



VISANOW Pre-M&A Form I-9 Assessment Enables Packaging Manufacturer to Mitigate Non-Compliance Risks and Lower Acquisition Price

“Within less than a week VISANOW had processed the paper forms for all of the more than 500 workers and identified 5% as ineligible and another 20% with minor I-9 violations.”

“VISANOW prevented us from blindly acquiring a compliance risk and enabled us to negotiate a lower acquisition price.”

*Director of Compliance
Global Packaging Manufacturer*

A global Packaging Manufacturer has been acquiring other companies as part of their growth strategy. Although they were conducting the typical due diligence efforts prior to finalizing any M&A activity, employment eligibility checks had not been part of the process.

Challenge

In 2009, the Packaging Manufacturer completed the acquisition of another company. Triggered by intensifying U.S. Government efforts to enforce employment eligibility laws, the Packaging Manufacturer’s Director of Compliance and Compensation discovered that no less than 90% of the acquired company’s employees were not eligible for employment. To address this non-compliance, the acquiring company had no choice but to sever employment with all ineligible workers - an action that presented severe challenges for production process continuity and overall morale. In retrospect, it also rendered the acquisition a far less viable growth activity.

As the Packaging Manufacturer approached their next acquisition in 2010, employment eligibility compliance naturally featured high on the M&A due diligence agenda.

Solution

The company engaged VISANOW to carry out an employment eligibility compliance assessment as part of the due diligence prior to finalizing the acquisition agreement.

Starting with the paper-based I-9 forms of more than 500 employees working for the company to be acquired,



VISANOW migrated the paper I-9 forms into its electronic I-9 management system and assessed the workforce's employment eligibility in just five days.

Results

VISANOW's assessment found more than 5% of employees suspected as ineligible and determined minor violations for a further 20% of workers. VISANOW's attorneys also provided specific recommendations on how to address the identified non-compliance issues.

"Knowing our options for correcting the issues was crucial. Since the ineligible workers were based at a location that also had authorized employees, we couldn't just ask the suspect workers to redo their I-9s as that would have meant discrimination. VISANOW made sure we didn't create new problems for ourselves by fixing others," commented the Director of Compliance.

Benefits

The information provided by VISANOW's assessment allowed the Packaging Manufacturer to effectively address the employment eligibility non-compliance issues prior to finalizing the acquisition. This prevented the acquiring company from assuming liability for the acquired company's prior non-compliance and ensured workforce continuity post-acquisition.

The Packaging Manufacturer also used this information to reassess the overall value represented by the employees and the company to be acquired and negotiate a significantly reduced acquisition price.

"We've always looked at other compliance like FLSA or OSHA but including workforce eligibility has given us a much better picture," remarked the Director of Compliance. "Now we know if an acquisition even makes sense or at what cost."

As a next step, the Packaging Manufacturer is working with VISANOW to establish a robust company-wide I-9 compliance process based on VISANOW's electronic I-9 solution.

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