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Fiat Chrysler's Former Vice President for Employee Relations Pleads Guilty to Conspiracy to Pay Off Senior UAW Officials

The former Vice President for Employee Relations at Fiat Chrysler Automobiles LLC ("FCA" or "Fiat Chrysler") who served as the lead negotiator for, and administrator of, the collective bargaining agreements between FCA and the UAW, pleaded guilty today to conspiring to commit violations of the Labor Management Relations Act, announced U.S. Attorney Matthew Schneider.

Joining in the announcement were James Vanderberg, Special Agent in Charge of the U.S. Department of Labor – Office of Inspector General, Ian Burg, District Director, U.S. Department of Labor – Office of Labor-Management Standards, David P. Gelios, Special Agent in Charge of the Detroit, Michigan office of the Federal Bureau of Investigation, and Manny Muriel, Special Agent in Charge of the Detroit, Michigan office of the Internal Revenue Service – Criminal Investigations.

Alphons Iacobelli, 58, of Rochester Hills, Michigan, pled guilty before United States District Judge Paul D. Borman. Iacobelli admitted that he conspired with FCA, with other FCA executives and employees, and with senior UAW officials to illegally deliver over \$1.5 million in prohibited payments and things of value to senior UAW officials. Iacobelli was involved in the conspiracy from 2009 through June 2015. The senior UAW officials included UAW Vice President General Holiefield, UAW Assistant Director Virdell King and others.

Iacobelli also admitted that when he conspired to make these illegal payments to senior UAW officials, he did so while acting in the interest of his employer, FCA - - in an effort to obtain benefits, concessions, and advantages for FCA in the negotiation, implementation, and administration of the collective bargaining agreements between FCA and the UAW.

The illegal payments included paying off the mortgage on Holiefield's home, first-class airline travel, designer clothing, furniture, jewelry and custom-made watches.

In August 2014, Iacobelli authorized the expenditure of more than \$30,000 for a party for a different senior UAW official held at the FCA-UAW World Class Manufacturing Academy in Warren, Michigan. The expenditure included charges for "ultra-premium" liquor, more than \$7,000 worth of cigars, and more than \$3,000 worth of wine with custom labels in honor of that UAW official.

Besides pleading guilty to conspiracy to violate the Labor Management Relations Act, Iacobelli also pled guilty to subscribing a false tax return based on his failure to report hundreds of thousands of dollars in income that he illegally diverted from the UAW-Chrysler National Training Center.

Iacobelli's plea marks the third conviction in the ongoing criminal investigation into illegal payoffs to UAW officials.

- In August 2017, Jerome Durden, a financial analyst in FCA's Corporate Accounting Department, pled guilty to a conspiracy charge, admitting that he and Iacobelli used the UAW-Chrysler National Training Center as a conduit to conceal over a million dollars in prohibited payments and things of value paid to Holiefield and other UAW officials. Durden admitted to preparing and filing numerous

false tax returns on behalf of the tax-exempt UAW-Chrysler National Training Center and on behalf of a purported charity called the Leave the Light On Foundation as part of a conspiracy to obstruct and impair the IRS. Durden's sentencing has been set for May 22, 2018.

- Later in August 2017, King, a senior UAW official responsible for negotiating and administering the national collective bargaining agreements with FCA on behalf of tens of thousands of UAW members, and a member of the UAW's National Negotiating Committees in 2011 and 2015, pled guilty to conspiring to take and receive money and things of value from persons acting in FCA's interest, including Iacobelli and Durden. King's sentencing has been set for June 4, 2018.

"Fiat Chrysler's most senior labor negotiator colluded with top UAW leaders for many years to illegally line UAW officials' pockets. Combatting corruption of this sort is one of our office's highest priorities, and these crimes of greed will not be tolerated in our district," said U.S. Attorney Schneider.

"Today's guilty plea signifies another victory for the hard working members of the UAW who were promised honest and ethical representation from the labor leaders they elected to bargain in their best interests with FCA", said David P. Gelios, Special Agent in Charge, Detroit Division of the FBI. "Instead, both UAW and FCA officials conspired to receive monetary benefits at the expense of their workforce which understandably erodes the public's confidence in the collective bargaining process. So long as such practices exist, the FBI and its federal partners will continue to aggressively root out corruption in both corporate and labor union boardrooms."

"Iacobelli conspired with Fiat Chrysler Automobiles and its executives to corrupt the collective bargaining process by making more than \$1.5 million in prohibited payments and things of value to officers and employees of the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America. We will continue to work with our law enforcement partners and the U.S. Department of Labor's Office of Labor - Management Standards to protect the union members' right to fair representation," said James Vanderberg, Special Agent-in-Charge Chicago Region, U.S. Department of Labor Office of Inspector General.

"Alphons Iacobelli was also convicted of criminal tax violations of the United States Tax Code based on his actions in diverting hundreds of thousands of dollars for his personal benefit from the UAW-Chrysler National Training Center, a tax exempt organization, and failed to report that diverted income on his individual federal tax returns, stated Manny Muriel, Special Agent in Charge of IRS-Criminal Investigation's Detroit Field Office. "Mr. Iacobelli will be required to repay the Internal Revenue Service and the American Taxpayers over \$835,000 and faces a statutory maximum of three years in prison for his tax crime. IRS-CI will continue to work with its partners in federal law enforcement to ensure that individuals who misuse tax exempt organizations for their personal benefit face the most serious penalties under the law."

The case was investigated by the Centers for Disease Control and Prevention, US Department of Transportation, and US Customs and Border Protection.

Iacobelli's sentencing has been set for May 29, 2018. He faces a statutory maximum penalty of 8 years in prison.