

# RED FLAGS TO WATCH FOR WHEN EVALUATING STAFFING PROVIDERS



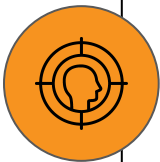
## **Suspiciously Low Markups**

The provider offers markups that seem too good to be true, raising questions about whether they are cutting corners on compliance, safety, or worker protections.



## **Rebranding to Avoid Accountability**

The agency has shut down and reopened under a new name to avoid the consequences of non-compliance, bankruptcy, or a damaged reputation.



## **Misclassification of Workers**

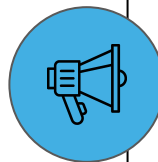
The agency routinely classifies workers as 1099 independent contractors in situations that clearly require W-2 classification (e.g., workers reporting to fixed locations during set hours).

There are reports or lawsuits indicating past Department of Labor or IRS investigations for misclassification.



## **Lack of E-Verify Compliance**

The provider does not use E-Verify in states where it is required or fails to implement it as a best practice, putting clients at risk of employing unauthorized workers.



## **Negative Media Coverage**

The provider has been involved in scandals or incidents related to child labor, worker exploitation, or illegal hiring practices (e.g., the Hyundai Alabama supplier case).



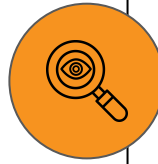
## **Inadequate Employee Support**

Workers report late or inconsistent pay, lack of benefits, or poor treatment, indicating possible legal or operational failures.



### **Inconsistent Compliance Practices**

The agency applies compliance standards inconsistently across regions or clients, exposing your business to potential legal risks.



### **Lack of Transparency**

The agency is unwilling or unable to provide a clear breakdown of their markup or demonstrate how they ensure compliance with payroll taxes, benefits, and employment laws.



### **High Worker Turnover**

Frequent turnover among contingent workers, which may signal non-compliance with labor laws, inadequate pay, or poor working conditions.



### **Poor Safety Standards**

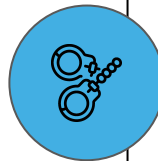
Inadequate safety training or failure to meet OSHA standards for workplace safety.

A lack of proactive measures to address workplace injuries or compliance with state-specific safety regulations.



### **No Long-Term Reputation**

The agency has not been in operation long enough to demonstrate a proven track record of ethical practices and compliance.



### **History of Legal Violations**

The staffing agency has a record of lawsuits, fines, or other legal actions for labor law violations, such as underpaying workers, child labor, or failure to provide required benefits.

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