

The Most Powerful Name in Corporate News

Cloud Based Form I-9 and E-Verify® Software Provider



Joseph N. Impastato II
CEO

About I-9 Advantage

Founded in 2007 by technical innovators and experts in immigration law, I-9 Advantage™ is the leading-edge provider of the most trusted suite of cloud-based Form I-9 and E-Verify® employment verification software. I-9 Advantage provides seamless integration with existing HR platforms for ease-of-use and efficiency. I-9 Advantage™ distinctly delivers tailored solutions to meet each organization's specific needs for a personalized customer experience. Over 1,000 clients and partners trust I-9 Advantage™ for their compliance needs.

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine

CEOCFO: Mr. Impastato, what is the idea behind I-9 Advantage™?

Mr. Impastato: We are a leading provider of cloud based Form I-9 and E-Verify® software. I-9 Advantage automates the manual functions of completing a Form I-9; one of the most complex government forms to complete compliantly. The Form I-9 is used to verify each employee's authorization to legally work in the U.S., but it is one of the most difficult forms to complete, due to complex requirements. In 2013 U.S. Customs and Immigration Services released a two page form accompanied by a seventy-plus page handbook (M-274), with instructions for compliantly filling out the Form I-9. Although the form has been in existence since the late 1980s, the government has begun enforcing I-9 compliance at a very aggressive pace over the last few years. Enforcement consists of

random audits on businesses of every size for errors or omissions found on Form I-9s, as well as the hiring of illegals. Enforcement is intensifying and the fines and penalties for I-9 audits can cost organizations up to \$1,100 per form containing omissions or mistakes and up to \$16,000 for hiring illegal employees. Some organizations also face arrests and debarment from government contracts. Our software automates the compliance aspect of completing, managing and securely storing I-9s, eliminating room for human error and mitigating the risk of costly fines for non-compliance.

CEOCFO: After you have filled out a few, why is it still so hard?

Mr. Impastato: That is a great question. Very few individuals have become true experts. There is a lot of room for error on the Form I-9, each field and section of the I-9 requires attention to detail and a thorough understanding of the M-274 handbook, along with other rules and regulations. There is a reason that the handbook for instructions on how to accurately complete the form is at least 70 pages long. I will leave it up to the public to decide why it is so complicated. We have found on average that at least sixty eight (68%) percent of an organization's Form I-9s are not compliant and contain errors, and omissions. The truth is that immigration reform is a top initiative for the government, and enforcement is at its' highest level ever. Whether the form is intended to be complicated or not, it is an area that all top level executives need to pay attention to, or they will be made an example of. Again, it basically goes back to the complexity of the Form I-9 document itself and the fines associated with it. What organization wants to be fined up to \$1,100 per Form I-9 for errors and omissions and the negative press that comes along with it? If you're not an expert that deals with it, day in and day out, the risk of filling out the I-9 incorrectly is very, very high. Even experts make mistakes when you're dealing with high volume of I-9s. I can't imagine memorizing a 70-plus page handbook. Our automated system provides all of the proper steps to help ensure each and every Form I-9 is completed with accuracy.

CEOCFO: Would you give us an example of how you can pick up an error? If someone starts and puts in the first thing or the second thing, what is the process so that you can catch the problems?

Mr. Impastato: Our "validate-as-you-go" pre-audit technology is built into the software and validates the information submitted. Our software helps ensure that each form field is filled out correctly. If you miss a field that is required, the system will not let you proceed until it is filled in correctly. In addition, Section 2 of the I-9 creates unique challenges, if too

many or too little verification documents are used when completing the Form I-9, it can be considered over or under documentation, and discrimination can also play a role in fines associated with the I-9. This is against regulation, and can yield additional penalties from the Office of Special Counsel (OSC), a Division of the Department of Justice (DOJ), for potential discrimination. Simply put, there is a lot to pay attention to on the Form I-9, and multiple government agencies can and will enforce the legal regulations based on their role. Our system helps to ensure a standardized process, and mitigates the potential for common mistakes. For example, many hiring managers will ask to see a passport, a driver's license and a social security card to verify the identity of the employee; which equals discrimination and non-compliance. You would be surprised how many times we have seen this. I-9 audits are on the rise to the tune of over five hundred percent over the past few years alone compared to previous years.

CEOCFO: You said that there are a number of companies that work in this arena?

Mr. Impastato: There used to be many, but many providers have disappeared over the years. There are only a few providers now due to the complexity surrounding compliance of the I-9. The words "cheap" and "compliance" just doesn't go hand-in-hand anymore. Just because the I-9 is electronic does not mean that it is compliant. I have seen way to many systems in the market that lack the basic requirements. And yes, they are cheap, but you get what you pay for. As an I-9 compliance software provider that is integrated with the Department of Homeland Security for E-Verify®, we have a higher standard for compliance, so attention to the details of the laws, rules and regulations play a big part in the service that we offer. E-Verify in itself goes through numerous revisions a year and those revisions are costly to organizations. If they are not able to keep up with the ever-changing government regulations surrounding the Form I-9 and E-Verify, they will become non-compliant and place their clients at risk. Many providers of what we call "cheap electronic I-9 compliance solutions" have gone by way of the Dodo, so to speak. That is because companies today are not looking for a "cheap fix", and they understand that you cannot become compliant by converting an I-9 to an electronic format with light validation. I-9 Compliance is a detailed and meticulous process that needs to be done correctly. The whole opinion of the "cheap" compliance paradigm has shifted to organizations that have truly compliant solutions. Just look at the cost and risk from fines associated with I-9s. As I said, it can cost anywhere from one hundred and ten (\$110) to eleven hundred dollars (\$1,100), just for errors and omissions on a single I-9. If you are hiring illegals, fines can be up to sixteen thousand dollars, plus possible debarment, jail time, and negative publicity. The Department of Homeland Security and the Office of Special Counsel are now set up to look at organizations of all sizes. Most CEOs want to be proactive by avoiding potential risk. A manual process or a cheap noncompliant solution exposes them to possible risk. The math is pretty simple, for every 100 I-9s with errors; a company exposes themselves to \$110,000 in potential fines.

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CEOCFO: Are companies coming to you for the E-Verify also, but is the I-9 the main part? Are people aware of the dangers of the I-9? You make it sound so frightening and I guess it is!

Mr. Impastato: Great question. It really is! As I said, five to seven years ago it was not as frightening. Fifteen years ago no one really even completed an I-9, and if they did it was most likely not done correctly. From what we have seen with historical Form I-9s, they would fill in a name and sign the form, then throw it in a drawer. What you asked was simply an amazing question. That is because there is a very, very common misconception, "If I participate in E-Verify, I do not have to worry about my I-9s, correct?" We hear this all the time, but it is far from the truth. There is equal weight associated to both, to answer your question. Therefore, just using E-Verify only assures that you are verifying employment eligibility through the government, and that you are not hiring unauthorized employees. However, that does not provide an opportunity for the government to turn a blind eye to the accuracy of Form I-9s. The I-9s are just as important and carry just as much risk as the E-Verify component. You can't just pick or choose one.

CEOCFO: In general, I am guessing there is more awareness among companies from what you are saying, but I am also suspecting that many companies are not aware. How do you reach potential clients for your service?

Mr. Impastato: We have over one thousand clients today. We have roughly close to one hundred partners and resellers too. Many of our partner companies got out of the market and came to us, so they could still sell I-9 solutions, and not have to worry about the technology and the compliance aspect of it. Our resellers and partners include organizations like: background checking, payroll, PEOs, staffing organizations, etc. Additionally we have a direct channel. That direct channel is in house with us. Our sales team and our marketing department reach our audience by informing companies of the actual risk, and by providing a solution for compliance and efficiency. Our solutions dramatically reduce the time spent processing Form I-9s. Every organization wants to become more efficient. One of the great areas for us right now is remote hires. There are multiple facets to the I-9 and remote hires are the Achilles heel of I-9s. We have an I-9 enterprise

solution, I-9 Advantage, which is for your direct hires that are on site. Our solution for maintaining compliance when hiring remote employees is our I-9 Remote™ platform, which allows companies to comply with I-9 regulations for Section 2 of the Form I-9. Remote hiring requires an authorized agent to review verification documents in person with the employee. You cannot use video conferencing, or any other virtual method; a physical person has to inspect those documents of the new employee when filling out the I-9. For example, let's say that an organization's headquarters are in Detroit, but they are hiring an offsite employee in Atlanta. In this situation, they may not have a local hiring manager to complete the I-9 with that employee, and there is a large expense associated with organizing logistics and traveling for that purpose. Our I-9 Remote™ software allows organizations to comply with the Form I-9 requirements by offering access to a 100% cloud-based mobile enabled portal to complete the I-9 via an authorized agent or access to over 12,000 notaries from across the nation that travel to meet your new hire, and act as the authorized agent on behalf of your organization. Our solution for remote hiring is completely cloud-based, mobile, tablet, and PC friendly, offering walk-up usability, so completing an I-9 from any location is made easy. We also offer our I-9 Medic™ solution for converting, analyzing, pre-auditing and remediating historical paper Form I-9s.

CEOCFO: *How is business these days?*

Mr. Impastato: Business is absolutely fantastic. That is because no one has really paid attention to the Form I-9 over the years, and now all of a sudden the government is knocking on your door and they are saying, "You have three days to produce your Form I-9s in an electronic format," and ninety nine percent of organizations do not know what to do. When they have to go back and grab I-9s from a remote location, they are either missing I-9s or the I-9s are riddled with mistakes. In the past companies did not really have to worry about it as much, but enforcement has increased dramatically. Now it is a real problem. Personally, I feel the government is doing the right thing, but it is putting a lot of pressure on organizations to quickly comply.

CEOCFO: *How are you able to go back? How are you able to put in what is on the forms and what is wrong on the forms?*

Mr. Impastato: Excellent question! As I said, we have the three components of the I-9 software platform. We deal with the new onsite employees, remote hires and the historical I-9s. I-9 Medic is software solution designed with a one hundred and eighty five point error checking algorithm, and a twenty tier validation audit, to analyze and help correct historical I-9s. We have spent years working on a proprietary platform that deals with the conversion of the I-9s to an electronic format, and then assist companies with the correction and amendment process with our cloud-based remediation software. I-9 Medic helps to remediate and amend those failed I-9s to bring them up to compliance. The key here is that companies have to make a "good faith" effort to correct historical I-9s that contain errors. The historical I-9s are truly a ticking time bomb for companies.

CEOCFO: *I am sure there are many errors on the old ones that you cannot correct. What happens then?*

Mr. Impastato: Like you said, once an I-9 is done incorrectly, it is technically "broken". However, the government gives you, what they call, the Good Faith Argument. If you actually take the steps to remediate historical, archived I-9s and try to bring them to compliance, they consider that good faith. If you do nothing, it's considered bad faith; and most likely, you will receive a greater fine than if you would have gone through the process of making corrections. However, your question is, "these old I-9s have all these errors on them, what do you do?" You have to try to correct them, but you have to follow the government guidelines on the correction process; not all I-9s can be remediated, but you have a duty to make every effort to correct the mistakes. The fines that are associated with these archived I-9s are astronomical. Anything over ten percent starts creeping towards that eleven hundred dollar mark for each and every non-compliant I-9. Therefore, you must act or place your organization at risk.

CEOCFO: *How do you keep ahead of potential changes?*

Mr. Impastato: I have been in the software arena since 1999 and the other half of the business supplies cloud-based applicant tracking and hiring management solutions, which integrate with our I-9 compliance software. I have learned a lot over the years, and I've learned how to stay ahead of technology, competition and regulatory changes. I have been able to watch some great companies build out their software platforms to draw the attention of, and become partners with some of the largest organizations in the world. We are always trying to stay six to twelve months ahead of the competition, and we're always looking for the next steps of government compliance to stay ahead of what is to come. If you can do that with technology you will always be number one, or at least number two in the market. As our technology continues to evolve, we are focused on working to completely automate and fill the gaps of compliance, which helps us stay ahead of the market. One specific area we are focused on is remote hires, and our I-9 Remote™ platform. There are similar solutions in the marketplace, but not one of them utilizes a notary network of twelve thousand notaries, in addition to having a one hundred percent cloud based solution that is mobile enabled. It took us a great deal of time to specify the

needs of organizations across the country from a remote hire standpoint. However, I-9 Remote itself has given us leverage in the market. In addition to that, we feel that I-9 Medic also leads the market by a long shot, probably bumping against the twelve month mark for separation from the next closest solution on the pre-analysis, electronic conversion, and auditing of historical I-9s. Many people have I-9 solutions that are straight out of the box, but those products do not offer ease-of-use, security, or true compliance. Walk-up usability and true compliance is essential to us. We are continuously working on legally reviewing our solutions, and updating our solutions to meet the most current federal regulations. The I-9 Form and E-Verify are dynamic, and regulations are always changing, which is a reason why compliance can be so arduous and complex.

CEOCFO: *Why should the business community pay attention to I-9 Advantage?*

Mr. Impastato: Why pay attention to I-9 compliance and I-9 Advantage? Creating flawless I-9s each and every time for organizations that are hiring in high volume is absolutely critical to mitigate any risk and exposure from potential government fines and penalties. Again, the big thing with I-9 compliance is eliminating risk. The government will only give you three business days to prepare for an audit, and if they fine you, a press release is generated, which creates negativity, not only from a PR standpoint, but you'll face potential fines, which can top the millions of dollars for larger organizations. Just a few months ago an organization was fined thirty four million dollars (\$34M) for their hiring practices and I-9 compliance. Along with mitigating risk from steep penalties, our solutions help organizations cut down on their payroll expenses; by automating the I-9 process we reduce the time it takes to hire each new employee. Our solutions also offer companies a best practice, and they create good will, by ensuring businesses are hiring legally authorized employees.



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