

Employers Beware: Prepare Now for Immigration-Focused Civil and Criminal Enforcement Priorities

WRITTEN BY

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On September 19, the U.S. Department of Justice (DOJ) announced a [False Claims Act \(FCA\)](#) settlement with a New Jersey shipyard that allegedly hired subcontractors employing undocumented workers. The recent settlement highlights an ongoing shift in the federal government's strategy to enforce immigration laws aimed at businesses with federal contracts. It also underscores the Trump administration's stated focus on enforcing immigration laws through various legal avenues, including criminal, civil, and administrative investigations and enforcement actions against employers.

Businesses should expect and prepare for heightened scrutiny regarding their hiring and employment practices under this administration.

Increased FCA Risks for Employers

The FCA prohibits individuals and businesses from knowingly submitting false or fraudulent claims for payment to the federal government under 18 U.S.C. § 287. [FCA violations](#) can result in civil penalties, including significant fines per violation (currently more than \$14,000 per claim), plus potentially three times the government's actual damages. Violations can also result in criminal penalties involving fines (up to \$500,000 for businesses), imprisonment (up to five years) for individuals, and exclusion from future federal contracts and programs.

Traditionally utilized to pursue government contract fraud, the Trump administration has expanded application of the [FCA](#) to charge federal contractors who employ individuals without legal immigration status. In the recent settlement with a New Jersey shipyard, Bayonne Drydock and Repair Corp. (Bayonne), the DOJ alleged that Bayonne used subcontractors that employed approximately 52 undocumented workers on Navy ships between May 2017 and December 2020. Bayonne's risk manager owned the subcontractors at issue. Interestingly, Bayonne's risk manager had already received a Notice of Suspect Document from Homeland Security concerning its unauthorized employment of undocumented workers in 2016, suggesting a pattern of prior misconduct. Bayonne's risk manager was ultimately convicted of harboring undocumented "aliens" under 8 U.S.C. § 1324(a)(2) and (f)(1), and Bayonne agreed to pay more than \$4 million in settlement. The settlement agreement noted the obligation of federal contractors to verify the employment eligibility of all newly hired employees through E-Verify, the online platform companion to the I-9 process.

While the FCA, in this context, only applies to federal contractors, these settlements underscore the

administration's broader efforts to intensify immigration-related enforcement.

Trump Administration's Broader Immigration Enforcement Efforts

The administration is employing a wide range of additional strategies to scrutinize businesses for immigration-related violations. Earlier this year, President Donald Trump signed Executive Order 14159, "[Protecting the American People Against Invasion](#)," which directed the Secretary of Homeland Security and Attorney General to "take all appropriate action" within the civil and criminal context to enforce federal immigration laws. Following this order, there have been several examples of this promised heightened immigration-related enforcement.

ICE Inspections and Workplace Raids

The federal government is increasingly using Immigration and Customs Enforcement (ICE) inspections and workplace raids to identify potential immigration-related violations. ICE has broad authority to inspect an employer's I-9 forms by issuing a notice of inspection. An inspection could trigger a deep probe into an employer's payroll and other business records. Employers found to be employing undocumented workers can face serious repercussions, including civil charges and fines. Earlier this year, ICE [imposed](#) fines exceeding \$8 million on three Denver businesses after it "uncovered widespread" I-9 violations, highlighting the substantial impact these inspections can have on businesses.

Prosecutions for Harboring Undocumented Workers

The federal government is also increasingly prosecuting businesses for "harboring undocumented aliens," which is defined as, "concealing, harboring, or shielding from detection" any person who is unlawfully present in the United States under [8 U.S.C. § 1324\(a\)\(1\)\(A\)\(iii\)](#). In March 2025, the [U.S. Attorney's Office for the Southern District of Texas charged the owners of a bakery with harboring illegal individuals](#) after they discovered the owners were allegedly employing and housing undocumented employees in a room located within the same plaza as the bakery. In August, the [owners were convicted](#) after a jury trial of two counts of harboring individuals and conspiracy to do so; their sentencing is pending. There are several other examples of this type of enforcement, such as a February 2025 case involving a [restaurant](#) owner in Florida.

Increased Whistleblower Incentives

The administration is also providing employees with greater incentives to report their employer's suspected noncompliance with immigration laws. In May 2025, the DOJ updated its [Corporate Whistleblower Awards Pilot Program](#) to include "violations by corporations of federal immigration law." Pursuant to this amendment, whistleblowers, including current and former employees who may be disgruntled, can submit a tip to the DOJ regarding immigration law violations and receive a substantial reward if the DOJ secures a successful prosecution against their employer.

Emerging Immigration Enforcement Issues

In addition to I-9 inspections, ICE can conduct worksite inspections utilizing [Blackie's warrants](#). These are civil administrative inspection warrants that allow law enforcement to enter worksites and search for suspected

undocumented workers and investigate a pattern or practice of employing unauthorized workers. *Blackie's* warrants are issued on probable cause to believe that undocumented workers will be found on the premises. Unlike traditional search warrants, law enforcement is not required to provide names or descriptions of the people being sought.

Although *Blackie's* warrants have been used frequently for immigration enforcement in both Trump administrations, in May 2025, a [Texas federal court rejected an ICE application for a *Blackie's* warrant](#) that sought to “enter and search a private business to which they would otherwise be denied access so that they may exercise their warrantless arrest powers in furtherance of a criminal investigation into the unlawful employment of unauthorized aliens.” Reasoning that using *Blackie's* warrants to search for immigration violations is “inherently criminal because the owner(s) of the target business face criminal penalties,” the court cited Fourth Amendment protections to deny the application. Given the court’s decision, the future use of *Blackie's* warrants by ICE bears monitoring.

Recommended Actions for Employers

Considering this expanded enforcement posture, employers must develop and maintain their compliance programs to align with the latest regulatory expectations. Key actions include:

- Training staff on updated immigration enforcement priorities and relevant regulations;
- Conducting internal audits of I-9 and E-Verify records and preparing for voluntary disclosure and remediation, if necessary;
- Establishing policies and procedures for subcontractor and intraorganizational management, including oversight mechanisms to prevent unauthorized employment practices such as engaging subcontractors to knowingly employ unauthorized workers;
- Developing and maintaining strategies for preparing for potential ICE inspections and workplace raids appropriate for the industry; and
- Engaging legal counsel with experience in immigration, white-collar, and employment law to address issues from multiple perspectives and effectively manage any arising challenges.

Troutman Pepper Locke attorneys continue to monitor these developments and are available to help you navigate this rapidly evolving landscape. If you have further questions or seek advice based on your specific situation, please reach out to the authors or any member of our White Collar Litigation + Investigations and Labor + Employment groups.

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