

New details of union corruption emerge as GM files lawsuit against former UAW VP Joe Ashton

By Shannon Jones
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In a further legal bullet directed against Fiat Chrysler, General Motors filed a lawsuit this week against former United Auto Workers Vice President Joe Ashton for his alleged role in a scheme bankrolled by Fiat Chrysler to force a merger between the two auto companies.

The latest move represents a deepening of the legal feud between GM and FCA in the context of a deepening economic crisis and heightened financial pressures from Wall Street.

The lawsuit, which contains further details of UAW corruption, is a continuation of efforts by GM to collect damages from FCA over the massive bribery of UAW officials by its rival. The payouts were made to obtain concessions contracts robbing autoworkers of billions of dollars in wages and benefits. GM claims it was harmed by the bribery scheme because it did not receive the same cost savings courtesy of the UAW as did FCA.

The latest legal move by GM follows the court's dismissal of an earlier racketeering lawsuit GM had filed against FCA. The lawsuit against Ashton further elaborates GM's claim that FCA conducted a massive bribery operation aimed at co-opting UAW officials that included payouts totaling millions of dollars funneled through secret offshore bank accounts. According to GM the payouts were in addition to the bribes, kickbacks and embezzlement documented by federal prosecutors that have led to the indictment of 11 UAW officials, including former UAW presidents Gary Jones and Dennis Williams.

In response to the lawsuit, FCA called the latest GM claims a "rehash of the preposterous conspiracy theories" in its previous legal action and called for the courts to throw out the complaint.

On Tuesday, GM also sued Alphons Iacobelli and Fiat Chrysler in relation to the UAW bribery scheme. Iacobelli, the head negotiator for FCA in the 2015 contract talks, is serving a 5½ year prison sentence for his role in funneling bribes to the UAW via the joint UAW-FCA training center.

In the latest court filing, GM says its investigators uncovered "financial accounts in the Cayman Islands (Cayman National Bank) and Japan (Shinsei Bank) held in the name of Ashton and/or Ashton's charity." The lawsuit alleges these accounts contain money secretly paid to Ashton by FCA for its help in a plot to force GM to accede to a merger. The document also claims that in relation to Williams, "accounts exist in Switzerland (LGT Bank) and Liechtenstein (Mason Private Bank) in his name and in the name of a business entity he controls."

Ashton served on the GM board of directors between 2014 and 2017 as the UAW appointee. During this time GM says Ashton acted as a mole for FCA in violation of his duty to GM shareholders. The GM lawsuit alleges Williams served as a "key player" in the conspiracy.

In citing the explicit legal obligation of Ashton as a GM board member to serve the best interests of GM management, the lawsuit underscores once again the role of the UAW as an agent of the auto companies. By claiming a seat on the GM board, the UAW explicitly agreed to renounce any claim to represent the independent interests of workers. This, in fact, has been a reality for over four decades.

In its court filing, GM cites Ashton's guilty plea last year for his role in a multi-million-dollar kickback scheme involving vendors of UAW branded

merchandise that netted the UAW official some \$500,000. The payouts were funneled through the Joint UAW-GM Center for Human Resources (CHR), now closed under terms of the 2019 agreement. In late August, Williams was indicted on federal charges for the embezzlement of UAW funds to pay for extended vacations in Palm Springs and other expensive perks.

GM says it was unaware of the kickback scheme engineered by Ashton, which it said represented a clear conflict of interest with Ashton's duties as a board member.

GM defies credibility in striking a pose of injured innocence in relation to Ashton's siphoning of funds through the CHR operation. The funds passing through the CHR are monitored closely by GM and the inflated contracts agreed to by Ashton would have had to be authorized by GM management. The apparent ease with which Ashton evaded scrutiny points to endemic corruption in the whole operation of the CHR.

The new GM lawsuit against Ashton revives claims by GM that FCA conspired with the UAW in so-called Operation Cylinder aimed at forcing a merger between the two companies, a goal sought by the late FCA CEO Sergio Marchionne. The scheme relied on support from Ashton and Williams, GM alleges.

"These UAW leaders' support was essential to the success of Operation Cylinder because, among other reasons, the UAW could effectively block a merger under certain terms in the (collective bargaining agreement)," GM charged. "That the UAW wielded this veto potential over any merger was well known to Marchionne, Iacobelli, and Williams," it continues.

The new allegations by GM are a further demonstration of the role of the UAW as a bought-and-paid-for subsidiary of the auto companies. This scale of corruption is not simply the result of various criminal individuals in the leadership. Criminality is the very essence of the UAW. It is not a workers' organization, but a tool of corporate management.

Whatever the truth of GM's claims that it was "harmed" by FCA, the real victims in this conspiracy are the workers, who have lost tens of thousands of jobs, wages, pensions and health care benefits. Due to a series of sellout contracts imposed by the UAW, large numbers of autoworkers are temporary, part-time or contract workers earning dismal wages, few benefits

and serving at the whim of the auto companies. These workers have virtually no contract rights and can be fired or laid off at any time to suit the needs of management.

The role of the UAW in suppressing opposition to the resumption of full production by the auto companies in the midst of the ongoing and deadly pandemic is a continuation of the ongoing criminal conspiracy involving the union, management and government officials against workers. Now workers' very lives are being sacrificed for the sake of profit.

The ever-widening UAW corruption scandal underscores the necessity for the expansion of the network of rank-and-file safety committees already established by autoworkers at auto and auto parts factories in Michigan, Indiana and Illinois as the genuine voice of autoworkers. These committees are fighting to prepare unified industrial and political action to defend the health and safety of all workers and their communities. It is now more urgent than ever that workers take their fate into their own hands.

To join the rank-and-file safety committee at your plant, or for assistance in establishing a committee, contact the World Socialist Web Site Autoworker Newsletter at autoworkers@wsws.org.

To contact the WSWS and the
Socialist Equality Party visit:

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