



### **Form I-9 Inspection Overview**

On November 6, 1986, the enactment of the Immigration Reform and Control Act required employers to verify the identity and employment eligibility of their employees and created criminal and civil sanctions for employment related violations. Section 274A (b) of the Immigration and Nationality Act (INA), codified in 8 U.S.C. § 1324a (b), requires employers to verify the identity and employment eligibility of all individuals hired in the United States after November 6, 1986. 8 C.F.R. § 274a.2 designates the Employment Eligibility Verification Form I-9 (Form I-9) as the means of documenting this verification. Employers are required by law to maintain for inspection original Forms I-9 for all current employees. In the case of former employees, retention of Forms I-9 are required for a period of at least three years from the date of hire or for one year after the employee is no longer employer, whichever is longer.

The administrative inspection process is initiated by the service of a Notice of Inspection (NOI) upon an employer compelling the production of Forms I-9. U.S. Immigration and Customs Enforcement (ICE) typically will allow 3 business days to present the Forms I-9. Often, ICE will request the employer provide supporting documentation, which may include a copy of the payroll, list of current employees, Articles of Incorporation, and business licenses.

ICE agents or auditors then conduct an inspection of the Forms I-9 for compliance. When technical or procedural violations are found, pursuant to INA §274A(b)(6)(B) (8 U.S.C. § 1324a(b)(6)(B)), an employer is given ten business days to make corrections. An employer may receive a monetary fine for all substantive and uncorrected technical violations. Employers determined to have knowingly hired or continued to employ unauthorized workers under INA § 274A(a)(1)(a) or (a)(2) (8 U.S.C. § 1324a(a)(1)(a) or (a)(2)) will be required to cease the unlawful activity, may be fined, and in certain situations may be prosecuted criminally. Additionally, an employer found to have knowingly hired or continued to employ unauthorized workers may be subject to debarment by ICE, meaning that the employer will be prevented from participating in future federal contracts and from receiving other government benefits.

Monetary penalties for knowingly hire and continuing to employ violations range from \$375 to \$16,000 per violation, with repeat offenders receiving penalties at the higher end. Penalties for substantive violations, which includes failing to produce a Form I-9, range from \$110 to \$1,100 per violation. In determining penalty amounts, ICE considers five factors: the size of the business, good faith effort to comply, seriousness of violation, whether the violation involved unauthorized workers, and history of previous violations.<sup>1</sup>

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<sup>1</sup> See INA §274A(e)(5) (8 U.S.C. 1324a (e)(5))

ICE will notify the audited party, in writing, of the results of the inspection once completed. The following are the most common notices:

- Notice of Inspection Results – also known as a “compliance letter,” used to notify a business that they were found to be in compliance.
- Notice of Suspect Documents - advises the employer that based on a review of the Forms I-9 and documentation submitted by the employee, ICE has determined that the employee is unauthorized to work and advises the employer of the possible criminal and civil penalties for continuing to employ this individual. ICE provides the employer and employee an opportunity to present additional documentation to demonstrate work authorization if they believe the finding is in error.
- Notice of Discrepancies - advises the employer that based on a review of the Forms I-9 and documentation submitted by the employee, ICE has been unable to determine their work eligibility. The employer should provide the employee with a copy of the notice, and give the employee an opportunity to present ICE with additional documentation to establish their employment eligibility.
- Notice of Technical or Procedural Failures – identifies technical violations identified during the audit and gives the employer 10 business days to correct the forms. After 10 business days, uncorrected technical and procedural failures will become substantive violations.
- Warning Notice - issued in circumstances where substantive verification violations were identified but circumstances do not warrant a monetary penalty and there is the expectation of future compliance by the employer.
- Notice of Intent to Fine (NIF) - may be issued for substantive, uncorrected technical, knowingly hire and continuing to employ violations.

In instances where a NIF is served, charging documents will be provided specifying the violations committed by the employer. The employer has the opportunity to either negotiate a settlement with ICE or request a hearing before the Office of the Chief Administrative Hearing Officer (OCAHO) within 30 days of receipt of the NIF. If the employer takes no action after receiving a NIF, ICE will issue a Final Order. If a hearing is requested, OCAHO assigns the case to an Administrative Law Judge (ALJ), and sends all parties a copy of a Notice of Hearing and government’s complaint, thus setting the adjudicative process in motion.

The Notice of Hearing spells out the procedural requirements for answering the complaint and the potential consequences of failure to file a timely response. Many OCAHO cases never reach the evidentiary hearing stage because the parties either reach a settlement, subject to the approval of the ALJ, or the ALJ reaches a decision on the merits through dispositive prehearing rulings.



### Determination of Recommended Fine

The cumulative recommended fine set forth in the Notice of Intent to Fine is determined by adding the amount derived from the **Knowing Hire / Continuing to Employ Fine Schedule** (plus enhancement or mitigation) with the amount derived from the **Substantive / Uncorrected Technical Violations Fine Schedule** (plus enhancement or mitigation). Typically, the date of the violation shall be the date ICE conducted the Form I-9 inspection and not the date the Form I-9 was completed by the employer.

### Penalties for Knowing Hire / Continuing to Employ Violations

Employers determined to have knowingly hire or continuing to employ violations shall be required to cease the unlawful activity and may be fined. The agent or auditor will divide the number of knowing hire and continuing to employ violations by the number of employees for whom a Form I-9 should have been prepared to obtain a violation percentage. This percentage provides a base fine amount depending on whether this is a First Tier (1<sup>st</sup> time violator), Second Tier (2<sup>nd</sup> time violator), or Third Tier (3<sup>rd</sup> or subsequent time violator) case. The standard fine amount listed in the table relates to each knowing hire and continuing to employ violation. The range of the three tiers of penalty amounts<sup>2</sup> are as follows:

**Knowing Hire / Continuing to Employ Fine Schedule**  
(For violations occurring on or after 3/27/08)

Knowing Hire and Continuing to Employ Violations	Standard Fine Amount		
	First Tier \$375 - \$3,200	Second Tier \$3,200 - \$6,500	Third Tier \$4,300 - \$16,000
0% - 9%	\$375	\$3,200	\$4,300
10% - 19%	\$845	\$3,750	\$6,250
20% - 29%	\$1315	\$4,300	\$8,200

<sup>2</sup> Since the passage of IRCA in 1986, federal civil monetary penalties have been increased on two occasions in 1999 and 2008 pursuant to the Federal Civil Penalties Inflation Act of 1990, as amended by the Debt Collection Improvement Act of 1996. These adjustments are designed to account for inflation in the calculation of civil monetary penalties and are determined by a non-discretionary, statutory formula. (See 73 FR 10130 (February 26, 2008))

<b>30% - 39%</b>	<b>\$1785</b>	<b>\$4,850</b>	<b>\$10,150</b>
<b>40% - 49%</b>	<b>\$2255</b>	<b>\$5,400</b>	<b>\$12,100</b>
<b>50% or more</b>	<b>\$2,725</b>	<b>\$5,950</b>	<b>\$14,050</b>

**Knowing Hire / Continuing to Employ Fine Schedule**  
(For violations occurring between 9/29/99 and 3/27/08)

	<b>Standard Fine Amount</b>		
<b>Knowing Hire and Continuing to Employ Violations</b>	<b>First Tier \$275 - \$2,200</b>	<b>Second Tier \$2,200 - \$5,500</b>	<b>Third Tier \$3,300 - \$11,000</b>
<b>0% - 9%</b>	<b>\$275</b>	<b>\$2,200</b>	<b>\$3,300</b>
<b>10% - 19%</b>	<b>\$600</b>	<b>\$2,750</b>	<b>\$4,600</b>
<b>20% - 29%</b>	<b>\$925</b>	<b>\$3,300</b>	<b>\$5,900</b>
<b>30% - 39%</b>	<b>\$1250</b>	<b>\$3,850</b>	<b>\$7,200</b>
<b>40% - 49%</b>	<b>\$1575</b>	<b>\$4,400</b>	<b>\$8,500</b>
<b>50% or more</b>	<b>\$1,900</b>	<b>\$4,950</b>	<b>\$9,800</b>

### Penalties for Substantive and Uncorrected Technical Violations

The agent or auditor will divide the number of violations by the number of employees for whom a Form I-9 should have been prepared to obtain a violation percentage. This percentage provides a base fine amount depending on whether this is a first offense, second offense, or a third or more offense. The standard fine amount listed in the table relates to each Form I-9 with violations. The range of penalty amounts are as follows:

#### Substantive / Uncorrected Technical Violation Fine Schedule

Substantive Verification Violations	Standard Fine Amount		
	1st Offense \$110 - \$1100	2nd Offense \$110 - \$1100	3rd Offense + \$110 - \$1100
0% - 9%	\$110	\$550	\$1,100
10% - 19%	\$275	\$650	\$1,100
20% - 29%	\$440	\$750	\$1,100
30% - 39%	\$605	\$850	\$1,100
40% - 49%	\$770	\$950	\$1,100
50% or more	\$935	\$1,100	\$1,100

### Enhancement Matrix

The following matrix will be used to enhance or mitigate the recommended fine contained on the Notice of Intent to Fine.<sup>3</sup>

<u>Factor</u>	<u>Aggravating</u>	<u>Mitigating</u>	<u>Neutral</u>
Business size	+ 5%	- 5%	+/- 0%
Good faith	+ 5%	- 5%	+/- 0%
Seriousness	+ 5%	- 5%	+/- 0%
Unauthorized Aliens	+ 5%	- 5%	+/- 0%
History	<u>+ 5%</u>	<u>- 5%</u>	<u>+/- 0%</u>
Cumulative Adjustment	+ 25%	- 25%	+/- 0%

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<sup>3</sup> *Id.*

## Form I-9 Inspection Process

