



# Department of Justice

**United States Attorney Richard S. Hartunian  
Northern District of New York**

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<http://www.usdoj.gov/usao/nyn>

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## **\$2.16 Million in IFCO Forfeiture Distributed to New York State Police**

United States Attorney Richard S. Hartunian and John T. Morton, Director of Immigration and Customs Enforcement (ICE), Department of Homeland Security, announce the distribution to the New York State Police of \$2,160,000 forfeited by IFCO Systems North America in settlement of its corporate criminal liability for conduct associated with the hiring and employment of illegal alien workers at IFCO pallet plants prior to April 19, 2006. This evening, Director Morton presented a check for \$2.16 million to New York State Police Superintendent Joseph D'Amico at a ceremony in connection with the International Association of Chiefs of Police Conference in Chicago. Late last week, an additional \$240,000 forfeited by IFCO was distributed as follows: the Schenectady Police Department received \$120,000; the Guilderland Police Department received \$60,000; and the Albany County District Attorney received \$60,000.

The money presented is a portion of the second installment of the payments by IFCO pursuant to a settlement agreement. In December of 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.

The investigation that led to the forfeiture – and the federal convictions of sixteen IFCO managers and executives – originated at the IFCO pallet plant in Albany following a tip to ICE in February of 2005 that illegal alien laborers at the Albany IFCO plant were observed ripping up their W-2 forms. On April 19, 2006, 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. The investigation documented that several IFCO managers and employees harbored and transported illegal aliens, and encouraged and induced them to remain in the United States as pallet workers. An analysis of the payroll information IFCO submitted to the Internal Revenue Service (“IRS”) and the Social Security Administration (“SSA”), and the hiring patterns and practices at IFCO, suggests that during the time period from 2003 through April 2006, as many as 6,000 illegal aliens worked at IFCO pallet plants. IFCO received repeated notice from the SSA and others, dating back to at least the year 2000, of the irregularities in the social security numbers used for employment purposes by many of its pallet workers. IFCO, its managers and employees, failed to take significant measures to verify the social security numbers of these workers, and in 2004 and 2005, failed to make any effort to address the use of invalid social security numbers by numerous pallet employees.

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.

Sixteen defendants in leadership positions with IFCO have pled guilty to federal offenses – eleven in the Northern District of New York, and five in the Southern District of Texas. On September 15, 2011, in Houston, Texas, five senior managers of IFCO pled guilty to hiring and employing unauthorized aliens at IFCO plants nationwide between the time period January 2003 and April 2006 (a misdemeanor): Charles Davidson, IFCO’s Director of New Market Development; Christopher Tiesman, Vice President for Accounting and Finance at IFCO; Haskell “Buddy” Ross, IFCO’s Vice President for Human Resources; Kenneth Gines, Jr., Controller of IFCO’s Pallet Services Division; and Wendy Mudra, Human Resources Manager for IFCO. From their jobs in the company, the five senior managers helped to hire and employ a manual workforce in the IFCO plants that was overwhelmingly Hispanic and largely undocumented, and established and maintained practices and policies at IFCO that resulted in the hiring and continued employment of unauthorized aliens. Each manager was sentenced to pay a fine.

Eleven defendants in leadership positions with IFCO previously pled guilty to federal offenses in the Northern District of New York and are awaiting sentencing.

Five defendants pled guilty on February 27, 2007:

- 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 aliens (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).

The forfeiture and convictions resulted from an extensive investigation by United States the Department of Homeland Security - Immigration and Customs Enforcement (ICE), the Internal Revenue Service, the Office of the Inspector General for the Social Security Administration, the U.S. Department of Labor, Wage and Hour Division, the New York State Police, and the Guilderland Police Department, assisted by the Albany County District Attorney's Office and the Schenectady Police Department, and working with the United States Attorney's Offices in the Northern District of New York and the Southern District of Texas. 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.

United States Attorney Hartunian said, "We admire and thank ICE, the New York State Police, and the other law enforcement agencies and prosecutors involved in this case for their dogged pursuit of justice. This distribution, the record monetary settlement, and the sixteen convictions of IFCO leaders, resulted from a thorough investigation, hard work, and federal, state, and local collaboration. The forfeiture and convictions appropriately reflect and address the seriousness of employing illegal alien workers for commercial advantage without punishing lawful employees and innocent shareholders by causing a business failure. I know the New York State Police, the Guilderland Police Department, the Schenectady Police Department, and the Albany County District Attorney will put the money to good use making our communities safer."

"As demonstrated by the return of this money to our law enforcement partners in New York State — state and local support of federal investigative initiatives is absolutely essential to my agency's mission," said ICE Director Morton. "This sharing program has proved invaluable in fostering enhanced cooperation between ICE and our law enforcement partners, and I commend the work of all the law enforcement agencies and prosecutors who made these payments possible. ICE will continue to use all of its investigative resources to disrupt and dismantle criminal organizations that are only motivated by greed. This specific case should also serve as a reminder to corporations and their management officials: knowingly employing illegal aliens for corporate profit has significant consequences."

"The New York State Police commend all the investigative agencies for their hard work in prosecuting IFCO Systems and the individuals who exploited illegal aliens and surreptitiously deceived law enforcement," said New York State Police Superintendent Joseph A. D'Amico. "The results of this case reinforce the message that illegal business practices for the sole purpose of their own financial gain will not be tolerated."

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