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**U.S. Immigration
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U.S. Immigration and Customs Enforcement

News Releases

August 7, 2009

Houston-based doughnut company ordered to pay criminal fine and forfeit \$1.334 million to ICE

HOUSTON - Shipley Do-Nut Flour and Supply Company Inc. was sentenced Friday to be under court supervision for a period of three years, pay a criminal fine of \$250,000 and forfeit \$1.334 million to U.S. Immigration and Customs Enforcement (ICE) for harboring illegal aliens. ICE Assistant Secretary John Morton and U.S. Attorney Tim Johnson made the announcement.

U.S. District Judge Ewing Werlein Jr. handed down the sentence in federal court in Houston August 7. The company, through its president Lawrence Shipley III, pleaded guilty to conspiring to harbor illegal aliens in September 2008.

"An effective immigration enforcement strategy must target the illicit labor market that fuels illegal immigration," said Morton. "ICE will hold employers and businesses accountable and will hit those who knowingly break the law where it hurts - their bottom line."

Shipley Do-Nut Flour and Supply Company, headquartered in Houston, is a corporation that supplies baking materials and logistical support to retail stores and to 200 franchises across Texas, Alabama, Arkansas, Louisiana, Mississippi and Tennessee.

As part of its plea agreement with the United States, the company undertook measures to revise its immigration compliance program and implemented new procedures to prevent future violations of federal immigration laws. The \$1.334 million forfeited to the United States was paid in lieu of the United States forfeiting the company's interest in various company-owned residences where illegal alien employees were housed during the conspiracy.

Warehouse managers Jimmy Rivera and Julian Garcia, and warehouse supervisor Christopher Halsey, all who had authority to make managerial decisions including, but not limited to, hiring, job assignment and termination decisions for the company, also pleaded guilty to misdemeanor charges of hiring or continuing to hire illegal aliens. All three men were sentenced to six months probation and received fines in the amounts of \$1,500, \$2,000 and \$1,000, respectively. Lawrence Shipley pleaded guilty Aug. 28, 2008 to

continuing to hire illegal aliens and was sentenced to a similar probationary term and fined \$6,000.

The charges against the company arise from a criminal investigation initiated by ICE in January 2008 which included interviews with former employees and a thorough review and analysis of I-9 forms and Social Security Administration (SSA) No-Match letters. I-9 forms require an employer to establish an employee's identity and verify their employment eligibility at the time they are hired. SSA No-Match letters are sent to employers when reported Social Security numbers on W-2 forms do not match known social security numbers.

During an April 2008 enforcement action at the Houston-based company's facilities, ICE agents administratively arrested 27 illegal aliens employed by the company, and who lived in company-provided housing located at or near the warehouse. ICE agents also recovered 42 No-Match letters sent by the SSA which placed the company on notice that the aliens did not have valid Social Security numbers.

This case was investigated by ICE and was prosecuted by Assistant U.S. Attorney Ryan D. McConnell, Southern District of Texas.

-- ICE --

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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