

UAW official indicted for taking millions in bribes as scandal spreads to GM

By Tom Hall
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Federal prosecutors unsealed an indictment Wednesday against yet another former top union official in the expanding corruption probe of the United Auto Workers.

Michael Grimes, a former administrative assistant to two recent UAW vice presidents at General Motors, is accused of receiving \$1.99 million in kickbacks from 2006 to 2018 in exchange for vendor contracts for UAW-GM branded clothing. Grimes is the ninth person to be indicted so far, but the first to be indicted outside of Fiat-Chrysler and its associated unit within the UAW.

Early indications are that Grimes will plead guilty to the charges, which carry a prison sentence of up to 20 years, and turn state's witness to implicate other top officials, according to the *Detroit News*. The indictment increases the likelihood of indictments against former UAW-GM vice presidents Joe Ashton and Cindy Estrada. Grimes served as a top aide to both vice presidents.

The UAW leaders moved Estrada over to the Fiat-Chrysler department after Norwood Jewell was implicated in the illegal scheme in which FCA executives paid UAW officials bribes to sign pro-company labor agreements. Earlier this month, Jewell was given a wrist-slap sentence of 15 months in jail.

While the UAW will no doubt claim that Grimes was yet another “bad apple” acting on his own behalf, the indictment makes clear that he worked under the direction of and collaboration with senior UAW officials, and refers to two unnamed union officials as co-conspirators.

As with the revelations at Fiat-Chrysler, the corruption allegations at GM center around the UAW-company “training center,” which in reality serves as a conduit for cash from the company to the union.

GM, the largest of the Detroit Three automakers, has played a leading role in establishing such corporatist schemes. It was the first to establish a training center in the early 1980s, which required the amendment of federal laws against companies funding unions. Over the last four

decades GM funneled billions of dollars to the UAW, in the form of ostensibly legal as well as illegal bribes, to shore up the financial position of its “union partners,” who had suffered a massive loss of union dues because of the UAW's collusion in the destruction of hundreds of thousands of jobs.

The UAW-GM Human Resource Center is also the home of the multi-billion retiree health care trust—known as the Voluntary Employees' Beneficiary Association or VEBA—that has served as a massive slush fund for the UAW. The union acquired billions of dollars in GM stock to fund the VEBA as part of the Obama administration's bailout in 2009, giving it a direct financial incentive to drive down wages for its members.

The indictment describes kickback schemes involving useless multi-million-dollar vendor contracts from the UAW-GM Training Center for clothing, watches and other union-branded material. One vendor was a chiropractor for one of the unnamed union officials, who opened a custom-made watch business in 2012 whose only customer was the UAW. A \$250,000 kickback for a contract with the company for more than 50,000 watches was hand-delivered to the home of an unnamed “Union Official 1.”

In 2006, Grimes pressed another vendor, then under contract to produce 23,000 watches, to give him a \$60,000 loan to purchase a house in suburban Detroit. The vendor also agreed to pay Grimes \$1,800 per month, later rising to \$3,800 per month, in “consulting” fees, totaling nearly \$900,000 by the time payments stopped in 2017. The payments were concealed through a sham company established by Grimes' wife Karen.

Grimes set up another contract for 50,000 “Team UAW-GM” branded jackets, worth approximately \$6 million, at the behest of another union official, who also suggested that they demand \$300,000 in kickbacks for a third union official. Grimes also demanded and received

an additional \$530,000 in bribes for himself.

To add insult to injury, many of these clothing items were never even distributed to the union membership. Roughly 58,000 watches, which cost nearly \$4 million to make, are currently sitting in a warehouse on the training center's property.

During sentencing hearings this month, Norwood Jewell's attorneys claimed that he, who like Grimes emerged out of GM in Flint, was a clean, honest "GM kind of guy" until he was thrust into a culture of corruption supposedly endemic only at Fiat-Chrysler. This absurd pretense has been shattered by the latest indictment. In reality, the UAW's Ford and GM divisions had been under investigation for years.

Such schemes are endemic to the UAW, which has long since been converted into a business run by well-heeled executives whose *reported* incomes reach the hundreds of thousands, while the incomes of the autoworkers they claim to represent have been thrown back a hundred years. Grimes' Labor Department reported income totaled \$150,574 per year, while Estrada and Ashton received \$158,480 and \$141,528 respectively.

After retiring from the union, Ashton was put on the GM board of directors in 2014 as the nominee of the UAW-run VEBA. Ashton abruptly resigned from the board in 2017 after the *Detroit News* reported that he was a person of interest in the federal corruption investigation.

In 2015, Estrada rammed through a pro-company deal past the resistance of rank-and-file GM workers, violating the union's own statutes by declaring it ratified despite the rejection by skilled trade workers. She was also instrumental in signing backroom deals that allowed GM to set up a wholly owned subsidiary, GM Subsystems, and hire low paid contract workers at assembly plants in Orion, Michigan, and Lordstown, Ohio. The 2015 contract and subsequent deal paved the way for GM to close five factories in North America, including the Lordstown plant.

The UAW responded to the *World Socialist Web Site's* exposures of its 2015 betrayal by denouncing the *WSWS Autoworker Newsletter* for "spreading fake news," while Estrada said the *WSWS* was a tool of the Republican Right to Work Committee. In reality, it was top UAW officials who pushed through these sellout deals who were on the payroll of big business.

UAW executives also enjoy close political connections to the Democratic Party, for whom the unions are a key base of financial support. Grimes was a delegate to the Democratic National Convention in 2016, and Jewell was

reputedly a "kingmaker" in Flint during his time at GM. Senator Bernie Sanders invited Estrada to a town hall meeting last year on social inequality, where he presented her as an unalloyed representative of the American working class.

Autoworkers who reached out to the *World Socialist Web Site* expressed anger and contempt in response to the indictment of Grimes. "It's disgusting and should be dealt with the harshest punishment," one said. "I have been dealing with crazy things on local level all my 25 years. Just sad!"

One John Deere worker said, "Let us not forget that they have done the same to all the John Deere workers as well, not just the auto workers. Our pay is half of what it was 10 years ago, [on top of] insurance copays [and a] 2 tier wage system. Everything the UAW is doing to the autoworkers they have done to Deere employees as well."

Another autoworker expressed outrage at the light sentences which Jewell and other convicted officials have received. "What are the Feds going to do for us while giving the takers the lowest punishment? Absolutely not a thing. They raised our union dues only [for us] to be screwed over by the Company, while the Union allows it to happen. I'm on 30 days off without pay and no fight at all from the Union. All I got was 'I'm so sorry' ... I'm done paying dues. I don't see the point of fattening the frog for the snake, when the UAW allows the company to do whatever to you while they escort you to the gate to get off their property."

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