



SCREENING SOLUTIONS

a newsletter for the clients of Corporate Screening

SPRING 2011

RESEARCH | COMPILE | ANALYZE | VERIFY

feature story:

Non-compliance Penalties Total Nearly \$6 Million in Class Action Suit



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Compliance with Fair Credit Reporting Act (FCRA) regulations recently fell under the scrutiny of the United States District Court, Northern District of Illinois. In March, the court granted preliminary approval of a settlement totaling \$5.9 million. The suit alleges that sister companies First Transit and First Student failed to provide proper disclosures prior to conducting criminal background checks. Additionally, both companies allegedly failed to adhere to the required adverse-action processes when denying employment based on information contained in criminal background reports.

While school bus contractors First Transit and First Student have denied any wrongdoing, they participated in a media-

tion process which led to the multi-million dollar settlement. During this mediation, they faced allegations from both current and dismissed employees. Within the provisions of the suit, more than 143,000 potential class members could be eligible for the following settlements:

- Between \$150 and \$300 could be dispersed to each current employee who was subjected to an unauthorized criminal background check.
- Workers who were dismissed based on criminal background reports obtained without prior written authorization are expected to receive a settlement of approximately \$750 each.

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• Employees who were terminated based on criminal background records and denied copies of these reports or their Summary of FCRA Rights are expected to receive a settlement between \$2,000 and \$4,000 each.

“A few crucial steps could have saved these companies so much,” said Corporate Screening President Greg Dubecky. “The financial consequences faced by First Transit and First Student are substantial, but negative effects on their brand and reputation can also be long lasting.”

Under the Fair Credit Reporting Act, employers have very specific - yet very attainable - requirements with which they must comply when conducting background checks. These include:

- Employers must have a permissible purpose for procuring the report.

- When utilizing a background screening company, employers must certify that they will comply with applicable laws and not use any information in violation of Equal Employment Opportunity laws or regulations.

- Employers must provide a written disclosure to the applicant or employee indicating that background checks will be conducted by a third party. Additionally, employers must obtain authorization from the applicant or employee to conduct the check.

- If an adverse action results from a background screening, a two-step process must include providing a copy of the report, a Summary of Rights and a pre-adverse action notification. Applicants must also be provided with the opportunity to dispute the report findings. Following an adverse action, a notice to the applicant advising that they are not considered

eligible for employment based on the background check must be provided. “The severity of willful non-compliance should not be overlooked when conducting background screenings,” notes Dubecky. “This case demonstrates how serious the penalties can be and serves as a good reminder of the importance of evaluating current policies and practices.”

Selecting a diligent background screening partner is the first step in ensuring FCRA compliance. “We know our clients value our thorough attention to compliance issues,” said Dubecky. “We remain dedicated to offering background screening solutions that not only meet but exceed federal and state requirements.”

Questions?

Please contact Corporate Screening Support at 800-229-8606 and select option 3 or contact your Account Representative.

announcement:

Corporate Screening Recognized on 2011 “Hot List”

Corporate Screening, a leading provider of pre-employment screening and background investigation services, is pleased to announce that they have been chosen as one of the top 15 firms in Workforce Management Magazine’s 2011 “Hot List” of Employment-Related Screening Providers for the second consecutive year. The list features leading providers, products and services that cater to the human resources industry.

Workforce Management is for and about the leaders who are using HR to create a measurable competitive advantage and since July 2003, every issue has included The Hot List featuring a ranking of top HR providers, products and services that help keep businesses up to

date, on track and focused on what matters most—their people. For more information, visit workforce.com.

“Recognition from industry-leading publications including Workforce Management Magazine is rewarding for our entire team,” said Corporate Screening President Greg Dubecky. “The acknowledgement confirms that we have successfully positioned ourselves as a leader in both technology and service. We will continue to pursue innovative methods of procuring and delivering accurate and relevant information on behalf of our clients.”





Taking Appropriate Steps Ensures Compliance in Adverse Action Situations

By Kevin Neudecker, Corporate Screening Quality and Compliance Manager

As a client of Corporate Screening you rely on us to handle the responsibility of screening your prospective employees to relieve some of the burden that falls on Human Resources departments. While this relinquishes many of the duties and concerns associated with hiring a new employee, there is one major duty Human Resources professionals need to be aware of and ensure they are completing in a manner compliant with the federal Fair Credit Reporting Act. This important task is Adverse Action Procedures.

If the consumer report supplied to you by Corporate Screening is used in any "adverse action"- denying employment, promotion, reassigning or terminating employment - certain procedures must be followed to protect your organization and the rights of the individual on which the consumer report was based.

The first step is to provide the consumer with a "Pre-Adverse Action" notice. This notice must consist of a letter to the applicant indicating that "Adverse Action" may be taken as a result of the consumer report, a notification that the Consumer Reporting Agency "CRA" (Corporate Screening) did not make the decision to take adverse action, a notice to the consumer of their right to dispute

the completeness or accuracy of the report and direct contact information for the CRA, Corporate Screening. Accompanying this notice must be a copy of the consumer report and a copy of the consumer's rights under the Fair Credit Reporting Act" (this is included in all consumer reports created by Corporate Screening),

Following this initial notice, consumers are afforded a reasonable amount of time to respond to the "Pre-Adverse Action" notice by contacting you the prospective employer or Corporate Screening to dispute the results of their report. This amount of time is generally considered to be 5-10 business days. If the candidate does not reply with intent to dispute the report within the 5-10 business days, you must send the candidate a second notice this time indicating that you are taking "Adverse Action" based on the report. Accompanying this second notice must again be a copy of the consumer's rights under the FCRA.

You should have specific procedures in place to ensure your company is following these important steps as part of your on-boarding policies and procedures. Corporate Screening can offer guidance, including sample documents, in establishing a program for your company.

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UPCOMING EVENTS

June 13-15, 2011

Ohio Hospital Association Annual Conference

Easton Hilton
Columbus, OH

July 20, 2011

HR Star Conference

Holiday Inn Cleveland South
Cleveland, OH

August 29-31

HR Florida Conference

Rosen Shingle Creek Resort
Orlando, FL

Corporate Screening Earns NAPBS Accreditation

When the National Association of Professional Background Screeners launched its Background Screening Agency Accreditation Program (BSAAP) last year, it became the first-ever industry-specific background screening accreditation program. Corporate Screening applied to seek this accreditation, and after a rigorous and thorough auditing process, is pleased to announce that it has successfully achieved compliance.

This recognition affirms Corporate Screening's commitment to excellence, accountability, high professional standards, and ongoing improvement. The BSAAP is the industry's primary vehicle for quality assurance, self-regulation and public accountability. Developed and sustained by background screening professionals, the BSAAP reflects, reinforces, and promotes best practices, institutional ethics and the

highest standards of background screening operations. "It is truly an honor to be recognized by the BSCC," said Greg Dubecky, president of Corporate Screening. Since its founding in 1987, Corporate Screening has remained committed to its mission to provide background screening as an all-encompassing solution, not simply a commodity.



"We value our customers for sharing in our discerning approach to background screening and placing high value on compliance while mitigating risk. Corporate Screening's BSCC accreditation provides our clients with additional reassurance that they have partnered with an

industry leader," adds Dubecky.

For more information on the Background Screening Agency Accreditation Program, visit www.napbs.com.

New Maryland Law Enacts Increasing Credit History Restrictions

Lawmakers in Maryland have joined a growing number of states that are prohibiting the use of credit history in making employment decisions. In April, Governor Martin O'Malley signed the Job Applicant Fairness Act which prohibits most employers from using an applicant's credit information to deny employment, discharge an employee, decide compensation or evaluate other terms and conditions of employment.



Exceptions to the law include financial institutions and employers that are mandated by federal or state law to inquire into credit histories. The law also allows employers to request or use credit information in situations where a "bona fide purpose that is substantially job-related" exists. Such situations include employees who have expense accounts, corporate credit cards, handle money or other have confidential job duties.

If a Maryland employer intends to request credit information for a bona fide purpose, this must be disclosed in writing to the employee or applicant. Beginning October 1, 2011, individuals who feel that an employer has violated the Job Applicant Fairness Act can file a complaint with the Commissioner of Labor and Industry for investigation. Penalties of up to \$500 for an initial violation and up to \$2,500 for repeat occurrences could be assessed by the Commissioner.

While Maryland joins only four other states - Illinois, Washington, Oregon and Hawaii - in prohibiting the use of credit information for employment decisions, there are currently 15 additional states that have similar pending legislation. Employers who currently use credit history as part of their background screening process may want to reevaluate this practice given the topic's increasing interest among state legislators.

product news:

New EASE System Coming Soon

It will soon be EASE-ier than ever to manage your background screening program. In the coming months, Corporate Screening will release a new and improved version of EASE, the web interface to our proprietary case management system.

You already know that CS EASE brings all of your screening activities, tasks and tools together in one location, with 24/7 access to real-time applicant data. You've come to rely on the advanced system functionality that allows you to filter and manage candidate reports while carefully maintaining FCRA compliance. You've utilized the system to communicate with your expertly-trained CS case managers and analysts, obtaining updates and reports quickly and easily. So what can make this new system so much better?

"We're excited to announce that the new EASE platform will provide our customers with a new and robust online order capabilities. With this one-of-a-kind system customers can initiate orders through traditional online order methods as well as uploading request documents" Tom Drellishak, chief technology officer at Corporate Screening. "We know that this is a functionality that our clients want and need and we are pleased to be able to deliver this state-of-the-art technology to their desktops."

This system's new ordering capabilities will not only provide you with added efficiency in the background screening process, but also completely customizable screening options. And, with its intuitive capabilities, the new EASE can help you build the most thorough candidate searches with just a few clicks.

Once orders are submitted, the Corporate Screening analysts that you've come to know and trust will manage your reports to completion - reviewing, analyzing and accurately compiling all the data you need to make informed hiring decisions. New messaging features within the system will provide you with a secure, compliant vehicle for communicating directly with CS analysts throughout this process.

"We take great pride in our ability to meet the needs of our customers," adds Drellishak. "This new release represents our commitment to our client partnerships, as well as our dedication to remaining at the forefront of technology." Stay tuned in the coming weeks as the finishing touches are completed and the new system becomes available for your background screening program.

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announcements:

Summer + Vacation = Reporting Delays

Education Records Can Be Affected

Gas prices continue to soar and many Americans could be planning to scale back on their summer travel plans. However, summer reporting delays may still be unavoidable.

Please be aware that minor delays, particularly in the verification of education including conferred degrees and high schools, are likely during the summer months when schools are not in session. Corporate Screening will keep you apprised of any specific issues as they arise pertaining to education background screenings.

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