

**Department of Justice**

U.S. Attorney's Office

Eastern District of Michigan

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## **Former Senior UAW Official Sentenced to 28 Months for Taking Over \$1.5 Million in Bribes and Kickbacks**

Michael Grimes, a former high-level official in the UAW's General Motors Department, was sentenced to 28 months in federal prison today for conspiring with other UAW officials to engage in honest services fraud by taking over \$1.5 million in bribes and kickbacks from UAW vendors and contractors and for conspiring to launder the proceeds of the scheme, announced U.S. Attorney Matthew Schneider.

Joining in the announcement were Irene Lindow, Special Agent in Charge of the U.S. Department of Labor – Office of Inspector General, Steven M. D'Antuono, Special Agent in Charge of the Detroit, Michigan office of the Federal Bureau of Investigation, Sarah Kull, Special Agent in Charge of the Detroit, Michigan office of the Internal Revenue Service – Criminal Investigations, and Thomas Murray, District Director, U.S. Department of Labor – Office of Labor-Management Standards.

In September, Michael Grimes, 66, of Ft. Myers, Florida, who is a native of Grand Blanc, Michigan, pleaded guilty to conspiring with two other high-level UAW officials—Joseph Ashton and Jeffrey Pietrzyk—to take millions of dollars in bribes and kickbacks from vendors doing business with the joint UAW-GM Center for Human Resources (CHR). Ashton, 71, of Ocean View, New Jersey, and Pietrzyk, 78, of Grand Island, New York, have since pleaded guilty. This “pay to play” scheme which began in 2006, and lasted over twelve years, reaped Grimes over \$1.5 million which he spent on property, houses, cosmetic surgery for a relative, and a host of other items which never benefited the UAW membership.

The CHR is supposed to be a center for training UAW workers employed by GM. But Grimes, Pietrzyk, and Ashton, each of whom served on the Executive Board for the CHR, abused the power they had to approve contracts with vendors for watches, jackets, backpacks, and UAW stores at GM manufacturing facilities, and demanded kickbacks for their own financial gain. For example, in 2011, Grimes, Ashton and Pietrzyk demanded that a vendor give them a \$300,000 kickback on a \$6 million contract to purchase 50,000 jackets emblazoned with “Team UAW-GM.” Grimes collected the \$300,000 kickback and delivered the proceeds to Ashton and Pietrzyk. Grimes demanded an additional kickback of \$525,000 from the same vendor for the same jacket contract.

In another scheme to defraud, Grimes, Ashton and Pietrzyk demanded kickbacks on a \$3.9 million contract for the CHR to buy 58,000 watches for all UAW members employed by GM. The UAW officials demanded over \$300,000 in kickbacks on the watch contract to be distributed between 2013 through 2016. Some of the kickbacks were distributed in the form of checks disguised as tens of thousands of dollars in payments for “antique furniture.” The majority of the kickbacks were distributed as cash. In 2014, the UAW-GM CHR received the 58,000 watches from the vendor. However, the watches were never distributed to UAW members. Instead, the watches have been sitting in storage in a warehouse for over five years.

Grimes also conspired to launder the proceeds of the kickback scheme by using a series of complicated schemes, including funneling the money through a sham consulting company run by a relative, to conceal and disguise the bribes and kickbacks.

As part of this investigation, the government has forfeited money and real property from Grimes totaling over \$1.5 million.

Grimes is one of many to plead guilty and be sentenced in connection with the ongoing criminal investigation into corruption within the UAW. The following individuals have already pleaded guilty to their participation in the scheme and have been sentenced: 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), and former UAW Vice President Norwood Jewell (15 months in prison). Most recently, former UAW Region 5 Director Vance Pearson pleaded guilty last week.

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.

“It is imperative that the UAW leadership continues to be held accountable to their fiduciary duties and responsibilities,” said United States Attorney Matthew Schneider. “Today’s sentence represents another step forward in our efforts to target and prosecute corrupt UAW leaders who place their drive for personal enrichment ahead of the mission of the union.”

“Michael Grimes engaged in a fraudulent scheme to deprive the International United Auto Workers Union of his honest services by demanding and accepting over \$1.5 million in bribes and kickbacks from vendors. Grimes' criminal actions were an effort to enrich himself at the expense of dues-paying UAW members. We will continue to work with our law enforcement partners to investigate those who facilitate illegal payments to union officials entrusted to negotiate on behalf of union members,” stated Irene Lindow, Special Agent-in-Charge, Chicago Region, U.S. Department of Labor Office of Inspector General.

“The trail of money has led to the truth, an ugly truth of bribery, kickbacks and sham corporations, ultimately netting Michael Grimes \$1.5 million dollars at the expense of UAW workers. Today’s sentence brings the UAW one step closer to removing the greedy and corrupt leadership that once embodied UAW officials across the country,” said Sarah Kull, Special Agent in Charge of Detroit’s IRS Criminal Investigation.

“Michael Grimes failed his fiduciary duties as a UAW official and betrayed the trust of the UAW membership when he used his union position to demand bribes and kickbacks from vendors in excess of \$1.5 million so that he could enrich himself and other UAW officials,” said Thomas Murray, District Director, U.S. Department of Labor, Office of Labor-Management Standards. “Today's conviction leaves no question as to the agency’s commitment to seek justice when anyone puts personal financial gain ahead of the best interests of their fellow union members.”

The case is being prosecuted by Assistant U.S. Attorneys Frances Carlson and Eaton Brown.