



UAW Reaches Settlement Deal, Bringing Corruption Probe Closer To Completion

December 17, 2020 | [Labor And Employment, Unions And Union Membership](#)



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The Department of Justice reached a [civil settlement with the United Auto Workers](#) (UAW) union, marking the end of a multiyear federal corruption investigation into the union. The proposed settlement, which still has to be approved by a federal judge, includes a six-year period of independent oversight. During that period, a monitor nominated by the union and approved by the Department of Justice will oversee investigations of corruption allegations and administer disciplinary actions. The UAW has also agreed to pay \$1.5 million to the IRS to resolve outstanding tax issues, in addition to the \$15 million it has already paid to worker training centers for improper kickbacks.

The union has also agreed to hold a referendum, overseen by the monitor, amongst rank-and-file members to vote on the manner in which they elect top union leaders. The UAW currently elects top leaders through a delegate system at its conventions, and elects local leaders through direct election. Union members will now decide if they want to keep the current system in place or move to a direct election for top leaders as well.

By agreeing to an independent monitor overseeing UAW reforms as part of the settlement, the union will also avoid the potential of a [federal takeover of the union](#), which the Department of Justice previously proposed as a possibility. The proposed settlement will end the probe into the union, but investigators are still pursuing unspecified individuals and investigating Ford

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and Fiat Chrysler Automobiles. The U.S. Attorney's office in Detroit [began investigating the union for corruption](#) in 2015 and has uncovered embezzlement of over \$1.5 million in union dues, kickbacks to union officials from vendors, and \$3.5 million in illegal payments from executives at Fiat Chrysler. The investigation has led to 15 convictions so far, including two former UAW presidents. This has been a huge black eye for the union.

The UAW, which has seen a [significant drop in membership](#) over the years, is now operating in damage-control mode. The UAW's current president, Rory Gamble, has pledged to reform the union by weeding out bad actors and appointing an independent ethics officer. The UAW and its leadership face a heavy task of restoring trust in its leadership amongst its members. We'll see if they're up for it.