

Misclassified Worker FraudX™

INVESTIGATIVE INTELLIGENCE

Misclassified Worker FraudX™ Solution

With over 30 years in the fraud-fighting and workforce sectors, On Point Technology has a keen understanding of the challenges surrounding misclassification of workers. Unfortunately, misclassification has become increasingly common. Employers—either through confusion, mistake, or by design—avoid their legal obligations to employees and as a result gain an unfair advantage in the marketplace. It's imperative to address all types of misreported and misclassified workers because these businesses unknowingly or purposefully:

- Short change local, state, and federal governments from collecting millions in taxes
- Create an unfair playing field that disadvantages businesses that pay proper taxes
- Impede workers' rights including safety nets (UI, FMLA, etc.) and protections from wage theft, harassment, and discrimination

On Point Technology's benefits and tax experts worked closely with our data scientists to apply best practices and leverage real-world experience in the creation of Misclassified Worker FraudX™, the latest member of our integrity family. This solution enhances State agencies' ability to detect and prevent both intentional and unintentional misclassification of employees as independent contractors. Our cutting-edge technology employs robust data analytics, predictive modeling, machine learning, and data visualization to interrogate data attributes from agency systems, as well as external data sources, which provides exponentially deeper insight. The outcome of this sophisticated algorithm is a scored report of probable businesses with misclassified workers—the most likely listed right at the top.

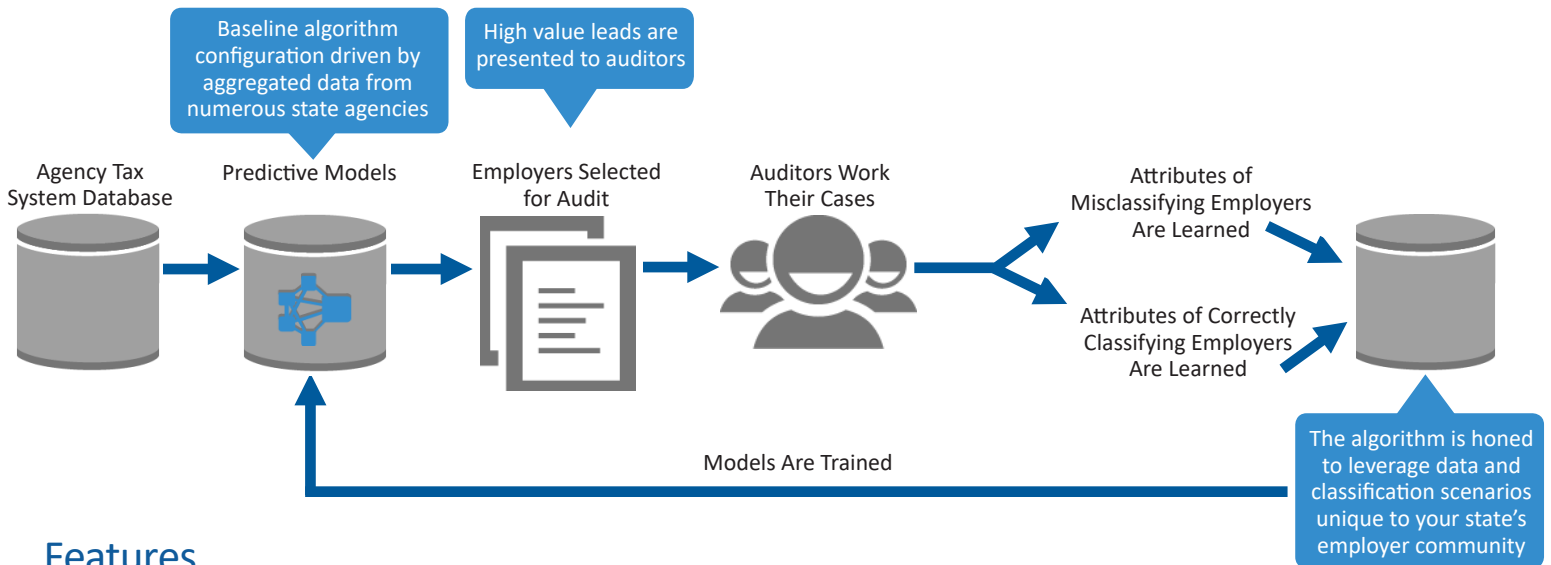
Here's what some other FraudX™ clients (ID Theft, Fictitious Employer, and New Hire Crossmatch) have to say:

- Over 21,029 identity theft claims detected and stopped
- Prevented \$32.3 million in fraudulent payments in 4 months—over 4 years, prevented \$184 million
- FraudX™ paid for itself in a few months
- Saved over 30 minutes of staff time per case, or 59,514 work hours per year

Benefits

- Increases State UI Trust Fund's solvency
- Controls and streamlines workload to increase staff efficiency
- Eliminates false positives—machine learning algorithm evolves over time to hone in on true misclassifications
- Reduces the tax burden of honest employers by insuring everyone pays their fair share
- Assists tax auditors and agencies in meeting GPRA tax audit goals
- Prioritizes cases to minimize tax auditors' preparation time and effort
- Faster turnaround since agency produces report, not IT
- Extremely high ROI with increased revenue from UI taxes

Misclassified Worker FraudX™ Process



Features

- Identifies, scores, and ranks businesses suspected of misclassifying and under reporting workers and finds non-registered employers who are liable and should be registered
- Automatically assigns the correct SWA tax office
- Fully configurable to align with individual state laws, policies, and procedures
- Business rules allow staff to focus on any industry, including those known to misclassify
- Consolidates data into a single repository to quickly identify trends and patterns
- Adapts over time to improve detection of ever-evolving tax avoidance schemes
- Built upon the fully configurable, flexible, OPTimum framework
- Can be deployed as part of the OPTimum Tax application or integrated with any legacy system
- Utilizes the most effective data and ensures best practices for handling 1099 and W2 data, vehicle and driver license data, sales tax records, etc.

Why On Point Technology

EXPERIENCED. Revolutionizing State benefits programs for more than 30 years.

TRUSTED. We have worked with over half the agencies in the United States.

INNOVATIVE. Our partners have saved more than \$3 billion using our solutions.