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Owners arrested after ICE raid at Houston company

2 leaders and 3 managers face charges after operation snares 166 workers

By JAMES PINKERTON
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Last week their undocumented workers were hauled off to a detention facility, but today the owners and managers of a Houston rag exporting firm are in custody for employing the illegal immigrants.

This morning a U.S. magistrate in Houston is scheduled to preside over the initial court appearance of two owners and three managers of Action Rags USA. The eastside company, located in a sweltering factory near the Port of Houston, was the scene of one of Houston's largest immigration raids when 166 undocumented workers were detained June 25.

Federal charges were unsealed late Wednesday after agents arrested company owner Mabarik Kahlon, 45, and his partner and uncle, Rasheed Ahmed, 58. Also arrested Wednesday were manager Cirila Barron, 38, resource manager Valerie Rodriguez, 34, and warehouse supervisor Mayra Herrera-Gutierrez, 32. Ahmed, who has health problems, was freed on his own recognizance until today's court appearance. The rest remain in federal custody.

Barron and Herrera-Gutierrez are illegal immigrants from Mexico, according to the U.S. Attorney's office in Houston.

The five are charged with conspiracy to harbor illegal immigrants, inducing illegal immigrants to come into the country, as well as illegal hiring practices including knowingly accepting false work documents.

"Immigration is a political issue and until it is solved politically, any employer is at risk," said David Gerger, a prominent Houston attorney who is representing the owners. "But as far as this case goes, we will defend it in court and not in the press." Gerger represented former Enron finance chief Andrew Fastow during his criminal case.

The arrests of the company leaders were applauded by those who favor tough enforcement of immigration laws.

"Employers who knowingly hire illegals need to face the consequences, and the consequences are prosecution," said U.S. Rep. Ted Poe, R-Humble. "Employers have been getting a pass way too long on hiring illegals and not being held accountable for it."

Tip came from informant

Those charged were the subject of an extensive undercover investigation that began in May 2007, after an informant put agents in touch with several current and former employees.

An affidavit for the criminal search warrant filed before the raid provides a rare inside look into the undercover investigation during which owners and managers were audio recorded.

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Action Rags was reported to a Department of Homeland Security tip line in July 2005 by a person who said the company was "hiring smuggled, illegal aliens, some as young as 13 years of age." Workers at the plant sorted bales of used clothing that were either shipped or processed into rags.

ICE agents directed a confidential source to enter Action Rags, posing as an undocumented worker, according to the affidavit.

When the source told Barron, a company manager, that she could find six other undocumented workers to take jobs at the plant, the manager replied "take them to the flea market and make them citizens," by obtaining fraudulent Social Security cards, according to the affidavit.

The source then told Barron that she had previously obtained a fake Social Security card for \$125. Barron told the source that she had paid too much for the fraudulent document and could have obtained one for \$80.

On two occasions in 2007, company officials ordered all plant employees to go home because they had heard an immigration raid was coming, the affidavit states.

The source, who was hired at the plant in August without documentation, said Ahmed, the owner's uncle, told her to acquire fake work documents at a flea market.

The informant told ICE agents she met with Kahlon, the owner, on Aug. 23, and during a

recorded conversation he told her to obtain fraudulent work papers for her girlfriends who were looking for work. Kahlon also suggested she marry a U.S. citizen so she could gain legal status, "and further stated he knew people the source could marry to begin the process to obtain legal status," according to the affidavit.

"Kahlon told the source that Immigration would not come to Action Rags because they are more concerned with drugs," the affidavit states.

Deplorable conditions

A former plant worker told ICE agents that she was not authorized to work when she was hired by the company. The worker said she never provided any work documents and did not complete the federally required I-9 employment form.

In June 2007, another undocumented worker told ICE agents that conditions in the plant were deplorable.

"There is no air conditioning, and there are only small fans in the corners of the warehouse," the ex-worker told investigators. "The workers must provide their own drinking water and the company provides no safety equipment such as gloves, support belts, or masks for protection from dust created by the rags and used clothing articles."

A Richmond attorney, who represents the company in civil matters, said he had spent months working with Action Rags to ensure its

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work force was legal.

"They are totally innocent of any wrongdoing, and have attempted through the legal process, of absolutely honoring all laws," said William F. Estes. "I am their civil attorney and they came to me, and we have met numerous times to make sure they don't stumble."

Dilemma for employers

Estes said employers are placed in a tough position of trying to verify the legal status of workers, while not violating federal employment laws that prevent discrimination based on national origin.

ICE officials in Houston referred questions about charges in the case to the U.S. Attorney's office. Officials there did not return phone calls.

The raid at Action Rags took place two months after ICE agents arrested 20 undocumented workers at a Shipley Do-Nuts distribution facility in Houston.

No charges have been filed against company officials in that case.

"Sometimes these arrests happen close to the time of search warrant execution, sometime they may take months, even years, depending on the complexity of the investigation and the evidence," said Robert Rutt, Special Agent in Charge of ICE criminal investigations in Houston, referring to charges against employers.

Over the past eight months, federal immigration agents have arrested more than 2,900 suspected undocumented workers on administrative immigration charges and another 775 workers on criminal charges such as identity theft or Social Security fraud.

Only 75 business owners, supervisors or human resources workers have been arrested on charges such as harboring or knowingly hiring undocumented immigrants.

That accounts for barely 2 percent of the total of 3,750 workplace immigration arrests since last October.

Louise Whiteford, president of Texans for Immigration Reform in Houston, was pleased to see that employers in the Action Rags case were not "let go scot-free."

"You can't do one without the other," Whiteford said. "If you're just going to pick up the illegal aliens and there is no punishment for employers, you're only doing half of the problem. If you put more pressure on the employers we wouldn't have the problem."

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