

Federal corruption probe of UAW officials continues

Marcus Day
12 August 2021

The federal investigation into corruption by officials in the United Auto Workers union (UAW) is continuing, according to a report earlier this week by the *Detroit News*, despite the settlement reached between the US government and the UAW last December.

The years-long investigation has revealed widespread criminality among the top echelons of the UAW, including bribe-taking in exchange for company-friendly agreements, embezzlement of union dues, and kickback schemes with vendors. The illicit funds were used to pay for lavish lifestyles for UAW executives, such as months-long getaways at Palm Springs, endless golf outings, luxury goods and high-priced meals. While the incomes of UAW officials swelled though both illegal and “legal” means over the last 40 years, workers’ jobs and livelihoods have been decimated in one sellout contract after another.

To date, 12 UAW officials, including two of the last four union presidents, and three Fiat Chrysler employees have pleaded guilty to various charges stemming from the investigation.

In December, the UAW and federal prosecutors settled the government’s case against the union itself. Neil Barofsky, a former regulator of the bank bailouts during the Bush and Obama administrations, was selected in April by the US Attorney’s office as the independent monitor tasked with overseeing and enforcing the terms of the six-year consent decree established by the settlement.

According to the *Detroit News*, federal prosecutors requested last month that Barofsky be granted access to search warrants and related documents from earlier in its investigation. As monitor, Barofsky is nominally tasked with continuing to investigate corruption within the UAW and has the ability to initiate disciplinary

proceedings against UAW officials for criminal behavior or for associating with “barred persons,” including those indicted in the corruption probe.

Significantly, the US Attorney’s court filing states that “[s]ome of the overall investigation remains pending,” and asked that the search warrant documents remain sealed and unavailable to the public. Federal prosecutors had indicated in a filing earlier this summer that the government had “not yet completed its criminal investigation of all targets of the UAW corruption investigation.”

Additionally, Barofsky is reportedly set to meet with former UAW President Gary Jones, who oversaw the sabotage and betrayal of the 40-day General Motors strike in 2019. Jones was indicted and pleaded guilty for his role in a scheme to embezzle over \$1 million in workers’ dues.

Clearly desperate to serve as little as possible of his slap-on-the-wrist sentence of 28 months in a white-collar prison, Jones may well be seeking to rat out more of his fellow gangsters. The *Detroit News* reported that Jones aided federal prosecutors in securing the indictment of Dennis Williams, Jones’s predecessor as UAW president. Williams also pleaded guilty to his role in the embezzlement scheme and received a similarly light 24-month sentence.

The *News* points to one current UAW vice president, Cindy Estrada, and one former, Jimmy Settles, as potential targets of the ongoing federal investigation.

Settles oversaw the UAW’s Ford department until his retirement in 2018, after which he received a lucrative appointment from Detroit Mayor Mike Duggan as head of the city’s Department of Neighborhoods. According to the *News*, members of Settles’s staff were previously questioned by federal investigators, who also issued grand jury subpoenas, as

part of their probe of his ties to a top union vendor.

Estrada, for her part, currently oversees the UAW's Stellantis department, as well as its department of higher education, having previously led the union's GM department. Estrada is particularly despised among autoworkers for her role in negotiating secret agreements with GM to outsource jobs at its Lake Orion and Lordstown Assembly plants, which in the latter case was the prelude to the shutdown of the plant.

Like her fellow top UAW executives, Estrada has seen her pay rise dramatically over the last decade, taking in \$220,506 in compensation in 2020, up from \$167,000 in 2015, while autoworker pay has consistently failed to keep up with inflation. UAW tax filings also show that the union paid more than \$7,000 in legal fees for Estrada between 2019 and 2020. Estrada had previously been vying earlier this year for the position of UAW secretary-treasurer but withdrew from the running.

Charities run by Estrada and Settles were reportedly the subject of earlier investigations by federal prosecutors. A charity run by then-UAW Vice President for Chrysler General Holiefield, the "Leave the Light on Foundation," was found by prosecutors to be the conduit for payouts from company executives. Holiefield died in 2015, before he could be indicted.

While the *Detroit News*, which has maintained close ties to federal officials throughout their investigation, pointed to Estrada and Settles as targets, they are by no means the only possibilities. Rory Gamble, who retired as UAW president at the end of June, was previously cited as the subject of investigations by the *News*. Current UAW President Ray Curry, who was union secretary-treasurer from the beginning of the federal corruption probe, has also had legal fees paid for by the UAW for unexplained reasons over recent years.

As the WSWS *Autoworker Newsletter* previously explained, Barofsky's powers as independent monitor are limited to responding to only the most egregious misconduct within the union, and he does not have oversight over contract negotiations between the companies and the UAW, which will retain their pro-corporate character.

At the same time, the selection of Barofsky—a prominent critic of the Wall Street bank bailout program following the 2008 economic crisis—is an indication of the seriousness with which the

government continues to view the question of the UAW's stability. The Biden administration and broader sections of the state are no doubt concerned that the UAW's credibility among workers continues to disintegrate despite the years-long effort to "clean up" the most blatant criminality by union executives.

The growing hostility of workers toward the UAW has been increasingly apparent this year, above all in the rebellion of workers at Volvo Trucks in Virginia. Workers there carried out two strikes and rejected three UAW-backed concessions agreements in recent months, with the Volvo Workers Rank-and-File Committee leading the opposition to the union's attempts to force through sharp increases in health care costs and the continuation of the tier system.

Contrary to prosecutors' claims, any attempts by the state to carry out a further mopping-up operation of the worst criminals in the UAW are not aimed at making it into an organization that "represents the membership." Rather, it is an effort to perform a cosmetic makeover on a fundamentally pro-corporate, anti-worker institution, one that has become a business in its own right, with over a billion dollars in assets.

Workers cannot place any trust in the Justice Department, which represents the interests of the corporations and the financial elite. To reverse the decades of wage and benefit concessions given up by the UAW, a real movement of the workers from below is required. To help meet this need, the WSWS *Autoworker Newsletter* is assisting workers in establishing a network of rank-and-file committees. To learn more about joining or forming a committee at your workplace, sign up today.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact