



## News Releases

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### **Houston-area donut company, its president, and three managers are charged with immigration violations** *Shipley Do-Nut Flour and Supply Company expected to plead guilty to felony charge*

HOUSTON - The filing of federal charges was announced Thursday against Shipley Do-Nut Flour and Supply Company Inc. and Shipley Properties Inc. (Shipley Do-Nut), the company's president and three former and current managers. In addition, a guilty plea is anticipated by the company to the felony offense of conspiracy to harbor aliens. This announcement was made at a news conference by U.S. Attorney Don DeGabrielle, southern District of Texas, U.S. and Immigration and Customs Enforcement (ICE) Special Agent in Charge Robert Rutt.

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

U.S. District Judge Ewing Werlein Jr. has reset the re-arraignment hearing for Shipley Do-Nut Flour and Supply Company to Sept. 5 at 2 p.m. to afford the company time to file the resolution with the board of directors authorizing the president to enter a plea of guilty on behalf of the corporation. The company, through its president Lawrence Shipley III, is expected to plead guilty at to the conspiracy charged in count one of a "criminal information" filed under seal Friday, Aug. 22, and unsealed Thursday. If the court accepts the guilty plea and the plea agreement, Shipley Do-Nut faces a maximum fine of \$500,000 and up to five years probation at sentencing. In addition to any sentence imposed, the company, as part of its agreement with the United States, has taken measures to revise its immigration compliance program and agreed to begin implementing new procedures to prevent future violations of federal immigration laws. Shipley Do-Nut has also agreed to pay \$1.334 million to the United States in lieu of the United States forfeiting the company's interest in the various company-owned residences where illegal alien employees were housed.

"The security of our nation's borders depends not only upon on the interdiction of those illegally entering our country, but also upon holding accountable those who provide the incentive for aliens to risk their lives and liberty to do so," DeGabrielle said. "Today's charges seek to hold accountable a company, its president and several of its managers for providing that incentive. This morning, the company's president admitted his responsibility. This afternoon, the company is

expected to enter its plea of guilty. We will continue our efforts on both fronts. "

"ICE worksite enforcement investigations are worked in stages. I must caution the public and others from trying to rush justice. Gathering and examining evidence takes time to make a fair case to ensure that no one is unjustly accused," Rutt said. "When the evidence gathered supports a federal criminal prosecution, ICE works vigorously with our partners at the U.S. Attorney's Office to bring that criminal case to justice."

The charges against the company arose from a criminal investigation initiated by ICE in January 2008 after learning about allegations in a federal employment discrimination lawsuit, then pending in the Houston Division of the Southern District of Texas. Part of ICE's investigation into the company included interviews with civil plaintiffs, many of whom were illegal aliens, and thorough review and analysis of civil suit pleadings, I-9 Employer Review and Verification 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.

The criminal information alleges that in April 2008, more than 40 percent of the company's workforce were illegal aliens, the majority of I-9s were deficient or completed years after an illegal alien began working for the company, and that the company failed to take corrective measure to ensure the company hired workers authorized to work in the United States after receiving SSA No-Match letters.

An enforcement action taken in April 2008 by ICE agents at the Houston-based company's facilities on North Main resulted in administratively arresting 27 illegal aliens employed by the company, and living in company-provided housing located at or near the warehouse. The nine residences located on Jerome, Winston, Louise and Post streets in Houston are the subject of a forfeiture notice in the criminal information. Per the terms of the plea agreement, if accepted by the court, Shipley Do-Nut has agreed to pay the United States \$1.3 million in lieu of having their interest in the property forfeited.

As part of its investigation, ICE agents recovered 42 No-Match letters sent by the SSA which placed the company on notice that the aliens did not have a valid social security number.

After the April enforcement action, the company took measures to revise its immigration compliance program to ensure the company had new procedures in place to prevent future violations of federal immigration law, including hiring an outside consultant to advise the company on immigration compliance.

The United States expects its proof at this afternoon's hearing will establish beyond a reasonable doubt that Shipley Do-Nut knowingly provided housing for some of the aliens in violation of federal immigration law.

Lawrence Shipley III, 41, president of Shipley Do-Nut since March 2005, pleaded guilty before U.S. Magistrate Judge Stephen William Smith this morning to the charge of continuing to employ illegal aliens as alleged in count three of the criminal information. During that hearing, Shipley

admitted that since March 2005, when he became president of the company and responsible for overseeing, managing and supervising the various operations of the company including personnel decisions, he wrote and signed two letters on behalf of two employees he knew to be unauthorized to work in the United States and continued to employ them. Shipley faces a maximum of six months imprisonment and a fine of up to \$3,000 per unauthorized alien employee.

Christopher Halsey, 36, the current warehouse supervisor for the company, is charged in count three of the criminal information with continuing to employ illegal aliens. The former and current warehouse managers for the company, Jimmy Rivera, 54, and Julian Garcia, 38, are charged in count two with hiring illegal aliens. The criminal information cites one occasion in November 1998 when Rivera allegedly provided a false social security number to an alien which was one number off from his own. The criminal information also alleges that in December 2007 an illegal alien -- who was also a minor -- told Garcia he had fake documents when he was hired. Each charge carries a maximum punishment of six months imprisonment and a \$15,000 fine. All three men are expected to appear before U.S. Magistrate Judge Stephen William Smith on Sept. 5 at 10 a.m.

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

A "criminal information" is only an formal accusation of criminal conduct, not evidence. Halsey, Rivera and Garcia are presumed innocent unless convicted through due process of law.

-- 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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