

To avoid potentially costly fines, employers must regularly review their policies and practices to make sure they comply with the multitude of federal, state, and local laws. Employers overlooking compliance (whether intentionally or unintentionally) could find themselves facing dire consequences. In 2015, numerous employers were affected by governmental initiatives and investigations that uncovered noncompliant practices:

- ▶▶ The Department of Labor (DOL) received \$3.8 million and 35 new full-time investigators to support its enforcement of the "misclassification initiative," which targets industries that the DOL believes often misclassify employees as independent contractors.
- ▶▶ The DOL's Wage and Hour Division obtained nearly \$246 million in back wages for approximately 240,000 workers throughout the U.S. for minimum wage, overtime, and other wage violations.
- ▶▶ In 2014, The Massachusetts Employee Misclassification Task Force recovered nearly \$20.1 million, from Bay State-based employers, in wage restitution, state taxes, unemployment taxes, fines, and penalties. *(2015 numbers not yet published)*
- ▶▶ The Equal Employment Opportunity Commission (EEOC) collected a record \$525 million for victims of workplace discrimination.
- ▶▶ More than 92,641 discrimination and 39,757 retaliation charges were filed with the EEOC.
- ▶▶ Over the past decade, the number of I-9 audits has multiplied, rising from almost none – just three in FY 2004 – to 500 in FY 2008 and 3,004 in FY 2012. Audits have resulted in significant fines: \$31.2 million in FY 2009 – 2012 and \$22.6 million in FY 2013 – 2015.

In the News

LinkedIn Corporation agreed to pay \$3,346,195 in overtime back wages and \$2,509,646 in liquidated damages to 359 former and current employees. The DOL's Wage and Hour Division found that LinkedIn was in violation of the overtime and recordkeeping provisions of the Fair Labor Standards Act.

Zenefits CEO, Parker Conrad, was forced to resign because of lack of compliance. According to the company's new CEO, David Sacks, "many of our internal processes, controls, and actions around compliance have been inadequate, and some decisions have just been plain wrong."

Employer Solutions Staffing Group II, LLC was fined nearly \$230,000 in January 2015 for I-9 paperwork violations resulting from an I-9 audit conducted by ICE. ICE found that ESSG violated the I-9 regulations by completing employer attestations based on the inspection of photocopies of identity and employment eligibility documents relating to employees instead of the original documents as required by law.

What Can Employers Do?

Many small- to mid-sized businesses face the daunting task of administering their human resources function. Often, these duties are spread among several people within the organization. Following the legal requirements and maintaining compliance with various rules and regulations can be costly and confusing. However, the cost of not complying can be great – either in the form of fines and penalties, or legal settlements. Contact HR Knowledge to learn how we can help you assess the current state of your human resources function.