

UAW reports massive \$2 million theft of union funds at Local 412 in Detroit

Shannon Jones
23 September 2021

The United Auto Workers has confirmed that the financial secretary of Local 412 in the Detroit area has been suspended after an audit revealed more than \$2 million in missing funds from the local's bank account. The theft was confirmed by UAW officials Thursday in a statement to the *Detroit Free Press*.

UAW spokesperson Brian Rothenberg said the embezzlement was discovered as part of the “enhanced” auditing and oversight procedures implemented in the wake of the UAW corruption scandal that sent two former UAW presidents and other top officials to prison. The findings of the audit will be documented and sent to the US Department of Labor as well as the US Department of Justice, he said.

According to the latest US Labor Department filings, the name of Local 412's financial secretary is Timothy Edmunds, who pulled in \$142,293 in salary and expenses in 2020. No other Local 412 officials have been suspended at this point, including its president, Jerry Witt, who took in a reported \$105,979 in 2020. Edmunds' profile has already been taken down from the Local 412 website.

Local 412 covers more than 20 units comprised of salaried engineers at Detroit-area Stellantis plants, as well as area public sector workers, maintenance workers and health care workers. The local's membership was just under 2,700 in 2020, meaning that the reported embezzlement amounted to about \$740 per member of the local.

The size of the theft is all the more remarkable given the relatively small size of the local, which had only \$3.26 million in assets in 2020 and expenditures of \$2.9 million according to US Labor Department filings. How funds nearly equivalent to the local's entire annual budget could go missing without being noticed defies any easy explanation. It suggests, at a minimum, lax oversight, or far more likely, active collusion in theft not only by local officers, but International UAW officials charged with monitoring local union finances as well.

A worker at the Stellantis Sterling Heights Assembly Plant (SHAP) in the north Detroit suburbs said, “I read about the bribery in Local 412. I had to laugh. If I were the

International [UAW] I would have just swept this under the rug. It makes them look even worse. This guy will probably get 20 years, but the people in the International only got a couple of years. Somebody put his picture up already on one of the Facebook pages SHAP workers use.”

Another worker posted on Facebook, “The sad part is that ain't even a drop in the bucket compared to the billions the membership has lost from these shady concessionary contracts.”

The missing funds were uncovered this past summer as part of a UAW audit and did not involve the participation of former assistant US attorney Neil Barofsky, the federal monitor appointed to oversee the UAW as part of an agreement reached by the UAW with the federal government in lieu of a direct takeover.

A statement posted on the UAW Local 412 Facebook page declared:

Auditors for the United Auto Workers discovered irregularities in UAW Local 412 in Warren, Michigan, and discovered over \$2 million in improper expenditures.

“Under the UAW's enhanced auditing process, UAW internal auditors discovered improper personal expenditures by the UAW Local 412 Financial Secretary. The elected local officer was suspended and the findings sent to authorities including the U.S. Department of Labor,” said Frank Stuglin, UAW International Secretary-Treasurer. “We have taken immediate action in this matter.”

Stuglin claimed that the discovery of the embezzlement was the result of auditing procedures put in place by then UAW International Secretary Treasurer Ray Curry, who is now Acting UAW President. Stuglin said, “Our staff was highly trained in detailed audit tracking procedures and uncovered a very elaborate embezzlement scheme by the

locally elected officer.”

He added that authorities have notified government agencies and appropriate law enforcement.

“Doesn’t surprise me,” a Stellantis worker at Kokomo Transmission in Indiana said. “What also wouldn’t surprise me is if the auditing system touted to have caught this crime is more just for show. As if the UAW leaders are ‘taking care’ of business, so to speak. How do you not notice \$2 million missing from a local? It really takes a special audit to catch \$2 million missing? Curry and Estrada probably weren’t getting a big enough kickback,” he added wryly.

A worker at the Stellantis Toledo Jeep complex pointed out the close proximity of the local’s headquarters in Warren, Michigan to the former joint UAW-Fiat Chrysler National Training Center that figured so prominently in the UAW corruption scandal. “I would bet a year’s pay that this guy [Edmunds] is friends with them. I’ll bet this came out from the investigation of the training center with [Dennis] Williams, [General] Holiefield, [Gary] Jones and [Norwood] Jewell. There are at least three major UAW locals in that area. They had to have known \$2 million was missing. It had to be done with the knowledge and assistance of the other members of that committee.

“All sorts of things will come out of the woodwork. Jobs were traded for favors, illegal nepotism. The UAW is a cesspool all around.”

A second SHAP worker said, “This is just BS. They didn’t just find this out if it’s true. This is to convince the Justice Department they are cleaning up corruption before the prosecutor finds this out first, if it’s true. I don’t buy it. I think it’s just a smoke screen to deflect blame to the small local they say was involved.

“But all locals answer to the International UAW. This shows even with the oversight, they are not going to change. There is still corruption. All of the current top people should be fired.”

When told of the reported embezzlement, a Chicago Ford Assembly worker told the *World Socialist Web Site*, “Didn’t hear that one. But it’s not a surprise to hear. I believe all UAW locals are stealing money from the membership. UAW is no good for anyone, not even themselves. Why hasn’t our local been charged with something? We know [some officials] took money and [engaged in] sexual harassment.”

Top UAW officials expressed pious indignation at the revelation of yet another case of massive embezzlement of union funds. In a letter to Local 412 members, Witt reported that investigators “concluded there is evidence of significant misappropriations of local union funds by the local financial secretary... We are working with the international union to file a Bond claim for these losses.”

Witt added, likely on the advice of attorneys, that due to the large amount of money involved, “I recommend that the Local Executive Board consider contacting the International Union about placing the Local in administratorship to assist the Local’s efforts to correct this breach and put the local on the right path.”

In light of the latest revelations, it should be recalled that in 2016, Local 412 had threatened to publish the names of members who exercised their right to opt out of dues payments to the corrupt UAW.

Given the endemic corruption already revealed in the top layers of the UAW, there is no reason to believe this will be the last bombshell. The deep rot exposed at all levels of the union point to a fundamental rot in the organization, the product of the nationalist and pro-capitalist program on which the UAW and the trade unions at large are based. They have long abandoned any defense of workers interests in favor of unlimited collaboration with management in the name of “competitiveness.” In return, they have been rewarded by the corporations with a guaranteed stream of cash, filling their treasuries despite a decline everywhere in dues-paying members.

Workers should draw the necessary conclusions from the abandonment and betrayal by the unions of every basic principle of working class solidarity. Now is the time to take matters into your own hands through the formation of rank-and-file workplace committees, independent of the UAW, to fight for your interests. Rank-and-file committees, democratically controlled by workers themselves, are the only way for workers to oppose the UAW-company alliance. Autoworkers have already set up rank-and-file committees at Dana, Inc., Volvo and other factories. Workers seeking more information should contact autoworkers@wsws.org, or click [here](#).



To contact the WSW and the
Socialist Equality Party visit:

wsws.org/contact