Judge blocks GM’s bid to reopen racketeering case against Fiat Chrysler

Marcus Day
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On Friday, a federal judge rejected General Motors’ bid to reopen its racketeering case against Fiat Chrysler (FCA) in light of new information about FCA’s bribery of United Auto Workers officials. In court documents submitted on August 3, GM had alleged that FCA gave UAW officials control of secret foreign bank accounts worth tens of millions of dollars, building off GM’s earlier claims that the UAW had been transformed into an “FCA-controlled enterprise.”

The scale of the new allegations was orders of magnitude larger than had previously been revealed in the suit and the parallel criminal probe by federal investigators. According to GM's lawyers, the elaborate scheme involved “various accounts in foreign countries, including Switzerland, Luxembourg, Liechtenstein, Italy, Singapore and the Cayman Islands, to control corrupt individuals by compensating and corrupting those centrally involved in the scheme to harm GM.”

The beneficiaries of the payoffs included, according to GM, former UAW Presidents Ron Gettelfinger (with accounts in Panama and Switzerland) and Dennis Williams (Switzerland and Liechtenstein); and former UAW Vice President for GM Joe Ashton (Cayman Islands). A number of FCA executives were also allegedly given control over foreign accounts in order to ensure their support for the scheme, including Alphons Iacobelli, FCA’s former vice president of employee relations who pleaded guilty in 2018 to federal criminal charges in relation to bribery of the UAW.

However, Borman rejected GM’s motion to amend his previous judgment dismissing GM’s civil suit, calling GM’s new information “too speculative.” Borman preposterously claimed that the existence of foreign bank accounts controlled by top union officials did not make it “plausible” that they were being used by FCA to bribe the UAW. “The existence of foreign bank accounts, and an almost-thirty-year-old scandal do not, however, move GM’s claims over the line from speculative or conceivable to plausible,” Borman wrote.

In its amended complaint, GM had also pointed to FCA’s “historic culture of corruption and bribery as a business tool,” citing among other episodes a scheme dubbed “Kickback City,” Fiat’s bribery of Italian government officials with billions in lire during the 1990s, the “almost-thirty-year-old scandal” to which Borman referred.

FCA hailed the decision and again denied wrongdoing. “Judge Borman’s ruling this morning once again confirms what we have said from the beginning — that GM’s lawsuit is meritless — and its attempt to submit an amended complaint under the guise of asking the court to change its mind was nothing more than a baseless attempt to smear a competitor that is winning in the marketplace.”

GM said that it would appeal the ruling to the US Sixth Circuit Court in Ohio. A company spokesman, David Caldwell, said, “Today’s decision is disappointing, as the corruption in this case is proven given the many guilty pleas from the ongoing federal investigation. GM’s suit will continue — we will not accept corruption.”

What has driven its lawsuit against FCA is not concern about “corruption” in the UAW. Like Chrysler and Ford, GM has long cultivated an incestuous relationship with the union. All of the Big Three automakers established joint labor-management structures with the UAW four decades ago, through which hundreds of millions of dollars in corporate cash was “legally” funneled into the pockets of the union bureaucracy.

What has driven GM’s lawsuit is an increasingly bitter and desperate struggle over dwindling markets and profits in the auto industry, with the automaker attempting to leverage the revelations of FCA bribery of the UAW to eke out whatever advantage it can over its rival. Torpedoing FCA's planned merger with French automaker Peugeot, announced shortly before the lawsuit

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was filed, is no doubt a major strategic objective.

The UAW has by now racked up a well-documented record of criminality, exposed extensively in federal criminal proceedings over which Borman himself has presided. His attempt to dismiss out-of-hand new evidence of far more substantial bribery reflects growing nervousness within the state over the explosive implications of the UAW being discredited even further amidst a growing upsurge of opposition among autoworkers.

While former UAW President Gettelfinger sought to paint GM's allegations as a "malicious and utterly baseless attack against me and a supposed 'unnamed' member of my family," the UAW itself apparently did not issue any public response to Borman's ruling, apparently determining that a denial, while convincing virtually no one of their innocence, would draw additional attention to the allegations themselves, especially from autoworkers.

Ten UAW officials—along with one UAW official's widow, Monica Morgan—have already pleaded guilty to various charges related to bribery, embezzlement, kickbacks, and tax evasion, including the previous UAW president, Gary Jones. Four out of the five last UAW presidents have now been implicated or reported to have been a subject of investigation, including Ron Gettelfinger, Dennis Williams (whose house was raided by the FBI last year), Gary Jones (to be sentenced in October), and the current president, Rory Gamble.

While the UAW only doled out a miserable $250-275 dollars per week in strike pay during last year's walkout against General Motors, it has spent millions of dollars in legal fees defending its current and former officers. The union spent $2.3 million since the beginning of the corruption scandal in legal defense, according to the *Detroit News*, and $320,912 on Williams' defense alone last year. In a sign that the dragnet may be closing in on Williams, the UAW executive board voted last Tuesday to stop paying his fees. In July, Williams reportedly reimbursed the UAW $55,000 recently for inappropriate travel expenses, which, if GM's allegations about foreign bank accounts are true, is pocket change.

Judge Borman had previously signaled his anxiety to bring GM's case to a quiet and swift conclusion, writing in an earlier order that it was a "waste of time and resources" and demanding the two companies' CEOs meet to settle the matter. In an extraordinarily worded order, he wrote, "If this case goes forward, there will be years of contentious litigation; motion hearings, multiple-day depositions of large numbers of executives and former executives, at GM and FCA, as well as United Auto Workers (UAW) officials, other Defendants, many third parties, and a plethora of [Racketeer Influenced and Corrupt Organizations Act], labor law, and damages experts"—in plain language, the revelations from the lawsuit, especially under conditions where automakers are collaborating with the UAW to keep workers on the line during the pandemic, could incite rebellion by autoworkers.

There have been earlier signs that federal prosecutors may also be seeking to wrap up the years-long criminal cases brought against top UAW executives. Current UAW President Rory Gamble met earlier this summer with Matthew Schneider, the US Attorney in Detroit, to discuss the possibility of an independent monitor or other reforms "so as to reduce the possibility of a recurrence of corruption," as Schneider said at the time.

Regardless of the outcome of GM's civil suit or the federal corruption investigation, the UAW has by now been extensively exposed as a criminal enterprise from top to bottom, controlled by gangsters who have conspired with the auto companies to ravage workers' living standards over decades, significantly enriching itself in the process.

It is up to autoworkers to settle accounts with the UAW. Workers in Detroit, Ohio, Indiana, and Illinois have taken the first steps, organizing rank-and-file safety committees independent of the UAW in order to stop the spread of the pandemic and demand safe and humane working conditions. This initiative must be developed into a network of committees across the auto industry in the US and throughout North America, democratically controlled by workers themselves, setting as their aim what workers actually need, not what the companies and the criminals in the UAW claim is affordable.

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