

Fiat Chrysler bribed UAW with tens of millions, new GM court filing alleges

Tom Hall
5 August 2020

Fiat Chrysler gave United Auto Workers officials tens of millions of dollars in previously unreported bribes, funneled through offshore bank accounts, to secure the union's involvement in a bid to force a merger with General Motors, according to court filings submitted by lawyers for GM on Monday. The new accusations are part of GM's bid to reopen its lawsuit against FCA alleging that its Italian-based rival used bribes to convert the union into an "FCA-controlled enterprise." The lawsuit was dismissed by a federal judge last month, who noted "the direct victims of defendants' alleged bribery scheme are FCA's workers," not GM.

The new court filings contain by far the largest-scale accusations against the UAW, either in GM's civil suit or in the parallel criminal probe by the FBI, which has already brought down 14 FCA management and UAW officials. The "hush money," according to GM, ran into the tens of millions, "exponentially higher" than what had been revealed so far in criminal charges against union officials and FCA executives.

While in its original complaint GM was at pains to insist that it was targeting only FCA and not the UAW, the new filing takes a far more aggressive stance against the auto union. Former UAW President Dennis Williams is now officially named as a defendant in the case. GM lawyers claim that Williams maneuvered former UAW Vice President Joe Ashton, who has already pleaded guilty to separate money laundering and wire fraud charges, onto GM's Board of Directors in order to function as a "mole" for FCA.

The filing also contains the first public allegations against Ron Gettelfinger, UAW president from 2002 to 2010, who led the UAW during the restructuring of the auto industry under President Obama. It was under the terms of this deal, which slashed wages for new hires in

half and destroyed tens of thousands of jobs, that the UAW gained billions of dollars in GM stock and a seat on the company's board. According to the filing, Gettelfinger maintained overseas accounts in Switzerland and Panama, given to him by FCA, under a family member's name.

The allegations mean that four of the five most recent presidents of the United Auto Workers have now been implicated in the massive corruption scandal. Gary Jones, who was president from 2018 until forced to step down late last year, has already pleaded guilty to charges that he had conspired with other top officials to embezzle over \$1 million in workers' dues money. Jones' predecessor Williams is an unnamed co-conspirator in the Jones indictment, and his successor Rory Gamble, who replaced him on an interim basis, is reportedly himself the target of federal investigators.

The elaborate and wide-ranging scheme involved offshore bank accounts in Italy, Switzerland, Panama, Singapore, Lichtenstein and the Cayman Islands. It was authorized by the late FCA chief executive Sergio Marchionne and other top executives, according to the filing. In addition to Williams and Ashton it also involved UAW Vice President for Fiat Chrysler General Holiefield, who only escaped prosecution because of his death in 2015. The aim of the scheme, GM's lawyers allege, was to provide FCA with "confidential details about GM's labor strategy," aimed at imposing labor costs onto General Motors less favorable than those at Fiat Chrysler and to pressure GM into a merger.

According to GM, former FCA executive Alphons Iacobelli, who pleaded guilty in 2018 to bribing top UAW officials to obtain concessions in the 2009 and 2015 contracts, "curtailed his criminal plea to ensure that the true scope of the conspiracy was not revealed."

Iacobelli continued to cover up for other FCA executives and UAW officials even after his guilty plea, GM alleges.

While there is no reason to doubt the factual basis of the filing, it has the character of a desperate move by GM, one which suggests an increasingly fractious and embittered climate within corporate boardrooms as companies battle for survival in an economic situation fraught with peril.

Automakers had already been preparing for a long downturn even before the coronavirus pandemic, but the economic impact of the disease has sharply intensified their crisis. All three Detroit automakers posted huge losses in the second quarter of this year due to a collapse in sales and a two-month cessation of production that was forced by a series of wildcat strikes. GM burned through nearly \$8 billion in cash and posted a \$806 million loss, as sales dropped by roughly one-third. At Ford, where shareholders have long been demanding deeper cuts, CEO Jim Hackett announced his retirement only days after the company posted a \$1.9 billion loss.

Prior to Monday's filing, there were growing signs that the government was preparing to wind down the exposures of UAW corruption out of fear that continuing to air the union's dirty laundry would further encourage an incipient rebellion by autoworkers. But GM's new filing, which was based on extensive work by private investigators conducted after the original suit was dismissed last month, further discredits the UAW and shatters any claims that the union can be reformed.

Paul Borman, the federal judge in the GM-FCA lawsuit, issued an extraordinary and nervous order in June demanding that the two companies meet to settle their dispute out of court. "If this case goes forward, there will be years of contentious litigation," Borman said, while the coronavirus pandemic "requires our attention here and now!" When lawyers for GM balked, Judge Borman dismissed the lawsuit on July 8.

At the same time, federal prosecutors began a series of meetings with UAW President Gamble to hammer out an agreement that would close the federal probe and keep the union out of federal receivership.

It is not clear whether the court will accept GM's arguments and allow the suit to be reopened. However, if there is any truth to the company's allegations, they

should serve as the final nail in the coffin for any lingering doubts as to whether the UAW remains, in spite of rampant and universal corruption, a "workers' organization." The filing's description of a murky underworld of offshore bank accounts and corporate espionage bespeak an organization that is completely integrated into the orbit of the financial elite and is correctly seen by the auto companies not as an adversary, but as a tool of corporate policymaking. It is the outcome of decades of betrayals by the UAW, which have destroyed hundreds of thousands of jobs while the incomes of top union officials have soared along with the rising stock market.

For autoworkers, had the alleged FCA-UAW scheme to force a merger with GM succeeded, it would have produced even greater disasters than those already inflicted through union-brokered concessions. The ultimate purpose of such a merger would have been to close down scores of facilities and lay off tens of thousands of workers as "redundant," a goal that the late Marchionne frequently declared in public. But for the UAW, the tens of millions in bribes would have been only a down payment on the billions in stock and other financial incentives it could have expected to reap as a reward for brokering such a deal.

Such filthy dealings demonstrate the urgency of the call by the *World Socialist Web Site* and the Socialist Equality Party for the building of new organizations by workers, entirely independent of the UAW gangsters. Absolutely nothing associated with this organization can be trusted.

The latest revelations show, once again, that autoworkers must break with the UAW and take the initiative into their own hands. The *World Socialist Web Site Autoworker Newsletter* is helping workers accomplish this by forming rank-and-file safety committees at workplaces throughout the country. For help forming a committee at your plant, contact us at autoworkers@wsws.org.



To contact the WSWs and the Socialist Equality Party visit:

wsws.org/contact