



**United States Attorney's Office
Eastern District of Michigan**

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PRESS RELEASE

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**Former UAW Regional Director and Board Member Pleads
Guilty to Racketeering and Embezzlement Conspiracy**

Vance Pearson, the former Director of the United Auto Worker's Region 5 and a former member of the UAW's International Executive Board, pleaded guilty today to conspiring with other UAW officials to embezzle hundreds of thousands of dollars of UAW dues money and to further racketeering activity 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.

Vance Pearson, 58, of St. Charles, Missouri, pleaded guilty to conspiring to embezzle UAW dues money and conspiring to use a facility of interstate commerce to aid racketeering crimes between 2010 and September 2019. Between June 2018 and September 2019, Pearson served as the Director of Region 5 of the International Union, United Automobile, Aerospace, and Agricultural Workers of America ("UAW"). The UAW's Region 5 is headquartered in Hazelwood, Missouri, and covers the tens of thousands of UAW members in Missouri and the sixteen states to the southwest, including California and Texas. As Region 5 Director, Pearson was a member of the UAW's International Executive Board, which governs the affairs of the union. Between 2016 and June 2018, Pearson served as the Assistant Director of Region 5.

During the plea hearing, Pearson admitted that he conspired with at least six other senior UAW officials in a multiyear conspiracy to embezzle money from the UAW for the personal benefit of Pearson and other senior UAW officials. Pearson and other UAW officials concealed personal expenditures in the cost of UAW Region 5 conferences held in Palm Springs, California, Coronado, California, and Missouri. Between 2010 and 2018, Pearson and other UAW officials submitted fraudulent expense forms seeking reimbursement from the UAW's Detroit headquarters for expenditures supposedly incurred in connection with Region 5 leadership and training conferences. In truth, however, Pearson and his co-conspirators used the conferences to conceal the hundreds of thousands of dollars in UAW funds spent on lavish entertainment and personal spending for the conspirators.

For example, Pearson and other senior UAW officials used UAW money to buy sets of golf clubs, individual clubs, and other golf equipment that cost thousands of dollars. They spent over \$100,000 to purchase golf clothing, shirts, hats, sunglasses, golf balls, jackets, and fashion shorts from various pro shops at golf courses in California and Missouri. And they spent tens of thousands of dollars in UAW funds at the Indian Canyons golf course in Palm Springs on green fees for golfing outside of the time of the UAW conferences.

Pearson and other UAW officials also spent hundreds of thousands of dollars in UAW funds to rent villas in gated communities in Palm Springs for senior UAW officials for long periods of time outside of the dates set for the UAW conferences. In one instance, a high-level UAW official received the use of a Palm Springs villa for four months, all paid for with UAW funds. UAW funds were also used to pay for meals for senior UAW officials at high-end restaurants outside the time periods of the UAW conferences.

As part of the conspiracy, Pearson and his co-conspirators embezzled over \$60,000 in UAW funds for the purchase of boxes of cigars, humidors, cigar cutting equipment, and lighters from 2014 to 2018. The costs of the cigars were hidden within the expenses for the Region 5 conferences. Pearson caused the UAW to file false reports with the Department of Labor wherein the various embezzlement activity was concealed.

During search warrants executed by federal law enforcement in August 2019 in connection with the investigation, agents recovered dozens of cigars, humidors, and other tobacco-related items in the personal residences of UAW officials. In addition, agents seized hundreds of high-end bottles of liquor, hundreds of golf shirts, multiple sets of golf clubs, and over thirty thousand dollars in cash. Agents seized sets of golf clubs from Pearson's UAW office and from the home of another UAW official which were paid for with embezzled UAW funds.

Besides conspiring with other UAW officials to embezzle UAW funds, Pearson also conspired with UAW officials to aid racketeering crimes by using a facility of

interstate commerce, in this case, the internet and electronic mail, to aid racketeering activity.

Based on his racketeering and embezzlement conspiracy conviction, Pearson faces a maximum of five years in prison and a fine of up to \$250,000.

As part of his guilty plea, Pearson agreed to forfeit \$81,000 from his so-called "Flower Fund." A UAW Regional Director's Flower Fund was ostensibly to be used for the purchase of flowers for the funerals of UAW members and their families. In practice, however, UAW officials have been forced to pay into the flower funds and the money has been exploited by senior UAW officials for their own personal use. In addition, Pearson agreed to forfeit \$38,000 held in a "Members in Solidarity," which was an account ostensibly to be used for campaign expenses associated with UAW elections. Finally, Pearson agreed to forfeit the set of custom made Titleist golf clubs seized from his office and which was paid for with UAW dues money.

Pearson is the twelfth defendant to plead guilty in connection with the ongoing criminal investigation into illegal payoffs to UAW officials by FCA executives and corruption within the UAW itself. 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). In addition, the following UAW officials have pleaded guilty and are awaiting sentencing: former UAW Vice President Joseph Ashton, former senior UAW official Michael Grimes, and former senior UAW official Jeffrey "Paycheck" Pietrzyk. Former UAW Official Edward "Nick" Robinson has been charged in a criminal information, and his case is still pending.

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.

"Today's guilty plea is one more leap forward in our drive to prosecute corruption at the highest levels of the United Auto Workers union," said United States Attorney Matthew Schneider. "The UAW needs to be led by men and women of integrity who are dedicated to bettering the lives of the hard-working members of the union, not dedicated to lining their own pockets."

"Vance Pearson conspired with senior UAW officials to embezzle hundreds of thousands of dollars in union dues to further their racketeering activity. His actions were

an effort to personally enrich himself at the expense of dues-paying UAW members. We will continue to work with our law enforcement partners to protect the financial integrity of labor organizations,” stated Irene Lindow, Special Agent-in-Charge, Chicago Region, U.S. Department of Labor Office of Inspector General.

“Mr. Pearson is the twelfth UAW official to plead guilty as a result of a criminal investigation which has made clear that corruption has become systemic within this organization,” said SAC D’Antuono. “The FBI and our law enforcement partners are committed to doing what is necessary to restore this great organization to its original purpose – serving hard-working union families, not enriching the powerful few.”

“As Director of the UAW’s Region 5, Vance Pearson was responsible for serving the interests of tens of thousands of UAW members across 16 states. Instead, Pearson assisted in orchestrating an ongoing criminal enterprise to enjoy a life of absolute luxury, spending hundreds of thousands of dollars with his co-conspirators in union member dues on golf, custom clubs, cigars, booze, vacations and high-end restaurants. IRS-CI is committed to investigating crimes of embezzlement, conspiracy and racketeering,” stated Sarah Kull, Special Agent in Charge of Detroit’s IRS Criminal Investigation.

“Vance Pearson failed his fiduciary duties as a UAW officer when he used his position to embezzle over \$100,000 of UAW funds so he and his co-conspirators could live a lavish lifestyle at the expense of the union members he was elected to represent,” said Thomas Murray, District Director, U.S. Department of Labor, Office of Labor-Management Standards. “OLMS will continue to work with the U.S. Attorney’s Office and our fellow law enforcement agencies to eliminate the corruption within the UAW International Union.”

The case is being prosecuted by Assistant U.S. Attorneys David A. Gardey Steven Cares.