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FCA US LLC CHARGED FOR MAKING ILLEGAL PAYMENTS TO UAW OFFICIALS

The American Subsidiary of Stellantis Agrees to Plead Guilty and Pay a \$30 Million Fine

DETROIT – FCA US LLC (FCA, a/k/a Fiat Chrysler Automobiles), one of the big three American automobile manufacturers, has been charged with and has agreed to plead guilty to conspiring to violate the Labor Management Relations Act, also known as the Taft-Hartley Act, by making illegal payments to officers of the United Auto Workers union, United States Attorney Matthew Schneider announced today.

FCA is the American operating subsidiary of Stellantis.

Today, the United States filed a criminal Information against FCA, charging the company with conspiring with other entities and individuals to violate the Taft-Hartley Act by making more than \$3.5 million in illegal payments to officers of the International Union, United Automobile, Aerospace, and Agricultural Implement Workers of America (UAW) during the period 2009 through 2016. During the conspiracy, executives of FCA, including Alphons Iacobelli, Jerome Durden, and others, engineered the illegal payments to senior officials of the UAW. During the conspiracy from 2009 through June 2015, Iacobelli was the Senior Vice President of FCA US LLC in charge of labor relations.

The illegal payments to UAW officials took various forms, including extravagant meals, rounds of golf, lavish parties for the UAW International Executive Board, an Italian-made shotgun, clothing, designer shoes, and other personal items paid for with credit cards issued by the joint training center. FCA executives also paid off the \$262,000 home mortgage of former UAW Vice President General Holiefield. Holiefield and his widow also received hundreds of thousands of dollars directed through Holiefield's purported charitable organization, as well as companies controlled by him which had contracts with the training center. The illegal payments were passed through the UAW-Chrysler Skill Development & Training Program d/b/a the UAW-Chrysler National Training Center (NTC). Ostensibly, the NTC was supposed to provide training and health and safety protections for FCA workers. The UAW officials who accepted illegal payments included former UAW Vice Presidents Holiefield and Norwood Jewell, Holiefield's widow, Monica Morgan, and senior UAW officials, Virdell King, Keith Mickens, and Nancy Johnson. Morgan and all of the UAW officials, except for Holiefield, have pleaded guilty to conspiring to accept the illegal payments from FCA or tax charges. Holiefield died in 2014.

The United States has entered into a Rule 11 Plea Agreement with FCA. Under the terms of the agreement, FCA has agreed to plead guilty to violating the Labor Management Relations Act. The company has agreed to pay a fine of \$30 million. In addition, FCA has agreed to be subject to probation for three years. During that three year period, an independent compliance monitor selected by the government will oversee the company's adherence to federal labor laws. A guilty plea hearing has not yet been set, and the parties' plea agreement will be subject to review and approval by the court.

United States Attorney Schneider said, “No matter the size or importance of a company, our job in the Justice Department is to faithfully enforce federal law. This proposed guilty plea ensures that FCA will be held accountable. With a \$30 million fine, three years of probation, and a court-appointed monitor, we seek to make sure similar crimes do not happen at the company again.”

“FCA US LLC conspired to make improper labor payments to high-ranking UAW officials, which were used for personal mortgage expenses, lavish parties, and entertainment expenses. Instead of seeking to negotiate in good faith, FCA undermined the collective bargaining process and the UAW members’ rights to fair representation. We will continue to work with our law enforcement partners to root out systemic corruption and fraud involving unions,” stated Irene Lindow, Special Agent-in-Charge, Chicago Region, U.S. Department of Labor Office of Inspector General.

“FCA provided money and other items of value in an attempt to create an atmosphere more favorable for negotiating with the UAW,” said Timothy Waters, Special Agent in Charge of the FBI in Michigan. “This sweeping investigation and the plea today send a clear message that the FBI, along with its federal partners, will continue to hold corporations accountable when they violate federal laws.”

“FCA conspired with its executives and others to divert funds from the National Training Center and line the pockets of numerous UAW officials. These actions undermined the collective bargaining process and deprived UAW represented FCA employees of joint training opportunities. IRS-CI is committed to aggressively investigating corporate fraud and corrupt executives who abuse their positions of power and misuse corporate funds for their personal benefit,” stated Sarah Kull, Special Agent in Charge of the Internal Revenue Service – Criminal Investigation Detroit Field Office.

“Today’s proposed guilty plea holds FCA accountable for its role in undermining the collective bargaining process by making hundreds of thousands of dollars in illegal payments to high ranking UAW officers at the expense of UAW members,” said Thomas Murray, District Director, U.S. Department of Labor, Office of Labor-Management Standards. “OLMS is committed to seeking justice when anyone puts personal financial gain ahead of the best interests of union members.”

Thus far, as part of this investigation of illegal payments by FCA to UAW officials, as well as fraud and embezzlement by other UAW officers, fifteen individuals have been convicted of federal crimes, including three former FCA executives. They include former UAW Vice President Joseph Ashton (30 months in prison) former FCA Vice President for Employee Relations Alphons Iacobelli (66 months in prison), former FCA Financial Analyst Jerome Durden (15 months in prison), former Director of FCA’s Employee Relations Department Michael Brown (12 months in prison), former senior UAW officials Virdell King (60 days in prison), Keith Mickens (12 months in prison), Nancy A. Johnson (12 months in prison), Monica Morgan, the widow of UAW Vice President General Holiefield (18 months in prison), former UAW Vice President Norwood Jewell (15 months in prison), and former senior UAW official Michael Grimes (28 months in prison). In addition, the following UAW officials have pleaded guilty and are awaiting sentencing: former UAW President Gary Jones, former senior UAW official Jeffrey Pietrzyk, former UAW Region 5 Director and UAW Board member Vance Pearson, former UAW Midwest CAP President Edward “Nick” Robinson, and former UAW President Dennis Williams.

U.S. Attorney Schneider commended the outstanding work of the Internal Revenue Service – Criminal Investigations, the U.S. Department of Labor – Office of Labor-Management Standards and Office of Inspector General, and the Federal Bureau of Investigation in conducting a comprehensive criminal investigation into labor corruption activities involving a vital sector of the local and national economy.

This case is being prosecuted by Assistant U.S. Attorneys David A. Gardey and Erin S. Shaw.

Topic(s): Public Corruption

Component(s): [USAO - Michigan, Eastern](#)