

Fence execs sentenced for illegal hiring

By ELLIOT SPAGAT, Associated Press Writer

Wed Mar 28, 2007

Two executives at a company that once helped build a fence to keep illegal immigrants from crossing the Mexican border were sentenced Wednesday to six months of home confinement for hiring undocumented workers.

Mel Kay, founder, chairman and president of Golden State Fence Co., and manager Michael McLaughlin had pleaded guilty in federal court to knowingly hiring illegal aliens. U.S. District Judge Barry Ted Moskowitz ordered each to serve 1,040 hours of community service and spend three years on probation.

Kay, 64, was fined \$200,000 as part of a plea agreement, and McLaughlin agreed to pay \$100,000.

Federal prosecutors took the rare step of seeking prison time after the men acknowledged hiring at least 10 illegal immigrants in 2004 and 2005. The charges carried a maximum possible penalty of five years in prison.

However, prosecutors were unable to find a previous case in which an employer had been sent to jail for knowingly hiring illegal immigrants.

"Prosecution is long overdue in this area," Moskowitz said. "Honestly, the government's efforts have been at the border, not with the employer. Obviously, the government has signaled a change with this case."

In December, company officials acknowledged knowingly hiring illegal immigrants and agreed the firm would pay a \$4.7 million fine, one of the largest for immigration violations.

Moskowitz said he was uneasy with handing down jail time because the company did not deserve to be "the poster child" for unscrupulous employers. All of Kay's workers paid Social Security taxes and received health benefits, vacation and sick time. Many earned more than \$50,000 a year.

Golden State saw sales soar from \$60 million in 1998 to \$150 million in 2004, according to a biography of Kay provided by the company.

Federal authorities said they found no evidence that illegal immigrants were hired in the late 1990s while the company built more than a mile of the 14-mile fence near a border crossing in San Diego.

Government agents raided Golden State Fence's Riverside office last year and found that more than 100 were unauthorized to work — including three the company had been ordered not to employ after a 1999 audit by the government.

Kay apologized before he was sentenced and described how his business suffered after the guilty pleas. Golden State was banned from government work, which accounts for 30 percent of its revenue. The company has laid off about 150 employees, leaving it with about 500 workers.

"I feel I have paid a tremendous price," Kay said. "I've lost a lot of accounts. (Customers) don't want to be guilty by association."

McLaughlin said he was relieved at not having to serve prison time.

The company did work at military bases and other government facilities — an irony that Moskowitz noted as he considered whether to send Kay to prison.

"He'd probably go to one of the camp facilities that he built the fence for," the judge said.