

An Immigration Dashboard for Human Resource Professionals

By Angelo A. Paparelli and Lily S. Hensel¹

If the near-term past is any guide, the future suggests that employers must be more vigilant than ever in maintaining immigration law compliance. With headlines of employer investigations and immigration raids regularly emblazoned on the front pages and home pages of the nation's newspapers and blogs, and federal and state lawmakers introducing greater worker protections and stricter limits on employer conduct in the immigration space, Human Resource professionals must regularly view immigration concerns as a key instrument on their performance dashboards.

This article will provide employers with key dashboard elements:

- Practical information concerning basic principles of work-related immigration law
- Eligibility criteria for the most popular work-visa categories.
- Best practices when hiring or continuing to employ foreign and domestic workers,
- Recommended procedures to follow after receipt of a “no-match” letter.
- Useful tips to make sure that foreign workers maintain lawful immigration status throughout the employment relationship and are not prevented from working by delayed security clearances or restrictions on travel abroad and reentry to the United States.
- Guidance on ways to limit or minimize liability, or negative, unintended immigration-related outcomes affecting the workforce and the employment relationship.

¹ **Angelo Paparelli** is Managing Partner of Paparelli & Partners LLP (www.entertheusa.com), a nationally renowned immigration specialty firm in New York, NY and Irvine, CA, and President of the Alliance of Business Immigration Lawyers (www.abil.com). Selected as the world's leading corporate immigration lawyer by *The International Who's Who of Business Lawyers (2005 & 2006)*, and named a first-tier business immigration lawyer by *Chambers USA 2008*, he co-authors the “Immigration” column for the *New York Law Journal*, writes an immigration public policy blog (www.nationofimmigrants.com), and serves as an expert witness and consultant for employers and their litigation counsel on immigration issues in a wide array of courtroom disputes.

Lily S. Hensel practices immigration law, with a focus on employment-based transactional and litigation matters with Paparelli & Partners LLP. She previously practiced in the immigration group of a national employment law firm.

A Word of Caution: The Maze of Immigration Laws Governing Employment Authorization for Foreign Nationals Is Perplexing and Perilous

The laws restricting the employment of foreign workers and providing labor protections for American workers are intricate, overlapping and complex. Tax, employment, pension, and civil rights laws dealing with foreign and domestic workers are just a few of the disciplines that employers must consider. This patchwork of intersecting and often-conflicting laws becomes even more perplexing when federal immigration laws and regulations are included in the mix.

Immigration law has been characterized as confusing and inscrutable by several knowledgeable authorities. A USCIS spokeswoman has called it “a mystery and a mastery of obfuscation.”² Courts have likened it to King Mino’s labyrinth in ancient Crete, describing immigration as “a maze of hyper-technical statutes and regulations that engender waste, delay, and confusion for the Government” and the regulated community alike.³

Much of the confusion arises because so many agencies regulate immigration laws. Congress, in its questionable wisdom, has conferred substantial authority on several federal agencies to administer and enforce overlapping provisions of U.S. immigration law that affect employers and foreign workers.

Within the Department of Homeland Security (DHS), three primary agencies exercise overlapping jurisdiction in immigration matters:

- U.S. Citizenship and Immigration Services (USCIS) – which grants or denies requests for immigration benefits such as work permits, work-visa status and employment-based permanent residence;
- U.S. Customs & Border Protection (CBP) – which confirms immigration status or refuses requests to be admitted to the U.S. at ports of entry; and
- U.S. Customs & Immigration Enforcement (ICE) – whose officers serve as the interior enforcers of the immigration laws.

Under the Department of State (DOS), two relevant units regulate in the immigration field:

² U.S. Citizenship and Immigration Services spokeswoman, Karen Kraushaar, quoted in the Washington Post, April 24, 2001 Metro Section, in an article entitled “[Maryland] Family Ensnared in Immigration Maze – After Changes in Law, Couple Faces Deportation.”

³ *Drax v. Reno*, 338 F.3d 98, 99-100 (2d Cir. 2003).

- The Visa Office, within the Bureau of Consular Affairs in Washington, D.C. – which drafts immigration regulations and issues legal rulings through its Advisory Opinion division, and
- U.S. consular officers at American embassies and consular posts abroad – who interview visa applicants, make binding determinations of fact questions, and issue or refuse temporary (nonimmigrant) and permanent (immigrant) visas, while operating under authority conferred by DHS in a Memorandum of Understanding with the DOS.

At the Department of Labor (DOL), two relevant units reign over immigration matters:

- The Employment and Training Administration (ETA) – which develops regulations, certifies employer attestations on wages, benefits and working conditions in Labor Condition Applications, and oversees labor market tests to determine U.S. worker availability in PERM labor certification applications; and
- The Employment Standards Administration (ESA) – which operates through the Wage and Hour Division (WHD) to develop regulations and audit employer compliance with immigration-related worker protections and paperwork requirements.

Lastly, the Department of Justice (DOJ) plays an important role:

- The Executive Office of Immigration Review (EOIR) is comprised of Immigration Judges (IJs) who preside over removal (deportation) hearings, adjudicate applications for relief from removal and confer immigration benefits such as asylum and adjustment of status to lawful permanent resident and the Board of Immigration Appeals (BIA) whose panels hear appeals of IJ decisions;
- The Office of the Chief Administrative Hearing Officer (OCAHO) whose Administrative Law Judges hear civil cases involving claims under the I-9 and antidiscrimination provisions of the INA; and
- The Office of Special Counsel for Unfair, Immigration-Related Employment Practices (OSC) who enforce the laws prohibiting discrimination on the basis of citizenship (and as to smaller employers) and national origin and prosecute employers before OCAHO's Administrative Law Judges.

Employment-based Immigration Sponsorship

Congress has created a befuddling array of some 40 or so immigrant and nonimmigrant visa classifications by cooking up an alphabet-soup listing of categories replete with letters, hyphens and numbers.⁴ The inclusion of all visa categories in an HR professional's dashboard is way more than time and space permit. In most situations, the nonimmigrant work-visa categories are comparatively few and can be grouped in logical ways. Selected visas allow employment of researchers, students, trainees, professional workers, corporate transferees from foreign affiliates, investors, traders and workers with specialized knowledge, essential skills or outstanding talents.

In most instances, the terms of employment are circumscribed. Foreign nationals may not freely float or flit from employer to employer. Unless new permission is granted or rules of compliance are satisfied, a foreign worker is normally allowed to be employed only by the "petitioner," the employer that sponsored the worker's authorization for employment in the United States. Thus, the terms and conditions of sponsorship outlined in the nonimmigrant visa petition and supporting documents in most instances control the work permission. These submissions to the government identify an employer by name offering a specific position to a foreign citizen, who will perform a prescribed set of job duties in a particular geographical area, for a stated compensation package on a full-time or part-time basis.

To complicate matters, however, the USCIS has also made available to numerous categories of aliens an Employment Authorization Document (commonly referred to as an "EAD" or work permit) which in most instances allows so-called "open-market" employment with any employer.⁵ Thus, employers should keep their antennae attuned to changed circumstances and would be wise to consult immigration counsel whenever a change in employment is considered for a foreign national. A promotion, demotion, job transfer, employee termination, reduction in force, or entity-restructuring can all too often eliminate the basis for a foreign national's employment authorization.⁶ If this situation

⁴ For a general discussion on employment-based immigration law in the United States, see Angelo A. Paparelli and J. Ira Burkemper, "Immigration and Nationality," Chapter 23, in The International Practitioner's Deskbook Series: International Lawyer's Deskbook, 2nd Edition (Lucinda A. Low, Patrick M. Norton, and Daniel M. Drory, Eds.), American Bar Association, Section of International Law & Practice, accessible at: <http://www.abanet.org/intlaw/hubs/publications/books.html>.

⁵ Eligible foreign nationals may apply for an EAD using USCIS Form I-765. Examples of classifications of aliens who may seek open market employment by applying for an EAD include aliens admitted to the United States in refugee status, aliens granted asylum or withholding of removal, and aliens who have filed an application for adjustment of status to lawful permanent resident. See 8 C.F.R. §§ 274a.12(a)(3), (5) & (10); 8 C.F.R. § 274a.12(c)(9).

⁶ For information on the immigration consequences of mergers, acquisitions, and corporate changes, see Angelo A. Paparelli, "Assuage Therapy: Enticing M & A Lawyers to Help with Immigration Successorship," Immigration & Nationality Law Handbook, Vol. II (American Immigration Lawyers Association [AILA], 2008); Alan Tafapolsky, Angelo A. Paparelli, A. James Vazquez-Azpiri and Susan K. Wehrer, "Thriving on Change: How to Solve Immigration Problems in Merger & Acquisition Deals," New Rules for the New Millennium (AILA 2001); Angelo A. Paparelli & Susan K. Wehrer, "Update on Mergers and Acquisitions: Congress Toys with the H-1B," Immigration & Nationality Law Handbook, Vol. II

occurs, unless proactive or remedial measures are taken promptly, the foreign national may be required to resign or be terminated from employment and leave the United States.

The failure to understand the terms of sponsorship and the immigration implications of a proposed change in the employment of a foreign national can result in considerable liability for an employer. For example, if a sponsoring employer promotes a foreign engineer to a new position, such as project manager, the previously approved sponsorship and work-visa status may be nullified. If the employee will no longer be performing the same core duties, an amended petition to USCIS must be filed with the USCIS and, in most cases, approved by the agency prior to implementing the change in the employee's duties.

Even if the core duties have not materially changed, the employer may need to consider other terms of sponsorship. For example, a corporation hiring an H-1B employee must pay that employee the greater of the prevailing wage or the actual wage in the specialty occupation. If the corporation does not research the actual or prevailing wage prior to changing the job assignment, a wage violation may occur, which could subject the corporation to an enforcement action by the DOL's WHD, the agency responsible for policing underpayments to H-1B workers.

The Most Popular Work-Visa Categories

The most common visa categories used by businesses to hire foreign nationals with restricted terms of sponsorship include the H-1B (specialty occupation), L-1 (intracompany transferee), and E-1 and E-2 (treaty trader and investor) classifications.⁷

The H-1B visa category is available to “fortunate” for-profit businesses seeking to hire foreign nationals to provide services in a “specialty occupation.” Good fortune is conferred only on the lucky employers whose H-1B visa petitions come in before the meager 65,000-person annual quota is exhausted,⁸ or whose petitions USCIS selects at random (whenever, all too often happens, the quota fills within the first five days of its opening). A specialty occupation is an occupation requiring the theoretical and practical application of a body of highly specialized knowledge and the attainment of a baccalaureate or higher degree – or its equivalent – in the specialty.⁹ H-1B workers include professionals in such fields as computer science, engineering, accounting,

(AILA 2000-01); Stanley Mailman & Stephen Yale-Loehr, “More on the Impact of Corporate Reorganizations on H-1B Workers,” 6 *Bender's Immigr. Bulletin* 381 (April 15, 2001).

⁷ Other useful categories authorizing employment include the TN professional-worker classification for Mexican and Canadian citizens under the North American Free Trade Agreement, the O-1 visa for “Extraordinary Ability Aliens” in Business, Science and Arts, the P-1, P-2 and P-3 categories for Professional Athletes, support personal and certain artists, and a sub-category of F-1 and J-1 academic students, scholars and “Exchange Visitors” who are issued an EAD.

⁸ Foreign citizens with a Master's or higher degree conferred by a U.S. educational institution are accorded an additional H-1B quota of 20,000. Special allotments are granted to H-1B workers who are citizens of Singapore and Chile, and Australians are given benefits under the E-3 category, which resembles the H-1B and has its own annual quota of 10,500 per fiscal year.

⁹ INA § 214(i)(1), 8 U.S.C. § 1184(i)(1); 8 C.F.R. § 214.2(h)(4)(ii).

architecture and an expanding array of traditional and evolving highly-skilled occupations. The terms of sponsorship for H-1B employees include requirements to perform specific job duties for the petitioning employer and the payment by the employer of the higher of the “prevailing wage” in the local area or “actual wage” at the employer’s work-site.¹⁰ With few exceptions, the H-1B employee must generally work solely within a defined and previously approved geographical area.

The L-1 visa category is available to foreign employees working abroad for a qualifying parent, subsidiary, or affiliate of the U.S. entity. L-1 visas may be issued to employees of a foreign entity who have been employed abroad for the qualifying entity in an executive, managerial, or “specialized-knowledge” position for at least one year out of the three years immediately preceding entry into the United States.¹¹ The terms of sponsorship for L-1 employees include requirements to perform specific job duties at a particular U.S. parent, subsidiary, or affiliate of the foreign entity abroad. In some cases, an employer can qualify employees to come to the United States under a “blanket L-1,” a special status granted to certain midsize and large multinational corporations with more than one U.S. office, which permits mobility for its L-1 employees.¹²

The E-1 Treaty Trader and E-2 Treaty Investor visa classifications are authorized under Immigration and Nationality Act (INA) § 101(a)(15)(E)¹³ and various Friendship, Commerce and Navigation treaties and Bilateral Investment treaties between the United States and selected countries. These treaties authorize foreign entities from treaty countries to employ selected personnel at their U.S.-based subsidiaries and affiliates. These visas may be granted to foreign nationals of a treaty country who are or will become owners or qualifying employees of a U.S.-based treaty enterprise. The E-1 treaty entity must satisfy various criteria demonstrating that it engages in trade principally conducted between the United States entity and the treaty country, whereas the E-2 treaty entity must demonstrate that an individual or entity has invested (or is actively in the process of investing) a substantial amount of capital in the U.S. based company.¹⁴ The terms of sponsorship for an E-1 and E-2 alien include requirements that the employee work for the sponsoring entity in an executive or supervisory position or a position in which the employee renders services “essential to the operation of the employing treaty enterprise.”¹⁵

¹⁰ The actual wage is defined in the regulations as the wage rate paid by the petitioning employer to all other company employees with “similar experience and qualifications for the specific employment in question.” 8 C.F.R. § 655.731(a)(1). The prevailing wage is defined as the prevailing wage paid employees in an occupational classification “in the area of intended employment.” The employer must base the determination of the prevailing wage “on the best information as of the time of filing the application.” 8 C.F.R. § 655.731(a)(2).

¹¹ See INA § 101(a)(15)(L), 8 U.S.C. § 1101(a)(15)(L); 8 C.F.R. § 214.2(l).

¹² For information on the blanket L-1, see Alan Tafapolsky & A. James Vazquez-Azpiri, “Global Warming: The L Blanket Program and the Transitional Corporation,” 99-04 Immigr. Briefings (Apr. 1999). See also Alan Tafapolsky, A. James Vazquez-Azpiri, Charles Foster Stephen Yale-Loehr, “Cover Me: The Blanket L Program,” Immigration & Nationality Law Handbook, 2001-2002 edition V.2. (AILA June 2001).

¹³ 8 U.S.C. § 1101(a)(15)(E).

¹⁴ 8 C.F.R. § 214.2(e)(1) & (2); 22 C.F.R. § 41.51(a) & (b).

¹⁵ 8 C.F.R. § 214.2(e)(17) & (18); 22 C.F.R. § 41.51(c). For a discussion of the interplay between and among employment law, immigration law and tax law in the E visa context, see Angelo A. Paparelli and

I-9 Verification, Record-Keeping and Anti-Discrimination Compliance

In order to avoid liability for failing to comply with the duty of employment eligibility verification, the employee and employer must correctly complete the Form I-9 on a timely basis. The employee must complete Section 1 of the I-9 on or before the first day of hire and attest to his or her basis for employment in the United States as a citizen, lawful permanent resident or foreign national with temporary work permission. Within the first three days of hire, the employer must inspect original documents of identity and work permission chosen and presented by the worker, confirm that they relate to the new hire, and complete Section 2 by verifying the start date of employment and confirming that the foreign national is authorized to work in the United States.

While performing this task, the employer may not engage in prohibited discrimination (“document abuse”) by requesting too many documents or requesting particular documents. These seemingly contradictory and confusing legal mandates originated with the Immigration Reform and Control Act of 1986 (IRCA) and have been amended since original enactment.¹⁶ These laws require employers to verify that all employees, regardless of their nationality, hired on or after November 6, 1986, are authorized to accept employment in the United States, and that – in the case of a foreign national with a temporary work permit – work authorization continues throughout the foreign citizen’s employment.¹⁷ The Form I-9, effective June 5, 2007, is the only version now authorized for use.¹⁸

Several I-9 concerns can be addressed and resolved through the development of a corporate compliance policy on employment eligibility verification. A number of issues must be addressed in an I-9 compliance review.¹⁹ The company, with counsel’s guidance, should ask a number of questions, including:

- Are qualified management representatives assigned to monitor and supervise I-9 verification procedures?
- What are the safeguards for assuring that I-9s are completed by the new employee on the first day of hire and by the company within three days after the worker begins employment?

Suzanne J. Holland, “The Quasar Case: Hidden Problems of Employment, Immigration, and Tax Law,” published in *The International Lawyer*, Winter 1992.

¹⁶ Illegal Immigration Reform and Immigrant Responsibility Act of 1996, §§ 411- 413; Pub. L. No. 104-208.

¹⁷ For information on I-9 verification procedures, see the new *Handbook for Employers: Instructions on Completing the Form I-9*, last revised on November 1, 2007, accessible at: <http://www.uscis.gov/files/nativedocuments/m-274.pdf>. See also, Ted J. Chiappari and Angelo A. Paparelli, “The Lowly Form I-9 Gets a Makeover,” *New York Law Journal*, December 27, 2007, accessible at: http://entertheusa.com/publications/articlesanalysis_CommentaryPLB.pdf.

¹⁸ The latest Form I-9 can be found at <http://www.uscis.gov/files/form/i-9.pdf>

¹⁹ To review a checklist for the prevention, response and defense against USCIS employer sanction investigations, see Ann L. Lamdin, Michael D. Patrick, Richard A. Gump Jr. and Angelo A. Paparelli, “When Uncle Sam Knocks: Representing Employers Who Face or Fear Government Investigations,” *Immigration & Nationality Handbook*, (AILA 1997).

- What measures are in place to confirm that document abuse and other forms of prohibited discrimination do not occur?
- Has the employer adopted a policy (and applied it consistently) either to copy all documents of identity and employment eligibility provided by new hires (and retain such copies for the required retention period) or to decline to copy such documents?
- Has the employer developed an adequate file or database management system (separate from personnel records) for proper maintenance of the verification documents, and the docketing of deadlines for reverifying the continued employment eligibility of workers with time-limited permission to work?
- Has the employer developed an employee training system to assure that assigned employees understand the compliance policy so that a consistent, correct application of I-9 verification procedures occurs?
- Has the employer considered whether to maintain solely paper files or to utilize and comply with regulations authorizing electronic signature and storage of I-9 records?²⁰

Forethought in this area may well save the employer substantial costs by placing the company in a better position to defend itself against an I-9 investigation brought by the ICE, the OSC, the DOL or the Office of Federal Contracts Compliance Programs.²¹ Moreover, under a presidential Executive Order, federal contractors face additional potential liability for knowingly hiring unauthorized foreign nationals. This order subjects federal contractors to a one-year government contract bar if the contractor has been found to have employed alien workers with knowledge that the employees lack the right to work in the United States.²²

Employers should also be aware of the interplay of the I-9 verification obligation and the employer's duty to comply with tax and payroll withholding obligations. For the past several years, the Social Security Administration (SSA) has mailed employers so-

²⁰ See 71 Fed. Reg. 34510, 34513 (June 15, 2006).

²¹ An employer's failure to position itself to defend against a potential I-9 investigation can prove costly, because if the government finds fault, the sanctions can add up. Failure to complete or maintain the Form I-9 properly and required documents subjects an employer to a fine from \$110 to \$1,100 for each violation. INA § 274a(e)(5), 8 U.S.C. § 1324a(e)(5). If the government determines that the employer hired or continued to employ a worker after November 6, 1986 while knowing that the worker was unauthorized to work, the possible penalty range is:

\$275 to \$2,200 for the first offense (for each worker);
 \$2,200 to \$5,500 for the second offense (for each worker); and
 \$3,300 to \$11,000 for the third offense (for each worker).

INA § 274a(e)(4)(A), 8 U.S.C. § 1324a(e)(4)(A). If the government determines that the employer committed a pattern or practice of violating Form I-9 laws, criminal sanctions of six months in jail and a \$3,000 fine may be imposed. INA § 274a(f)(1), 8 U.S.C. § 1324a(f)(1).

²² Executive Order 12989 (February 13, 1996); 61 FR 6091 (February 15, 1996). Amended by Executive Order 13286 (February 28, 2003).

called “no-match” letters.²³ These letters inform employers that the agency is unable to post earnings reported on a W-2 tax form on behalf of an employee because of a discrepancy in the employer-reported Social Security Number (SSN) and the worker’s name and number in SSA’s records.

Realizing that unauthorized alien workers would often appear on SSA no-match letters, DHS recently confirmed its intention to use this system as a mechanism to tackle illegal immigration:

DHS, and its predecessor agencies have long maintained that employment in the United States is a magnet for illegal immigration, and that a comparison of names and SSNs submitted by employers against the SSAs data provides and indicator of possible illegal employment. According to DHS, reducing the employment magnet is the linchpin of a comprehensive strategy to deter unlawful immigration. Strategies to deter unlawful entries and visa overstays, the DHS asserts, require both a reliable process for verifying authorization to work and an enforcement capacity to ensure that employers adhere to all immigration-related labor standards.²⁴

The SSA does not send employer no-match letters to all employers whose tax filings reveal employees with SSN no-matches. Rather, no-match letters are only sent to employers whose wage report contains more than ten no-matches and where the no-matches represent more than 0.5% of the total W-2s included in the employer’s wage report.²⁵ The DHS has thus taken the position that these criteria limit the receipt of employer no-match letters to employers who have potentially significant problems with their employees’ work authorization.²⁶ In other words, employers with stray mistakes or *de minimis* inaccuracies in their records do not receive employer no-match letters.²⁷ Statistics further show that the services, restaurant, and agricultural industries are the ones most affected by the crack-down in enforcement, since they are the ones with the most unauthorized workers.²⁸ As this policy has evolved, the SSA has dramatically increased its issuance of such letters.

In 2007, DHS was poised to implement a new rule, allowing a 90-day “safe harbor” period for employers to respond to payroll and SSA discrepancies upon receipt of

²³ ICE sends a similar letter (currently called a “notice of suspect documents”) after it has inspected an employers Employment Eligibility Verification forms (Form I-9) during an investigation audit and has been unable to confirm the validity of an immigration status document or employment authorization documents presented or referenced by the employer in completing the Form I-9. This letter from ICE is issued upon ICE’s investigation and review of the specific employment authorization documents as a result of an I-9 audit.

²⁴ See proposed rule entitled, “Safe-Harbor Procedures for Employers Who Receive a No-Match Letter: Clarification: Initial Regulatory Flexibility Analysis, 73 FR 15945 (March 26, 2008).

²⁵ See *id.* at 15949.

²⁶ See *id.* at 15950.

²⁷ See generally *id.* at 15953.

²⁸ See Office of Inspector General, Social Security Administration, *Social Security Number Misuse in the Service, Restaurant, and Agriculture Industries*, Report A-08-05-25—23, at 2-3 (April 2005), *AFL-CIO v. Chertoff*, D.E. 129 at 453.

a no-match letter,²⁹ thereby limiting their risk of liability under the immigration law³⁰. Prior to the release of this rule, legacy-INS over the years had responded to questions about the responsibilities of employers who receive no-match letters only through private correspondence. As a result, there was extensive disagreement and confusion among employers concerning their obligations after receiving a no-match letter, and employers were left without a clear understanding of their compliance responsibilities.³¹ In the absence of a clear, uniform, authoritative agency position, many employers and labor organizations adopted positions that best served their interests, (e.g., accepting the submission of a complete change in name and SSN to correct a discrepancy). Given the confusion about how to respond to SSA no-match letters, DHS concluded that it needed to clarify employers' duties under the immigration laws by issuing the 2007 final rule,³² but the Department was soon stymied by a Federal Court in San Francisco that enjoined the rule's implementation.³³

The enjoined rule would have required employers to take specific actions upon receipt of a no-match letter, including: (1) verifying within 30 days that the lack of a match was not the result of a record-keeping error on the employer's part; (2) requesting that the employee confirm the accuracy of employment records; (3) asking the employee to resolve the issue with SSA; (4) if these steps lead to resolution of the problem, follow instructions on the no-match letter itself to correct information with SSA, and retain a record of the verification with SSA; and (5) where the information could not be corrected, complete a new I-9 form without using the questionable SSN and instead using documentation presented by the employee that conforms with the I-9 document identity requirements and includes a photograph and other biographic data.³⁴

If these steps were faithfully followed, then the rule would have provided that the employer could generally be assured that DHS would not allege that the employer had "constructive knowledge" of an employee's unauthorized status. Prior to the issuance of the proposed rule, the DHS only applied a "totality of the circumstances" analysis to the facts of a particular case to determine whether an employee possessed constructive knowledge of an employee's unauthorized employment, and so procedures to follow were not reducible to bright-line rules.³⁵ The safe-harbor requirements, however, reflect

²⁹ This new rule is entitled "Safe-Harbor Procedures for Employers Who Receive a No-Match Letter." For the full text of the rule, [see](#) 72 FR 45611.

³⁰ Employers' obligation under the immigration laws are codified under INA § 274A(a)(2), 8 U.S.C. § 1324a(a)(2), which states in relevant part that [i]t is unlawful for a person or other entity ... to continue to employ [an] alien in the United States knowing the alien is (or has become) an unauthorized alien with respect to such employment.

³¹ [See](#) proposed rule entitled, "Safe-Harbor Procedures for Employers Who Receive a No-Match Letter: Clarification: Initial Regulatory Flexibility Analysis, 73 FR, 15949 (March 26, 2008)

³² [See](#) *id* at 15946.

³³ [See](#) Order Granting Motion for Preliminary Injunction in *American Federation of Labor, et al. v. Michael Chertoff, et al.* (N.D., CA, No. C 07-04472-CRB, Oct. 10, 2007).

³⁴ [See](#) DHS, Immigration and Customs Enforcement ("ICE") website, <http://www.ice.gov/partners/employers/safeharbor/index.htm>.

³⁵ [See](#) proposed rule entitled, "Safe-Harbor Procedures for Employers Who Receive a No-Match Letter: Clarification: Initial Regulatory Flexibility Analysis, 73 FR, 15949 (March 26, 2008)

the DHS's intention to provide greater predictability through a clear set of recommended actions for employers to take, and assured employers that they would not face charges of constructive knowledge based on a SSA no-match letter that had been handled according to DHS guidelines. On the other hand, employers who failed to satisfy the safe-harbor requirements would have faced civil or criminal penalties if the government later established that, based on the totality of the circumstances, the employer knew or should have known its employees lacked work authorization.

The final rule was set to go into effect on September 14, 2007; however, the AFL-CIO, several labor unions, and business groups filed a motion for a preliminary injunction in the U.S. Court of Appeals for the 9th Circuit, which was granted on October 10, 2007. A major basis for the issuance of the preliminary injunction was that the rule would result in the wrongful termination of a large number of employees that were actually authorized to work, because of the inability to resolve discrepancies within the 90 day "safe harbor" timeframe³⁶. With the preliminary injunction in place, however, the DHS and the SSA are enjoined and restrained from implementing the final rule until a final decision is made at a hearing on the merits.

Most recently, on March 26, 2008, DHS issued a proposed rule (worded identically as the prior rule) addressing in an extensive preface various issues of concern raised by the court in issuing the preliminary injunction order. In its preface, the DHS made clear that it will be asking the court to dissolve the preliminary injection, allow the Department to publish and implement the rule as quickly as possible.³⁷ Therefore, even with the preliminary injunction in place, employers should keep their antennae alert. The government is moving towards an enforcement mechanism that, in essence, outsources its immigration enforcement duties to employers.³⁸ To assist in its implementation of the new rule, the government has also created and is promoting programs that for now – at least at the federal level³⁹ – allow for voluntary employer participation. These include E-Verify,⁴⁰ an online employment verification program, and the Ice Mutual Agreement between Government and Employers (IMAGE), a program which, among many other steps, would require employers to submit to an I-9 audit, and verify the SSNs of their existing labor force by using the Social Security Number Verification System (SSNVS).

Meanwhile, U.S. employers who hire foreign nationals may find themselves in a difficult position, faced with possible lawsuits from American employees and other authorized workers who have been wrongfully terminated as a result of the employer's obligation to comply with immigration enforcement laws.

³⁶ See Order Granting Motion for Preliminary Injunction in *American Federation of Labor, et al. v. Michael Chertoff, et al.* (N.D., CA, No. C 07-04472-CRB, Oct. 10, 2007).

³⁷ For full text of proposed rule see 73 FR 15944 (March 26, 2008).

³⁸ See Angelo A. Paparelli and Ted J. Chiappari, "Homeland's Outsourcing of Enforcement Gains Impetus," *New York Law Journal*, October 22, 2007.

³⁹ *Arizona Contractors Ass'n., Inc., et al. v. Candelaria, et al.*, No. 2:07-cv-07-02496-NVW (AZ. Dist. Ct., Feb. 7, 2008)(upholding an Arizona statute requiring employers – as a condition of remaining licensed and chartered under state to law, to participate in E-Verify).

⁴⁰ E-Verify was formerly known as Basic Pilot.

In sum, employers must be more careful than ever about what to do after receiving a no-match letter. The enjoined final rule and the new proposed rule aim to give guidance on immigration law compliance, leading employers to take affirmative (purportedly voluntary) steps to verify the employment status of a worker that has been the subject of a no-match letter. These steps include asking the worker to explain a discrepancy in the employer-reported SSN and the worker's name and number in SSA's records. The employee's response may cause the employer to learn about the unauthorized employment of the worker or merely about some other innocent change in circumstances.⁴¹

Maintaining Lawful Immigration Status

The horrific events of September 11, 2001 have changed forever the way of business and of life in America. The terror attacks have heightened security at airports, altered the way we travel, created adverse effects on the economy, especially in the tourism industry, caused the loss of jobs, and threatened the federal surplus by requiring taxpayers to absorb the cost of fighting a multi-front war on terrorism.

Foreign nationals and their U.S. employers are particularly affected by the U.S. government's reactions to the events of September 11. Indeed, foreign workers can expect to face additional scrutiny of their status in the United States as part of the government's effort to enforce immigration laws and protect national security. Many of these issues are of particular concern to employers and their immigration lawyers.

Employee Travel Abroad: Beware the Unwary Traveler

One way an employer can lose the services of a foreign employee is for the worker to become stranded abroad because the individual was not able to prove eligibility for admission to the United States in a lawful immigration status. CBP has limited the discretion of inspecting officers at ports of entry to admit aliens into the United States when the applicant for admission fails to produce all of the required documentation.⁴² Further, in July 2007, CBP issued detailed procedures for conducting inspections including requiring field office managers to assess compliance with these procedures. Despite such efforts to tighten controls at the border, a recent General Accounting Office

⁴¹ An employee's use of a false Social Security Card is only one of many reasons why an employer's records and the SSA's records do not match. For example, a person may neglect to inform the employer or the SSA of a name change following marriage.

⁴² See Michael A. Pearson, Memorandum to Regional Directors, et al. (HQ INS 10/10.10), "Deferred Inspection, Parole and Waivers of Documentary Requirements," (November 28, 2001). This memorandum provides that during "the nation's heightened security alert and until further notice" inspectors at Ports of Entry and Port Directors no longer have authority to grant deferred inspection, a waiver of passport, visa, or other document, or to exercise parole authority." The memorandum limits the discretion to grant deferred inspection, a waiver of passport, visa, or other document, or to exercise parole authority to District Directors, Deputy District Directors, Assistant District Directors for Inspections, and Assistant District Directors for Examinations, but only if certain restrictive criteria are met.

(GAO) report found weaknesses in inspection processes that will likely lead to even stricter inspection and admission rules.⁴³

While it may seem obvious that foreign workers must carry all necessary documentation to demonstrate eligibility to enter the United States, the documentary requirements themselves can be complex, bewildering, and, sometimes, nonsensical. For example, an H-1B employee who has filed an application for adjustment of status to that of a permanent resident (“adjustment application”), but has not yet received a travel document (known as an “Advance Parole” document), generally may nevertheless travel abroad without abandoning the adjustment application using his or her H-1B visa, so long as the nonimmigrant is properly abiding by the terms of the H-1B visa⁴⁴. This travel benefit is also available for L-1 employees.

Another way employers often lose the services of employees results from requests for Security Advisory Opinions (SAOs) by consular officers upon visa application at a consular post. After 9/11, consular posts have become much more stringent in visa issuance standards in an effort to counter terrorism. Consular interviews are now more rigorous than before 9/11 and utilize a larger database of terrorism-related information.⁴⁵ Applicants of concern are referred to Washington, D.C. for in-depth review by means of an SAO. Consular Officers also send suspect names to the FBI in connection with a name check program called “Visa Condor.” Visa Condor is part of the broader SAO system that requires a consular officer to refer selected visa cases identified by law enforcement and intelligence information (originally, visa applicants from 26 predominantly Moslem countries), for greater review by intelligence and law enforcement agencies.⁴⁶

In addition to procedures related to terrorist watch-lists, consular officers screen visa applicants for employment or study that would give the foreign national access to controlled technologies, or those that could be used to upgrade military capabilities under a screening process termed “Visa Mantis.” Consular officers also invariably refer foreign nationals from countries of concern (China, India, Iran, Iraq, North Korea, Pakistan, Sudan, and Syria) to the FBI and other key federal agencies for review.⁴⁷ While the

⁴³ See *Border Security, Despite Progress, Weaknesses in Our Inspections Exist at Our Nation’s Ports of Entry*, testimony before the Committee on Homeland Security, House of Representatives: (Jan. 3, 2008), (statement of Richard M. Stana, Director Homeland Security and Justice Issues for GAO), posted on AILA Infonet, Doc. No 08010464.

⁴⁴ USCIS recently issued revised guidance, no longer requiring the possession of an original I-485 receipt notice. Before this guidance was issued, foreign nationals with a pending I-485 application and a valid H/L visa had to wait to receive the original I-485 receipt notice (typically available within three weeks after filing) to travel using their H/L visa.

⁴⁵ See *Fact Sheet: Key Bush Administration Actions Consistent With 9/11 Commission Recommendations*, on Department of State website, <http://fpc.state.gov/documents/organization/34916.pdf>.

⁴⁶ *The Post 9/11 Visa Reforms and New Technology: Achieving the Necessary Security Improvements in a Global Environment*, testimony before the Senate Foreign Relations Committee, Subcommittee on International Operations and Terrorism, (October 23, 2003), (statement of Janice L. Jacobs, Deputy Assistant Secretary for Consular Affairs), posted at <http://www.state.gov/r/pa/ei/otherstmy/25932.htm>.

⁴⁷ See *Export Controls: Department of Commerce Controls Over Transfers of Technology to Foreign Nationals Needs Improvement*, report to Chairman, Subcommittee on National Security, Veterans Affairs

objective of the U.S. Government is to effectively counter terrorism, these security clearance procedures often adversely affect innocent foreign nationals and their employers by keeping them out of the country for an unknown amount of time, and in many cases up to a year or more, while these procedures are performed.

In order to avoid the loss of productive employees due to technical violations discovered by CBP officials at ports of entry or abroad because of the implementation of post-9/11 security clearance procedures, foreign employees should be warned about the risks of international travel, the need for all required documentation for re-entry after a trip abroad, and, when appropriate, advised to delay unnecessary travel.⁴⁸ In-house counsel and H.R. departments would be well advised to consult an immigration practitioner for guidance on these issues.

Examining Maintenance of Status Prior to Offering Employment

Often, when an employer wishes to hire an employee, the employer wants the hiring done immediately. With an expedited procedure known as the USCIS Premium Processing Service, employers can now hire foreign national workers much more quickly than before this system was put in place.⁴⁹ Moreover, under a new law, the American Competitiveness in the 21st Century Act (AC21), two categories of foreign employees (workers with H-1B visa status and certain adjustment of status applicants who hold open market EADs), may now invoke a right of “portability” and likewise change employers more quickly than before.⁵⁰

While these provisions offer greater worker mobility, employers or foreign workers should nonetheless counsel their clients to watch out for status problems that may cause a delay in, or prohibit, the hiring of the foreign national. For example, an H-1B or L-1 employee who has recently been terminated by a prior employer may not be eligible for a change of status or change of employer petition approval even though the worker’s period of authorized stay on the entry document issued upon arrival to the country has not expired. USCIS has stated that it is considering whether to allow a certain grace period that would permit a recently terminated H-1B employee to seek new employment with a United States company without first leaving the United States, but

and International Relations, Committee on Government Reform, House of Representatives (Sept. 2002), (statement of GAO), posted at <http://www.gao.gov/new.items/d02972.pdf>. See also *Immigration: Terrorist Grounds for Exclusion of Aliens*, Congressional Research Service Report for Congress, (March 30, 2005), posted at <http://fpc.state.gov/documents/organization/46481.pdf>.

⁴⁸ For a discussion of post-September 11 changes in immigration laws, see Angelo A. Paparelli and John C. Valdez, “September 11 Ushered in a New Era in Immigration Law and Practice,” *Bender’s Immigr. Bulletin* (April 1, 2002 and April 15, 2002).

⁴⁹ Premium Processing allows employers to pay a \$1000 fee to USCIS in return for the promise of an adjudication of certain petitions within 15 calendar days (or, if additional information is requested from the employer, within fifteen calendar days after the request is answered by the employer minus the number of days the request for additional evidence is pending). For information on the premium processing program, see USCIS website, <http://tinyurl.com/yy6kxc>.

⁵⁰ For a discussion on AC21 and “portability” issues, see Angelo A. Paparelli and Janet J. Lee, “A Moveable Feast’: New and Old Portability Under AC21 § 105,” *Bender’s Immigr. Bulletin* (Feb. 1, 2001).

USCIS has clearly stated that, currently, no grace period exists.⁵¹ In other words, if an H-1B employee is terminated, and does not immediately leave the United States, the USCIS may consider the employee out of status the next day.

While USCIS can exercise the discretion in extraordinary circumstances⁵² to grant a change of employer or change of status petition on behalf of such an individual, it need not do so.⁵³ Since September 11, 2001, there have been signs that USCIS will limit its discretion to permit a grace period.⁵⁴ In view of the possible issues involved with recently terminated foreign nationals seeking new jobs, employers should investigate the probability of a petition approval before expending money on costs associated with the filing of the petition.

Professional Employer Organizations

Many companies outsource their human resource function to what are sometimes called professional employer organizations (PEOs). This outsourcing can result in a situation where a foreign national, for whom the company submitted a petition with the USCIS, may actually be paid and nominally employed or co-employed by another entity.⁵⁵ This situation has generated confusion among attorneys and employers as to which of the entities is or should be treated as the sponsoring “petitioner” for purposes of immigration petition filings.

The USCIS has informally addressed the issue of PEOs in the H-1B context in correspondence, stating that “an entity can file an H-1B petition on behalf of an alien even though the alien’s salary is paid from another source, provided that an employer-employee relationship exists. The existence of the employer-employee relationship can be demonstrated by evidence establishing that the entity has control over the H-1B nonimmigrant even though the alien’s salary is paid from another source.”⁵⁶ In earlier

⁵¹ See Yoshiko I. Robertson, “Avoiding the Abyss: H-1B Strategies When Facing Reductions in Force,” *Immigration and Nationality Law Handbook*, vol. 2 (AILA 2001); Naomi Schorr & Stephen Yale-Loehr, “Corporate Cuts: Reductions in Pay and Hours for Nonimmigrants,” *Bender’s Immigr. Bulletin* (Apr. 15, 2002).

⁵² Extraordinary circumstances are defined as circumstances “beyond the control of the applicant or petitioner, and the Service (USCIS) finds the delay commensurate with the circumstances.” 8 C.F.R. § 214.1(c)(4)(i).

⁵³ Michael Pearson, Memorandum to Service Center Directors et al (HQ 70/6.2.8), “Initial Guidance for Processing H-1B Petitions,” (June 19, 2001).

⁵⁴ One official from the USCIS Nebraska Service Center commented that an H-1B employee terminated from his H-1B employment thirty days ago would be out of status too long for the USCIS to exercise favorable discretion to grant a change of employer petition. AILA, USCIS Nebraska Service Center Liaison Minutes, posted on AILA InfoNet, Doc. No. 01101833.

⁵⁵ For a further discussion of outsourcing, see Angelo A. Paparelli, “Yes, We Have No Employees: The U.S. Immigration Consequences of Corporate Outsourcing and Secondment,” 13 *Immigration Law Report* No. 16 (Aug. 15, 1994).

⁵⁶ Letter from Efen Hernandez III to Kari Ann Woodward (Dec. 20, 2000), posted on AILA Infonet, Doc. No. 01062632 (June 27, 2001). Immigration counsel should note that adjudicators are not bound by such correspondence. *Matter of Izumii*, Int. Dec. (BIA) 3360, 1998 WL 483977 (BIA) (Jul. 13, 1998) (“[The] OGC [Office of General Counsel of the former Immigration and Naturalization Service] is not an adjudicative body and is in the position only of being an advisor; as such, adjudicators are not bound by

informal correspondence addressing employee leasing companies, the USCIS indicated that if both companies exercise a degree of control over the alien, “one of the firms involved in the leasing agreement would either have to designate itself as the petitioner for immigration purposes, provided it meets the regulatory definition of a United States employer, or both firms could petition for the alien.”⁵⁷

Thus, when an employer has outsourced more than the payroll function, it runs the risk of being deemed a co-employer for immigration purposes. Under certain circumstances, to avoid the need for both entities to file a petition on behalf of each nonimmigrant worker, it may be possible for the company and the PEO to execute a written agreement designating which party will serve as the employer for all immigration purposes. It may be safer, however, for H-1B and other nonimmigrant workers to be taken off of the payroll of the PEO and instead be paid and supervised solely by the petitioner.

Immigration Law Expertise in Employment Litigation

Immigration legal issues are increasingly prevalent in employment litigation, even if the lawyers on both sides realize the importance of immigration concern only belatedly. For example, a wrongful termination suit may be based on the employer’s alleged flouting of public policy and retaliation. The terminated worker may claim that the firing arose because he/she objected to the employer’s violation of federal immigration law, e.g., by failing to pay H-1B “required wages” or the “prevailing wage” in a labor certification case. Although the general rule is that an expert witness may not opine on the law (given that opposing counsel and the judge are lawyers, and legal questions are the province of the court), immigration law, particularly, the arcane immigration legal system and process, can be a proper subject of expert testimony.⁵⁸

OGC recommendations.”) Rather, the OGC and the Office of Special Counsel for Immigration Related Unfair Employment Practices (OSC), an entity within the U.S. Department of Justice, Civil Rights Division helps protect individuals from employment discrimination based on immigration status and unfair documentary practices when verifying the employment eligibility of employees. Those discriminated against may file charges with OSC and be awarded back pay and reinstatement, among other remedies.

⁵⁷ Letter from Yvonne M. LaFleur, Chief, Business & Trade Services, Adjudications, to H. Ronald Klasko (Feb. 5, 1996), reproduced at 73 Interpreter Releases 342 (Mar. 18, 1996).

⁵⁸ See *Lozano et al. v. City of Hazelton*, 2007 U.S. Dist. LEXIS 13295 (M. D. PA, February 27, 2007) pp. 14-15 (“While any legal conclusions from Mr. Yale-Loehr [plaintiff’s immigration expert] about whether Hazelton’s ordinances violate the Constitution would be inappropriate, we agree with the plaintiffs that testimony about the nature and extent of federal immigration law--a large and complex body of doctrine--would help us to reach our own decision about the constitutionality of the ordinances.) The court in *Lozano* struck down a municipal ordinance requiring, inter alia, that employers comply with supplemental employment-verification requirements that were preempted by federal immigration law. See also *Lozano v. City of Hazelton*, No. 3:06-cv-1586 (U.S. Dist. Ct., M.D. PA July 26, 2007), posted on AILA Infonet, Doc. No 07072666.

Selected Best Practices

An essential practice employers should follow is to establish a policy and procedure for tracking the status of foreign nationals.⁵⁹ This can be done with a tickler system that will inform the employer of the proper time to begin the process to extend the work status of employees in order to avoid a lapse in employment authorization.

Another recommended practice is for the employer to inform nonimmigrant employees of their obligation to notify USCIS within 10 days of a change in address on Form AR-11,⁶⁰ as required under the immigration laws.⁶¹

In addition, as noted above, because the terms of sponsorship of a nonimmigrant visa are important for the maintenance of nonimmigrant status (and employment authorization), a system should be in place that requires an examination of the immigration consequences of a change in the working conditions or benefits of an employee before the change takes place.

Another beneficial practice is for the employer to retain a qualified employment attorney, who can draft or litigate employment policies and procedures. These guidance documents should also help employers to comply with immigration laws governing the hiring and retention of foreign citizens.

Thus, the drafting of sound policies and procedures to address the specific issues involved in the hiring and continued employment of foreign nationals can be critical for employers that rely on the employment of foreign workers.

Parting Thoughts on Recruiting and Immigration Branding

Few Human Resource professionals would include on their dashboards every one of the immigration concerns addressed in this article. Some employers may, as a matter of corporate policy, decline to sponsor foreign citizens for work-related immigration benefits. These employers would likely be primarily concerned about I-9 compliance and procedures to reduce the risk of unlawful immigration-related discrimination. Other HR

⁵⁹ For information on subjects involving the maintenance of status, *see* Angelo A. Paparelli and Susan K. Wehrer, “Troubled Times for U.S. and Foreign Clients: Immigration Tips All Lawyers Can Use,” *Orange County Lawyer* (March 2002); *see also*, Angelo A. Paparelli, “Importance of Maintaining Status after September 11,” *American Immigration Law Foundation*, (2002).

⁶⁰ Form AR-11 is available on the USCIS website, <http://www.uscis.gov/files/form/ar-11.pdf>.

⁶¹ INA § 265(a), 8 U.S.C. § 1305(a). Evidence of the USCIS’ newfound interest in enforcing this law is its reference to this reporting requirement in recently issued proposed rules on changes to the B visa category. “[T]he Service is restating these existing requirements [reporting requirements] here for the benefit of readers, so that aliens who apply for nonimmigrant status will be advised of them.” 67 Fed. Reg. 71 (April 12, 2002).

executives – following the mandate from corporate leadership to hire the most talented employees worldwide without regard to nationality – would use a larger immigration dashboard that would also monitor work status deadlines, passport expirations, milestones for attaining lawful permanent resident status, permitted document-destruction dates, and ever-changing immigration rules and procedures. Savvy employers would also have the office, cell and home phone numbers of trusted immigration counsel on speed-dial.

Increasingly, employers are using their company's robust support of immigration sponsorship and compliance as recruiting and branding tools. These days, prospective recruits and current employees want to know that they and their family members are not alone in maneuvering through the immigration maze. These workers want and insist on assurances that the chosen employer and the Human Resources team have their eyes focused on that critically important immigration dashboard.