



News Releases

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Houston-area donut company, its president and 3 managers plead guilty to immigration violations *ShIPLEY Do-Nut Flour and Supply Company agrees to pay \$1.334 million*

HOUSTON - Shipley Do-Nut Flour and Supply Company Inc. pleaded guilty here Friday to conspiring to harbor illegal aliens. This plea was announced by U.S. Attorney Don DeGabrielle, Southern District of Texas, and U.S. Immigration and Customs Enforcement (ICE) Special Agent in Charge Robert Rutt. Three former and current managers also pleaded guilty to hiring or continuing to hire illegal aliens.

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

As part of its agreement with the United States, the company has taken measures to revise its immigration compliance program, and has 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 forfeiting the company's interest in the various company-owned residences where illegal alien employees were housed.

The company, through its president Lawrence Shipley III, pleaded guilty Sept. 5 before U.S. District Judge Ewing Werlein Jr. to conspiring to harbor illegal aliens as alleged in the criminal information that was unsealed Aug. 28. Shipley Do-Nut faces a maximum fine of \$500,000 and up to five years probation at sentencing, which the court has set for Dec. 19 at 10:15 a.m.

Jimmy Rivera, 54, a former warehouse manager, Julian Garcia, 38, the current warehouse manager, and Christopher Halsey, 36, the current warehouse supervisor for Shipley Do-Nut, all pleaded guilty to misdemeanor charges of hiring or continuing to hire illegal aliens before U.S. Magistrate Judge Stephen Wm. Smith. Each had authority to make managerial decisions including, but not limited to, hiring, job assignment and termination decisions for the company. All three men have been convicted and were sentenced to six months probation. Halsey, Rivera and Garcia received fines in the amounts of \$1,000, \$1500 and \$2000, respectively. Lawrence Shipley III, 41, pleaded guilty Aug. 28 before the same court to continuing to hire illegal aliens

and was sentenced to a similar probationary term and fined \$6,000.

The guilty pleas resulted from a criminal investigation conducted by ICE special agents. They produced evidence proving that on Oct. 14, 1998, Shipley Do-Nut knowingly hired an illegal alien, who later resided in company-provided housing with the initials J.G. after the alien told Jimmy Rivera that he was an illegal alien. The alien's I-9 (Employer Review and Verification Form) reflected a false name. On April 6, 2005, this alien completed another I-9 form with a third name that was different from the Oct. 14, 1998 I-9 form and from the alien's actual name. J.G. also stated all the managers knew he was an illegal alien because they discussed their immigration status frequently and Halsey paid him.

On Nov. 4, 1998, Shipley Do-Nut hired an illegal alien who later resided in company-provided housing with the initials G.C. who was provided with a social security number for his I-9 by Jimmy Rivera which was one number off from Rivera's true social security number. On July 23, 2004, this alien completed a new I-9 using a different social security number.

In December 2007, an illegal alien with the initials R.C. (who was a minor) told Garcia that he had fake documents when he was hired. Garcia told him it was not a problem. An illegal alien with the initials J.D. said he told Garcia he did not have papers to work legally in the U.S. and was advised to ask other workers how to obtain fraudulent documents for employment.

An illegal alien with the initials M.C. testified all three managers, Rivera, Halsey and Garcia knew he was an illegal alien because he worked at the factory without papers from 2006 to 2008. M.C. was paid by Halsey. Beginning in 2008, M.C. was required to complete an I-9 Form and he provided fraudulent documents in order to do so.

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.

An enforcement action taken in April 2008 by ICE agents at the Houston based company's facilities on N. Main resulted in the administrative arrest of 27 illegal aliens employed by the company and living 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 a valid Social Security number.

"ICE worksite enforcement investigations are worked in stages," said Robert Rutt, special agent in charge of the ICE Office of Investigations in Houston. "Gathering and examining evidence takes time to make a fair case to ensure that no one is unjustly accused. 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."

This case was investigated by ICE, and was prosecuted by Assistant U.S. Attorney Ryan D.

McConnell, Southern District of Texas.

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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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