

Employers Face Higher Fines for Hiring Unauthorized Workers

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The U.S. Department of Justice (DOJ) has announced substantial increases in civil monetary penalties for employers who knowingly hire unauthorized workers, as well as for other immigration-related violations. The changes come under a newly published interim final rule and will take effect on August 1, 2016, applying to violations that occur after November 2, 2015.

These penalty increases respond directly to requirements set by the Bipartisan Budget Act of 2015, which mandates that all federal agencies adjust civil monetary penalties to account for inflation.

Immigration Reform and Control Act Requires Strict Employment Verification

The newly announced penalties are rooted in the Immigration Reform and Control Act of 1986 (IRCA). This landmark legislation makes it unlawful for any employer in the United States to knowingly hire, recruit, or continue employing a person who is unauthorized to work.

In addition to prohibiting the hiring of unauthorized workers, IRCA places a legal obligation on employers to verify the employment eligibility of all employees by completing the Form I-9. Failure to comply with these documentation requirements can subject employers to steep civil fines, even if no unauthorized worker is found.

Significant Increases to Penalties for Knowingly Employing Unauthorized Workers

Under the DOJ's interim final rule, the penalties for knowingly employing unauthorized workers will see a sharp rise:

The **minimum penalty** for a **first offense** increases from **\$375 to \$539 per worker**.

The **maximum penalty** for a **first offense** rises from **\$3,200 to \$4,313 per worker**.

For **multiple violations**, the **maximum civil penalty** will jump from **\$16,000 to \$21,563 per worker**.

These adjustments highlight a firm federal commitment to enforcing immigration laws and deterring employers from neglecting their employment verification obligations.

Paperwork Violations Also Subject to Higher Financial Penalties

Notably, employers who fail to properly complete or maintain Form I-9 documentation—even when no unauthorized workers are involved—will also face heightened penalties.

The maximum fine for paperwork violations will increase from \$1,100 to \$2,156 per relevant individual. This means that even administrative mistakes can now carry substantial financial consequences, emphasizing the importance of rigorous recordkeeping and compliance protocols.

Penalties Increase for Unfair Immigration-Related Employment Practices

The DOJ's rule also addresses penalties for unfair immigration-related employment practices, such as discrimination based on citizenship status or national origin during the hiring process.

The maximum penalty for such discriminatory practices rises from \$3,200 to \$3,563 per person discriminated against.

Employers are reminded that while they must verify workers' employment eligibility, they must also avoid discriminatory hiring practices prohibited under federal law.

Why the Department of Justice Is Raising These Penalties Now

The increases are not arbitrary. Under the Bipartisan Budget Act of 2015, federal agencies are required to adjust monetary penalties to reflect inflation, ensuring that penalties retain their deterrent effect over time.

This adjustment reflects the first significant across-the-board increase in several years, modernizing the civil penalty structure to match current economic conditions.

According to officials, increasing penalties is part of broader efforts to ensure that employers take employment eligibility verification obligations seriously and that bad actors are held accountable in a meaningful way.

Compliance Best Practices for Employers to Avoid Hefty Fines

Given the upcoming changes, employers must revisit their compliance programs. Recommended best practices include:

Conducting internal audits of existing Form I-9s to ensure full and accurate completion.

Implementing robust training programs for HR personnel responsible for hiring and onboarding.

Using E-Verify (where applicable) to add another layer of employment eligibility verification.

Maintaining meticulous records for all current and past employees as required by law.

Seeking legal advice promptly when questions about employment authorization arise.

Organizations that fail to update and strengthen their compliance efforts risk facing significant financial liability if found noncompliant after an audit or investigation.

Employers Must Prepare for Tougher Enforcement Landscape Ahead

While the new penalty rates officially take effect in August, they will apply retroactively to violations that occurred after November 2, 2015. That means employers could already be facing higher penalties for actions

(or failures) that occurred in the recent past.

Employers should anticipate tougher enforcement from agencies such as U.S. Immigration and Customs Enforcement (ICE) and the DOJ's Office of Special Counsel for Immigration-Related Unfair Employment Practices.

Higher penalties signal that immigration worksite enforcement remains a key priority for federal regulators, regardless of political shifts or other national policy debates.

The Cost of Noncompliance Just Got Higher

The substantial increases in civil penalties should serve as a wake-up call to employers across all industries. Hiring unauthorized workers or failing to complete proper employment verification paperwork can now lead to devastating financial consequences.

By investing in training, updating compliance systems, and fostering a culture of careful, lawful hiring practices, businesses can protect themselves against costly penalties and reputational harm.

As the penalty landscape evolves, proactive compliance is no longer just advisable—it is essential.

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