overturn all of the UAW-backed concessions.

Such a struggle must be connected to a fight to unite autoworkers throughout the world against the global assault on jobs and living standards.



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