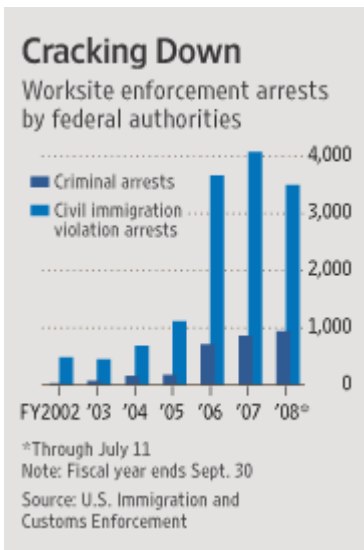


U.S. Fines McDonald's Franchise In Immigration Case

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By MIRIAM JORDAN

In a coup for the government's crackdown on employers of illegal immigrants, a large McDonald's franchisee pleaded guilty in federal court to supplying illegal workers with false identification and agreed to pay a \$1 million fine.



The case, which follows a work-site raid last year that swept up 58 immigrant workers at 11 McDonald's outlets in Reno, Nev., is the first conviction involving a franchisee of a major restaurant chain.

A plea agreement entered in a U.S. District Court in Las Vegas details how management for Reno-based Mack Associates, knowingly employed illegal immigrants, including two restaurant managers, by furnishing them with names and Social Security numbers that belonged to U.S. citizens or legal residents. The court sentenced Mack Associates to one year of probation and ordered the corporation to immediately pay \$300,000 of the total fine. The company's owner, local entrepreneur Luther Mack, wasn't charged in the case.

However, the company's current director of operations, Joe Gillespie, and a former vice president of Mack Associates, Jimmy Moore, pleaded guilty to the felony of inducing an illegal immigrant to reside in the U.S. The two men will be sentenced at a later date. Each could face a maximum of five years in prison and a \$250,000 fine.

In a statement, an attorney for Mack Associates said the franchisee "has accepted responsibility and cooperated fully with the U.S. Department of Justice in their investigation of the matter."

The attorney, Robert Goldman, said Mack Associates had taken the necessary steps to ensure that the violations won't occur again.

Mr. Mack, 69 years old, is a prominent community leader in northern Nevada. He has served in positions such as the Governor's Task Force on Tax Policy and the State Athletic Commission. He has also headed up foundations and held posts at several organizations, including the Boy Scouts of America. Attempts to reach Mr. Mack at corporate headquarters failed.

In a statement, McDonald's Corp. said the case "was an isolated incident and not part of any ongoing investigation into McDonald's USA."

Since Congress failed to pass comprehensive immigration reform, the Bush administration has made work-site enforcement a top priority by conducting raids at companies believed to employ illegal immigrants. In fiscal 2007, more than 4,000 arrests were made for administrative immigration violations at factories and plants, a tenfold increase over 2002. From October 2007 to July 11, 2008, Immigration and Customs Enforcement -- the Department of Homeland Security unit that conducted the Reno raid - had made more than 3,500 administrative arrests.

In a sign of the widening crackdown, immigration cases have flooded the federal courts. In April, immigration cases constituted 58% of all federal prosecutions, according to an analysis released Wednesday by Transactional Records Access Clearinghouse at Syracuse University. By comparison, drugs and narcotics made up 16% of the total, while matters involving white-collar violations made up less than 5% for the month.

Despite the beefed-up enforcement, federal authorities have come under criticism for failing to prosecute individuals in management positions at raided businesses. In fiscal 2007, ICE arrested 863 people on criminal charges as part of work-site enforcement investigations, mainly for using the stolen identification of U.S. citizens or legal residents. Only 92 were company owners, managers or human-resources employees. This fiscal year, from Oct. 1, 2007, through July 11, 2008, ICE has made 937 criminal arrests; 99 were individuals in supervisory roles.

"Finally ICE is going after the employers intentionally breaking the law," said Charles Kuck, an attorney who is president of the American Immigration Lawyers Association, on hearing about the Mack Associates case. "This is a substantial fine for a company this size, much greater than possibly any other in terms of impact on the company's bottom line."

Early this year, three former top executives of a Florida-based janitorial services contractor received prison sentences ranging from 30 to 120 months for their roles hiring illegal immigrants and evading millions in employment taxes. Each was also required to pay more than \$15 million in restitution to the U.S. Treasury.

Wal-Mart in 2005 agreed to pay \$11 million to end a federal probe into its use of illegal workers provided by contractors hired to clean stores, the largest single payment ever made to the government in an illegal-worker case.

Since the September 2007 raid at Mack Associates' McDonald's outlets and the franchisee's corporate office, about 30 of the 58 illegal workers arrested have been returned to their native countries, ICE says.