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## **IFCO Systems to Pay Largest Settlement to Date for Worksite Enforcement Case**

After one of the largest worksite enforcement operations conducted by U.S. Immigration and Customs Enforcement (ICE), IFCO Systems North America, headquartered in Houston, Texas, and the largest pallet management services company in the U.S., has agreed to pay \$20.7 million in civil forfeitures and penalties over four years for employing undocumented workers at its plants.

The settlement amount includes \$2.6 million in back pay and penalties relating to IFCO's overtime violations with respect to 1,700 of its pallet workers. IFCO is also paying \$18.1 million in civil forfeitures that will be available to support future law enforcement activities. If IFCO fully complies with the terms of the settlement agreement, the United States Attorney for the Northern District of New York will refrain from pursuing corporate criminal charges against IFCO for the conduct of its employees in hiring undocumented workers at IFCO pallet plants prior to April 19, 2006.

Following a tip to ICE in February 2005 that undocumented workers at an IFCO plant in Albany, New York, were observed ripping up their W-2 forms, on April 19, 2006, ICE agents, in concert with other federal and state authorities, conducted a worksite enforcement action at over 40 IFCO pallet plants in 26 states, which resulted in the detention of 1,182 undocumented workers. The U.S. Attorney's Office in New York has prosecuted several IFCO managers and employees for criminal offenses associated with the employment of those workers. To date, nine IFCO managers and employees have entered guilty pleas related to such criminal conduct. Four managers are currently pending trial on a felony indictment in the U.S. District Court in the Northern District of New York, and the investigation of IFCO employees is continuing. The IFCO settlement agreement concerns only the liability of the corporation and does not address any pending or possible future criminal charges against individual employees, ICE noted.

IFCO received repeated notices from the SSA and others, dating back to at least 2000, of irregularities in the social security numbers used for employment purposes by many of its pallet workers. ICE found that IFCO 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. Investigative entities further concluded that at 30 of IFCO's pallet plants, the company owed back wages to piece-wage pallet workers, the vast majority of whom were undocumented. Under the settlement agreement, ICE noted, IFCO acknowledges and accepts responsibility for the unlawful conduct of its managers and employees, as described in the agreement. The company further agrees to cooperate fully and actively with the U.S. Attorney's Office and the government entities involved in the investigation, as it has done since the date of the work site enforcement action. The agreement further includes a precedent-setting compliance and reporting program intended to prevent the employment of undocumented workers at IFCO plants in the future. The company will take remedial actions in hiring, such as using the E-Verify online work authorization verification system for all new hires, and will verify the social security numbers of all IFCO employees through SSA. IFCO also must maintain an employee hotline to receive reports of any suspected violations 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 U.S. Attorney's Office will not seek to prosecute the company for any criminal charges related to the conduct of its employees before April 2006.

ICE's announcement of the IFCO settlement is at <http://www.ice.gov/pi/nr/0812/081219albany.htm>.