



Department of Justice

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Northern District of New York

Thursday, September 15, 2011
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IFCO SENIOR MANAGERS PLEAD GUILTY TO UNLAWFUL EMPLOYMENT OF ILLEGAL ALIENS

(HOUSTON) – United States Attorney Richard S. Hartunian, José Angel Moreno, United States Attorney for the Southern District of Texas, and James C. Spero, Special Agent in Charge (Buffalo, NY), Department and Homeland Security, Immigration and Customs Enforcement and Homeland Security Investigations, announced today that five senior managers of the former IFCO Systems, N.A., a Houston-based corporation, pleaded guilty to hiring and employing unauthorized aliens at IFCO plants nationwide between the time period January 2003 and April 2006. The guilty pleas took place before United States District Judge Gray H. Miller in federal district court in Houston this afternoon.

Entering guilty pleas today were: **CHARLES DAVIDSON**, 48, of San Antonio, Texas; **CHRISTOPHER TIESMAN**, 43, of Spring, Texas; **HASKELL “BUDDY” ROSS**, 42, of Lakeland, Florida; **KENNETH GINES, JR.**, 53, of Spring, Texas; and **WENDY MUDRA**, 36, of Tampa, Florida.

In connection with their pleas, the defendants admitted the following:

Beginning in January 2003, and continuing through April 19, 2006, the defendants were senior managers at IFCO, which owned and operated approximately 50 pallet repair services plants, conducted pallet repair services at off-site facilities, and operated a number of crating and packaging, and reusable plastic container plants, throughout the United States. The charge, which stems from IFCO’s employment over the years of thousands of illegal aliens from Mexico and Central America to work in the plants, are based upon the defendants’ various roles in encouraging, facilitating, and protecting the company-wide hiring and employment of the illegal aliens.

Defendant **CHARLES DAVIDSON** was originally an owner and manager of a pallet repair plant in San Antonio, Texas. Following the mergers of several pallet companies that became IFCO in 2000, he became the Regional Vice President for the Western Region in the company. In or about

late 2003 or early 2004, he became the Director of New Market Development, where he oversaw the “Greenfield Program,” to establish new IFCO plants.

Defendant **CHRISTOPHER TIESMAN** previously worked for one of the predecessor companies that became IFCO, and shortly after the merger, became the Vice President for Accounting and Finance at IFCO. He oversaw the payroll and accounting departments in Houston.

Defendant **KENNETH GINES, JR.** began working at IFCO in or about 2001, and served as the Controller of the Pallet Services Division under defendant **CHRISTOPHER TIESMAN**. He also oversaw the payroll department.

Defendant **HASKELL “BUDDY” ROSS** worked in Human Resources for one of IFCO’s predecessor companies and some time after the 2000 merger became the Vice President for Human Resources based in Florida. For several years, the HR Department essentially consisted of the defendant and another person, an HR and Safety Manager, who worked from San Antonio, Texas.

In November 2004, defendant **WENDY MUDRA** was hired as a Human Resources Manager for IFCO, and worked under defendant **ROSS** in the Tampa, Florida office. During much of 2005 and 2006, defendants **ROSS** and **MUDRA** also supervised the payroll department in Houston from their offices in Tampa.

From their jobs in the company, the defendants helped to hire and employ a manual workforce in the IFCO plants that was overwhelmingly Hispanic and largely undocumented. The defendants established and maintained practices and policies at IFCO that resulted in the hiring and continued employment of unauthorized aliens. The defendants knew and consciously avoided facts and circumstances showing that, as a result of the practices and policies which they helped establish and continue, unauthorized aliens were being hired and employed at IFCO.

On April 19, 2006, United States Immigration and Customs Enforcement (ICE) and other federal and local law enforcement agencies conducted a worksite enforcement action at approximately 45 of IFCO’s company-owned pallet plants. As a result of the enforcement action, ICE agents detained 1,181 IFCO employees, who were present in the United States illegally and unauthorized to work in the United States, which constituted the majority of the total workforce employed at those 45 plants.

As part of their pattern and practice of hiring and continuing to employ unauthorized workers to work in the IFCO plants, the defendants committed the following acts:

On or about May 3, 2004, after a woman advised IFCO’s payroll manager that her disabled brother stood to lose his social security benefits because an IFCO worker was using her brother’s SSN, Defendant **HASKELL “BUDDY” ROSS** instructed the payroll manager not to verify the SSN being used by the worker.

On or about March 2, 2005, the New Market Development Manager for the Albany, N.Y. IFCO plant told Defendant **CHARLES DAVIDSON** that the Department of Homeland Security had contacted the security personnel at the industrial park where the plant was located in order to stake out the plant and that they knew where the pallet workers from the plant were living, causing Defendant **CHARLES DAVIDSON** to immediately inquire whether it was a joke, and to respond: "Call me on the cell."

On or about March 8, 2005, after being advised that there was an immigration raid at one of the three houses that IFCO rented for pallet workers at the Albany plant, and that workers were detained based on fraudulent paperwork, Defendant **CHARLES DAVIDSON** told the General Manager of the Albany plant not to worry about the loss of employees at the Albany plant due to the immigration raid, assured him that the company would stand behind him through the loss in production, and told him he could obtain new workers for the plant through T.S. or A.C., the two IFCO foremen who were primarily responsible for staffing the New Market Development plants.

On or about Aug. 3, 2005, Defendant **WENDY MUDRA** forwarded an email message from IFCO's payroll supervisor to Defendant **HASKELL "BUDDY" ROSS**, in which the payroll supervisor asked what to do concerning R.R., a rehired employee in Albany, who had reapplied with a "new (& improved) SSN," and whether they should "[i]gnore and let him get 2 bogus W-2s for 2005?"

On or about Aug. 4, 2005, Defendant **HASKELL "BUDDY" ROSS**, responded "I do not know what we have done with the W-2 on rehires. Not sure I care. But let me know why I might care."

On or about Aug. 15, 2005, Defendant **WENDY MUDRA** told the payroll supervisor to re-hire R.R. under his old SSN with the documentation the employee had previously supplied when he was first hired.

On or about Dec. 29, 2005, after being advised by a payroll supervisor that the new payroll system operated by ADP would not allow the company to hire R.M., because "there are numbers that the IRS does not use for social security numbers and ADP has it set up in their system that whenever a bad number is used it rejects it," Defendant **WENDY MUDRA** warned Defendants **KENNETH GINES, Jr.** and **CHRISTOPHER TIESMAN** that "[t]his may present some problems for us."

On or about Feb. 10, 2006, the Albany office manager told Defendant **WENDY MUDRA** that employee O.U. had changed his SSN and wanted to change his withholdings, and Defendant **WENDY MUDRA** replied, "This typically means we will have to terminate the "old" him and hire the "new" him. This presents issues on the benefits side as well. We will need specific documentation regarding the change to his SSN."

The defendants were scheduled for trial in United States District Court in the Northern district of New York in April of 2010, but on April 1, 2010, a motion by the defendants to change the venue of the case to the Southern District of Texas was granted. Trial in Houston had been scheduled to begin this week.

The defendants face a maximum prison sentence of 6 months and a fine of \$3,000 for each unauthorized alien who was part of the pattern and practice of illegal hiring. Sentencing has been set for September 20, 2011, at 1:30 p.m., in Houston.

The investigation previously led to eleven defendants in leadership positions with IFCO pleading guilty to federal offenses in the Northern District of New York.

Five defendants pled guilty on February 27, 2007, as follows:

James Rice, IFCO New Market Development Manager, pled guilty to conspiracy to transport and harbor illegal aliens for commercial and private financial gain (a felony);

Robert Belvin, General Manager of the Albany pallet plant, pled guilty to conspiracy to transport and harbor illegal aliens for commercial advantage and private financial gain and conspiracy to possess five or more identification documents with the intent to use them unlawfully (both felonies);

Dario Salzano, an Assistant General Manager of the Albany plant, pled guilty to unlawful employment of illegal aliens (a misdemeanor);

Michael Ames, General Manager of the Westborough, Massachusetts pallet plant, pled guilty to unlawful employment of illegal aliens (a misdemeanor); and

Scott Dodge, an Assistant General Manager of the Albany plant, pled guilty to conspiracy to unlawfully employ illegal aliens (a misdemeanor).

On March 28, 2007, Craig Losurdo, an Assistant General Manager of the Albany plant, pled guilty to unlawful employment of illegal aliens (a misdemeanor).

On July 16, 2007, Abelino Chicas, a Plant Foreman/Systems Manager in Houston, Texas, pled guilty to aiding and abetting the harboring and transportation of illegal (a felony).

On October 14, 2008, IFCO New Market Development Manager Bryan Bailey pled guilty to conspiracy to unlawfully employ illegal aliens (a misdemeanor).

On October 21, 2008, IFCO New Market Development Manager Steven Means pled guilty to conspiracy to unlawfully employ illegal aliens (a misdemeanor).

On February 10, 2010, IFCO New Market Development Manager William Hoskins pled guilty to conspiracy to harbor illegal aliens and encourage and induce illegal aliens to reside in the United States (a felony).

On March 11, 2010, Tomas Soto Castillo, a foreman at the IFCO pallet plant in Cincinnati, Ohio, pled guilty to conspiracy to hire at least 10 illegal aliens in a year (a felony).

In December 2008, IFCO reached a record corporate settlement with the United States Attorney's Office for the Northern District of New York, pursuant to which the company agreed to pay a total of \$20,697,317.51 over four years, comprised of \$18,132,000 in forfeitures that will be available to support future law enforcement activities and \$2,565,317.51 in overtime compensation and civil penalties relating to IFCO's overtime violations with respect to 1,700 of its pallet workers. IFCO has paid about \$14.7 million to date, with the remaining \$6 million due in early 2012. Under the settlement agreement, IFCO acknowledged and accepted responsibility for the unlawful conduct of its managers and employees, as described in the agreement; agreed to cooperate fully and actively in the investigation, as it had done since the date of the work site enforcement action; agreed to a precedent-setting compliance and reporting program, designed to prevent the employment of illegal aliens at IFCO plants in the future; agreed to take remedial actions in hiring, such as use of DHS's "E-Verify" screening program for all new hires, and to verify the social security numbers of all IFCO employees through SSA; and agreed to maintain an employee hotline to receive reports of any suspected violation of law at the company. The agreement runs through the year 2012, at which time, if the company has been in full compliance with all of the agreement's terms and conditions, the United States Attorney's Office for the Northern District of New York will not seek to prosecute the company for any criminal charges related to the conduct of its employees prior to April 2006.

The case was investigated by the Department of Homeland Security – Immigration and Customs Enforcement; the Internal Revenue Service – Criminal Investigations; the New York State Police; the Social Security Administration, Office of Inspector General; the Guilderland Police Department; and the U.S. Department of Labor, Wage and Hour Division. The case is being prosecuted by Assistant United States Attorneys Tina E. Sciocchetti and Sara M. Lord of the Northern District of New York and David Searle of the Southern District of Texas.

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