



## News Releases

February 28, 2008

### **Five IFCO managers indicted on federal charges stemming from employing illegal aliens**

ALBANY, N.Y. - Glenn T. Suddaby, United States Attorney for the Northern District of New York, and Julie L. Myers, Assistant Secretary of Homeland Security for U.S. Immigration and Customs Enforcement (ICE) announced today that a grand jury has returned a six-count felony indictment against five current managers of the Pallet Management Division of IFCO Systems North America ("IFCO"). The six-count felony indictment charges the defendants with engaging in a Conspiracy to Harbor Illegal Aliens, to Encourage and Induce Illegal Aliens, and to Transport Illegal Aliens.

"Under our national worksite enforcement strategy, ICE is bringing to justice corporate managers who harbor illegal aliens for their workforce in order to gain an unfair business advantage over their competition," said Julie L. Myers, Assistant Secretary of U.S. Immigration and Customs Enforcement. "Today's indictments are the result of significant work by ICE and the United States Attorney's Office, and represent a substantial step forward in this major national worksite enforcement investigation."

Charged in the indictment are:

- CHARLES DAVIDSON, age 45, of San Antonio, TX (current Vice President - New Market Development, formerly Director New Market Development);
- WILLIAM HOSKINS, age 30, of Cincinnati, OH (New Market Development Manager);
- BRYAN BAILEY, age 28, of Nashville, TN (New Market Development Manager);
- THOMAS SOTO CASTILLO, age 44, of Cincinnati, OH (Foreman Cincinnati/ operations manager for New Market Development);
- WENDY MUDRA, age 33, of Tampa, FL (Human Resources Manager).

The indictment further charges DAVIDSON, HOSKINS, SOTO CASTILLO, and MUDRA, with Aiding and Abetting the Harboring of Illegal Aliens (Count 2), and Encouraging and Inducing Illegal Aliens to Reside in the United States (Count 3). SOTO CASTILLO is also charged with three counts of Transportation of Illegal Aliens for the purpose of commercial advantage and financial gain (Counts 4-6).

The indictment stems from a long-term investigation by ICE of illegal employment-related

practices at IFCO plants nationwide. The investigation began in February 2005, when an employee of the IFCO plant in Albany, NY, called ICE to report that Hispanic workers at the plant were ripping up W-2 forms and a manager told him they were doing so because they were illegal aliens, had fake social security cards and did not intend to file their taxes.

On April 19, 2006, agents arrested seven current and former managers and executed search warrants at 9 IFCO facilities, including the Houston headquarters of the company. At the same time, a worksite enforcement action was conducted at over 40 IFCO plants nationally. ICE detained nearly 1,200 illegal aliens working at the plants at the time, the majority of the foreman and manual laborers present at the plants. Nearly all of the pallet workers and foremen ICE encountered at IFCO newest plants were illegal aliens - for example, 24 of 26 pallet workers in Albany, NY; 18 of 19 in Rittman, OH; 20 of 21 in Boston, MA; and all of the 27 pallet workers in St. Louis, MO; were illegal aliens.

Seven IFCO managers pled guilty in 2007 to felony and misdemeanor charges related to the unlawful employment of illegal aliens and await sentencing on those charges.

The indictment alleges that the conspiracy to harbor, encourage and induce, and transport, illegal aliens took place between at least April 2004 and April, 19, 2006, and that the conspiracy had the following manner and means:

- IFCO managers would and did seek to employ Hispanic manual laborers at IFCO plants with little or no regard to the legal status of the workers.
- When establishing a new IFCO plant, if Hispanic laborers could not be found in the communities of the plants, conspirator IFCO managers would and did move Hispanic alien laborers from outside of the area to staff the new plants.
- Conspirator IFCO managers employed defendant TOMAS SOTO CASTILLO, who had worked for the company as an illegal alien himself, and another manager from Houston, to find Hispanic laborers for the plants.
- Conspirator IFCO managers would and did hire almost exclusively non-U.S. citizen Hispanic aliens for pallet workers jobs at IFCO's new plants without completing I-9 Employment Eligibility Verification forms (required by law) for the workers and/or falsifying I-9 forms, without the background screening applied to the pallet workers sent to staff IFCO's customers' off-site facilities, and without screening the aliens with employment verification systems available to the company.
- Conspirator IFCO managers and other conspirators would and did allow alien workers at IFCO plants to use multiple social security numbers and identities during the course of employment - at times obtained through the assistance of IFCO managers.
- Conspirator IFCO managers and other conspirators would and did transport and attempt to transport illegal aliens, pay for the transportation of illegal aliens, and reimburse illegal aliens the cost of their transportation, all for the purpose of employing the aliens at IFCO plants.
- Conspirator IFCO managers would and did provide housing for Hispanic alien workers at IFCO plants who could not obtain housing on their own, by among other means, paying for hotel rooms, securing apartments and houses, paying rent, providing pay advances for rental costs.
- Conspirator IFCO managers would and did provide financial assistance to alien pallet workers at IFCO's new plants in addition to their pay, by cashing checks for workers, interceding on their behalf with bank personnel, transporting them to the bank to cash

paychecks, giving them money for living expenses like food and clothing, and purchasing personal items for workers.

- Conspirator IFCO managers and other conspirators would and did assist alien workers at IFCO plants to receive more money in their weekly pay by submitting inflated tax exemptions on W-4 forms and causing less federal taxes to be withheld from their paychecks.
- Conspirator IFCO managers would and did take steps to avoid the arrest of illegal alien workers at IFCO plants, including moving illegal alien workers between IFCO plants to avoid difficulties with law enforcement and immigration authorities.

All charges carry a ten-year maximum term of imprisonment, with the exception of the aiding and abetting charge, which has a five-year maximum term of imprisonment. All counts carry a maximum potential fine of \$250,000.

The criminal investigation is being conducted by ICE; the New York State Police, New York State Intelligence Center (NYSIC) and Special Investigation Unit; the Social Security Administration, Office of Inspector General; the Internal Revenue Service, Criminal Investigation; and the U.S. Department of Labor, Wage and Hour Division.

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U.S. Immigration and Customs Enforcement (ICE) was established in March 2003 as the largest investigative arm of the Department of Homeland Security. ICE is comprised of five integrated divisions that form a 21st century law enforcement agency with broad responsibilities for a number of key homeland security priorities.

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