Background Screening Services

Online Background Checks: User Guide

PRAESIDIUM

Our passion. Your protection.

INTRODUCTION

Thank you for selecting Praesidium as your Background Screening vendor. We appreciate your business.

This document includes step-by-step instructions for ordering Background Checks and reviewing your results via our online system. If after reviewing this guide you have questions about the process or if you need assistance completing or retrieving your results, please contact us at 817-801-7773 or backgroundcheck@praesidiuminc.com.

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PACKAGES and Á LA CARTE SERVICES

- *Praesidium Package.*
  - Created specifically to meet our high standards of due diligence (conducting the Confidence Package AND County Criminal Records Searches for counties of residence over the past 10 years), the Praesidium Package includes our Confidence Package plus one (1) County Criminal Records Search (either INDIVIDUAL COUNTY or STATEWIDE).
  - Review the County Criminal Records Search – STATEWIDE PARTICIPATION LIST to determine if the state participates.
  - Results for the Confidence Package are returned to you near instantly; turnaround time for the County Criminal Records Search component varies by county, typically 3-7 business days.
  - $12.00 per search, plus applicable county access fees.

- *Confidence Package.*
  - Our most popular service, this bundled search includes a Multi-State Criminal Records Search and National Sex Offender Registry Search, Social Security Number Trace, and Alias Search.
  - We begin this search by running a social security number trace to identify all names (including aliases) and addresses known to be associated with the social security number. We then run a Multi-State Criminal Records Search and National Sex Offender Registry Search for every name identified by the social security number trace. For only $3.50 more than Basic Package, which checks only one name, you have the added protection of checking the criminal history for all known names.
  - This is our standard recommendation for screening employees and volunteers.
  - Multi-State Criminal Records Search has limited information for the following states: CO, DE, LA, MA, SD, VT, WV, and WY. You must run County Criminal Records Search to get records for these states.
  - Results are returned to you near instantly.
  - $6.25 per search.

- *Basic Package.*
  - This bundled service includes a Multi-State Criminal Records Search and National Sex Offender Registry Search for one name.
  - Includes the criminal records for 50 participating states (limited information provided for CO, DE, LA, MA, SD, VT, WV, and WY. You must run County Criminal Records Search to get records for these states).
  - Includes Sex Offender Registries for all 50 states, plus Washington DC.
  - This package is our minimum recommendation for screening employees and volunteers.
  - Results are returned to you near instantly.
  - $5.00 per search.

Á La Carte Services™

- *County Criminal Records Search – Individual County*
  - Industry best practices recommend conducting a Multi-State Criminal Records Search, a National Sex Offender Registry Search, and county searches in each of the counties the applicant has lived for the past seven years.
  - County records include the most accurate records available in each county's court system on any given day. Since states rely on counties to report their data, and some counties don't report immediately or frequently, state-wide searches aren't always thorough enough. And since the multi-state search relies on the states to report their data, running just the multi-state search is simply not enough.

- If an individual has lived in CO, DE, LA, MA, SD, VT, WV, or WY county searches must be run as a minimum precaution.
- This search includes one county.
- Turnaround time varies by county; typically 3 -5 business days.
- $12.00 per county, plus applicable county access fees.

- *County Criminal Records Search – Statewide*
  - Some states have a statewide search that allows you to check all counties in the state for one price (this is often the same cost as checking just one county) plus the state access fee.
  - See chart below for states that participate, cost and turnaround time. (Prices subject to change)

State Name	Cost of Search	State Access Fee	Average Turn Around Time
Alabama (Ala Court)	$12.00	$16.00	6 - 24 Hours
Arizona (AZ Court)	$12.00	$16.00	6 - 24 Hours
Colorado (CO Court)	$12.00	$11.00	6 - 24 Hours
Delaware (DE Courts)	$12.00	$24.00	24 - 48 Hours
Florida (FDLE)	$12.00	$33.00	6 - 24 Hours
Georgia (GBI)	$12.00	$19.00	24 - 48 Hours
Hawaii (HI DPS)	$12.00	$17.00	6 - 24 Hours
Illinois (IL Police)	$12.00	$24.50	24 - 72 Hours
Indiana (IN Court)	$12.00	$33.00	6 - 24 Hours
Kansas (KBI)	$12.00	$32.50	6 - 24 Hours
Kentucky (KY Court)	$12.00	$30.50	6 - 24 Hours
Maine (ME Police)	$12.00	$30.00	24 - 48 Hours
Maryland (MD Court)	$12.00	$16.50	4 - 48 Hours
Mississippi (MS Court)	$12.00	$20.00	24 - 48 Hours
Montana (MT Court)	$12.00	$27.00	7-10 Bus Day
Nebraska (NE Court)	$12.00	$16.50	6 - 24 Hours
New York (OCA)	$12.00	$66.50	6 - 24 Hours
North Carolina(NC Court)	$12.00	$17.50	4 - 48 Hours
South Carolina (SLED)	$12.00	$40.50	24 - 48 Hours
South Dakota (SD Court)	$12.00	$30.00	24 - 48 Hours
Tennessee (TN TBI)	$12.00	$45.00	24 - 72 Hours
Utah (UT Court)	$12.00	$16.00	6 - 24 Hours
Virginia (VA Courts)	$12.00	$18.00	24 - 48 Hours
Washington (WA Court)	$12.00	$16.00	6 - 24 Hours
Washington, DC (DOJ)	$12.00	$18.50	4 - 48 Hours

- *International Country Criminal Records Search.*
  - We recommend an International Country Criminal Records Search if an applicant or staff member has either lived in or visited a foreign country for an extended period of time.
  - We will search criminal records in the country, state, or local jurisdiction for charges and convictions involving your applicant or staff.
  - Turnaround time varies by jurisdiction; typically 7 – 14 business days.
  - Cost varies by jurisdiction; range from $75 - $275.

- *Motor Vehicle Records Search.*
    - A Motor Vehicle Records Search can be used as an additional search for locating an individual, verifying application information, or obtaining motor vehicle information.
    - A faxed copy of the applicant's consent is necessary in some states.
    - MVR searches are not available in CA, GA, OR or PA.
    - Results are returned to you within one (1) business day in most cases.
    - $2.50 per search, plus applicable access fees.

- *Education Verification.*
    - One of the most common areas of résumé fraud occurs in the overstatement of the applicant's education. Through this search option, Praesidium will verify the applicant's higher education degrees.
    - Turnaround time varies by institution; typically 5 – 10 business days.
    - $15.00 per degree, plus applicable access fees set by institution.

- *Professional License Verification.*
    - Through this search option, professional licenses are checked and verified by state using the applicant's name or license number. With this search option, clients will receive details on the license status of the applicant.
    - Turnaround time varies by accrediting body; typically 5 – 10 business days.
    - $16.50 per license or credential, plus applicable access fees set by accrediting body.

- *Employment Verification*
    - Checking employment is useful to determine if the employee or volunteer's employment history is accurate. Through employment verification, we determine if the employee or volunteer was employed at the organization, the dates of employment, and if he or she is eligible for rehire.
    - Turnaround time varies by employer; typically 5 -14 business days.
    - $15.00 per employer, plus applicable access fees set by employer.

SYSTEM REQUIREMENTS

- Operating System: Windows 98 or Higher (Windows XP Service Pack 2)
- System Memory: 128MB or Higher
- System Hard Drive: None but need to have enough to install IE, Java and Adobe
- Web Browser: Internet Explorer 6.0 (Service Pack 2) or higher
- Java: The latest version from www.java.com (minimum version SE 1.4.2_03)
- Adobe Reader: The latest version from www.adobe.com (minimum version 5.0)
- Pop-Up Blocker: DISABLED
- Firewall Software: Disabled until system tested for functionality
- Internet Options: DSL at a minimum
- Configure URL as a trusted website (tools - internet options – security – trusted sites) with the security level set to Low for this trusted site.

EXPLANATION OF FIELDS on PROFILE

- *First Name / Middle Name / Last Name / Suffix*
  - Enter exactly as provided on the release form signed by the applicant.

- *Social Security Number*
  - You must enter a nine digit number in the SSN field.
  - Click the "Validate SSN" button. This provides you with instant verification of the SSN. There is no charge for this verification. If the SSN is not correct, check with the applicant to make sure they gave you the correct SSN.
  - If the applicant did not provide a SSN, enter 000-00-0000 and UNCHECK the "Is US Social Security Number" box.
  - You cannot run the "Confidence Package" or "Praesidium Package" without an accurate SSN. If you do not have a SSN you must run the "Basic Package" and enter 000-00-0000 as the SSN.

- *Date of Birth*
  - Format date of birth as MM-DD-YYYY.

- *Position*
  - Enter the position the applicant is applying for.

- *Accounting Code*
  - The Accounting Code is a code you choose.
  - On your monthly invoice your charges will be sorted by Accounting Code.
  - Type an Accounting Code for each search you perform for easy accounting reconciliation.

- *Folder*
  - You may sort results within the online system by using Folders. Select the Folder name for each search you perform.
  - To add a new Folder, select "Other." The screen will automatically refresh. Then type the Folder name into the "Other Folder" box.
  - You may assign Folder names that are the same as your Accounting Codes.

- *Address, City, Zip, County*
  - Enter as provided on the release form signed by the applicant.

- *State of Current Residence*
  - Select the applicant's state of residence.

- *Comments*
  - Enter any comments you would like associated with the applicant's search.

- *Highlighted*
  - If you would like to highlight a search for quick review later, check the "highlighted" box.

HOW TO ORDER A BACKGROUND CHECK

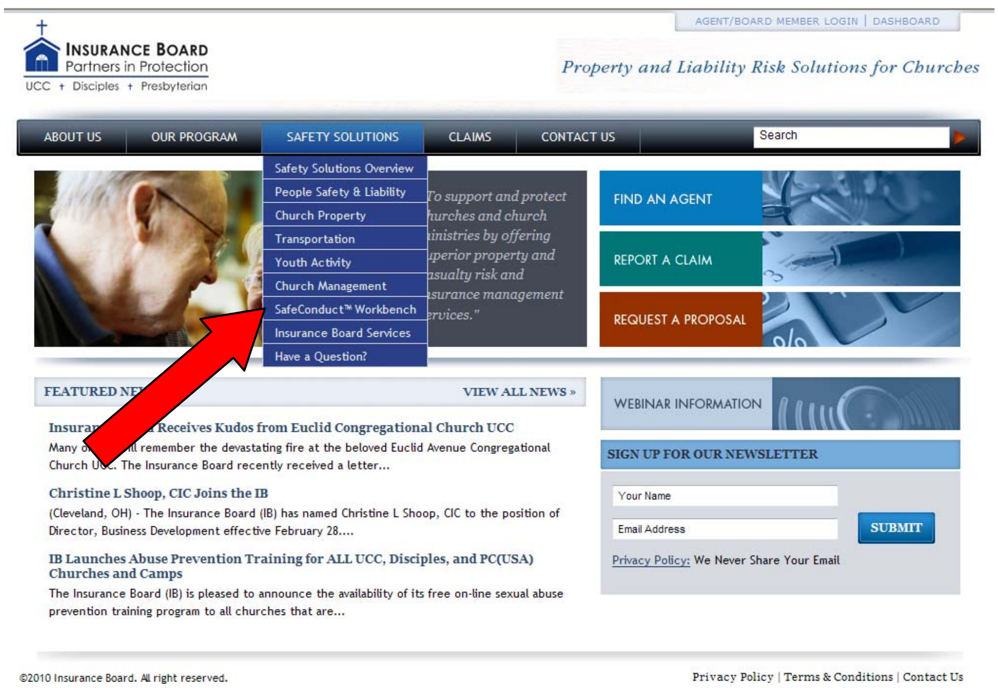
1) Receive completed and signed Background Check Consent form from Applicant/Employee/Volunteer.

2) Review the information provided on the Background Check Consent form. If you are unsure of spelling or cannot read the person's handwriting, please confirm the information before ordering. Mistakes in information entered may result in erroneous or incomplete results; however, you will still be charged for the order.

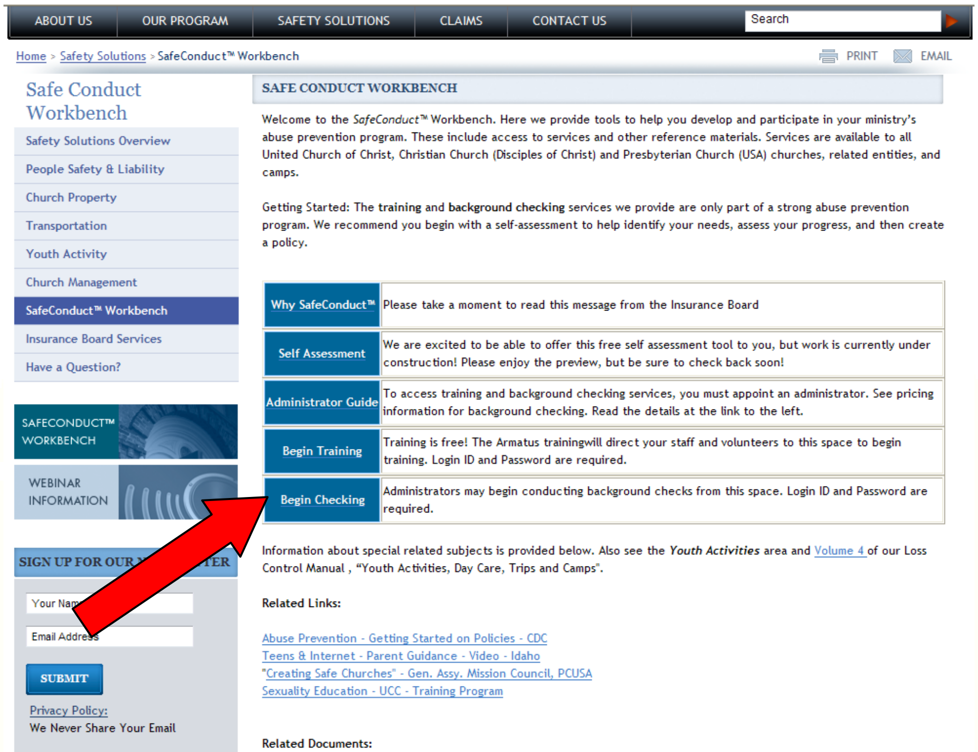
3) Open Internet Explorer. **Only use Internet Explorer**; other Internet Browsers will not work with our online system.

4) Go to www.insuranceboard.org.

5) Click on the "SafeConduct™ Workbench" from the drop down menu under "Safety Solutions".



6) Click on the blue box “Begin Checking” and a new white background window will appear.



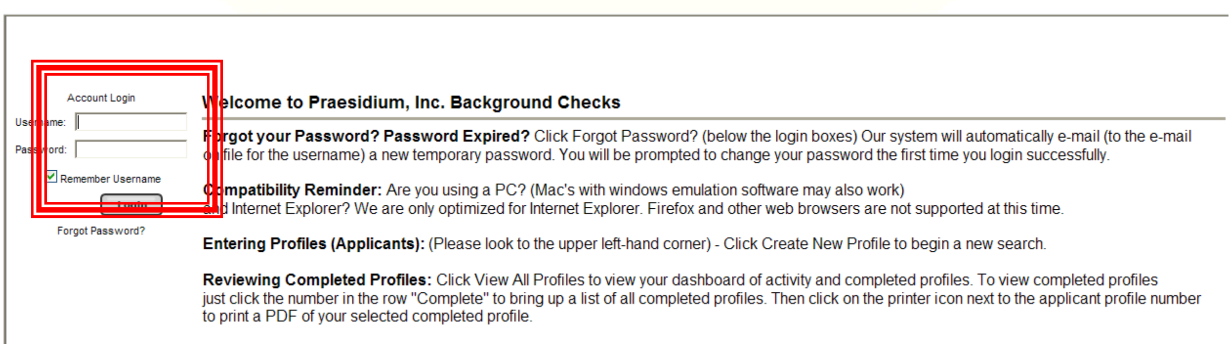
7) Enter your user name and your password in the appropriate fields and click “Login.”

NOTE: Passwords ARE case-sensitive and strongly typed. This means they include at least eight characters total, at least one CAPITAL LETTER, at least one NUMERAL, and at least one SYMBOL.

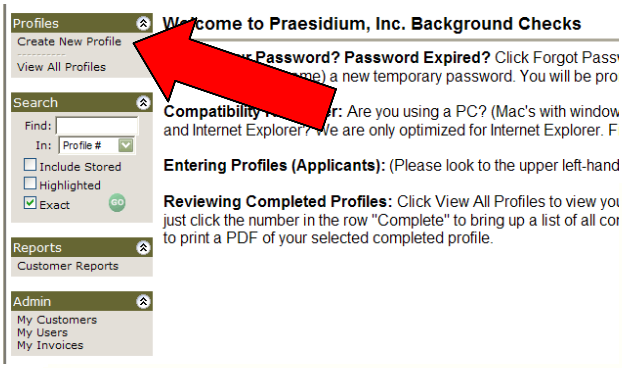
Write your user name and password here for future reference:

My user name is _______________________________________

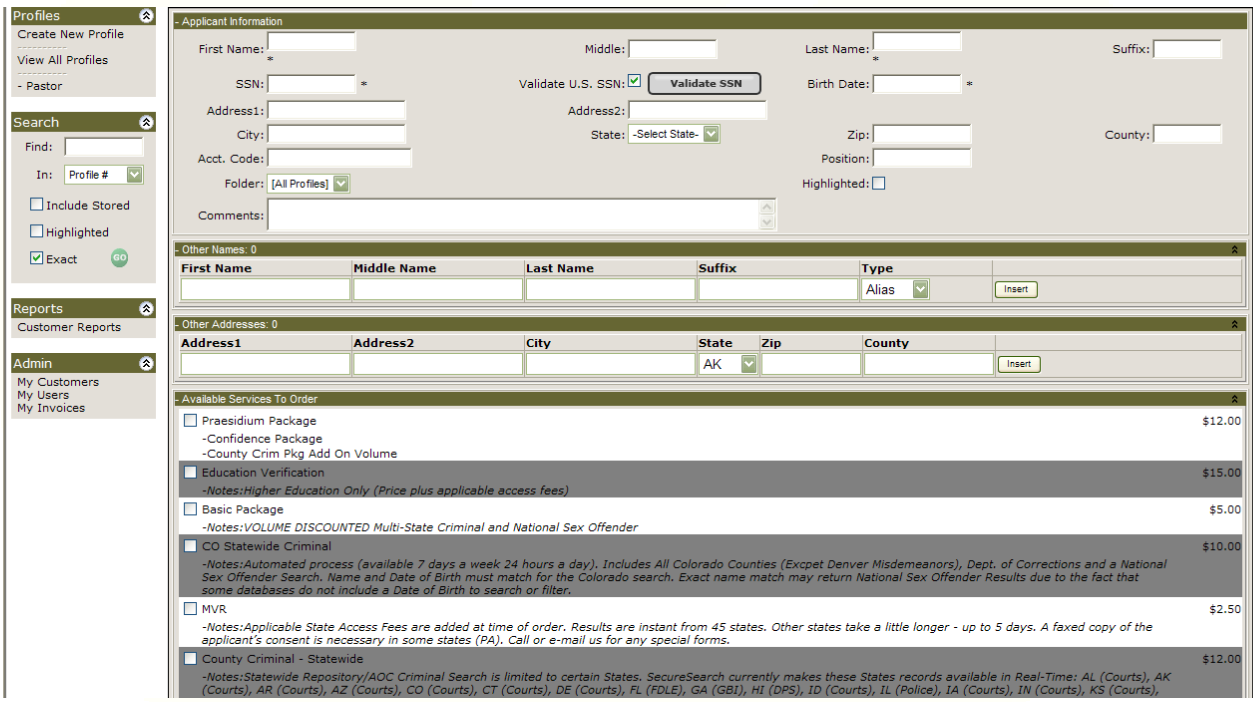
My password is _______________________________________



8) At the Welcome Page, click on **Create New Profile** under **Profiles** in left column.



A screen similar to the following will generate.



10) First, enter First, Middle and Last Name.

11) Next, enter the person's Social Security Number. If you do not have a Social Security Number, enter 000-00-0000 or 123-45-6789 in the SSN field. If you do this, be sure to un-check the box next to "**Validate U.S. SSN**."

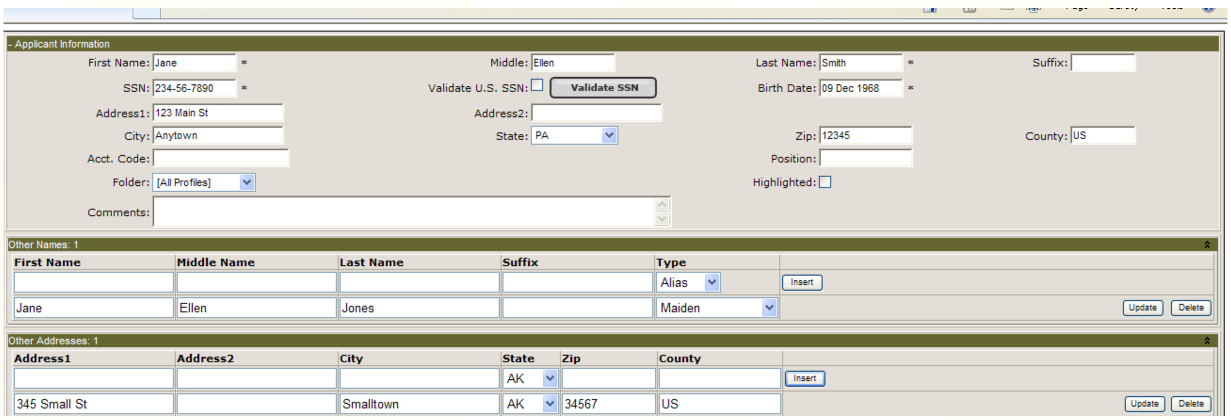
12) If you would like to instantly validate the Social Security Number click the gray **Validate SSN** button.

13) Enter the Birth Date (EXAMPLE: 04/22/1969 or 4-22-69).

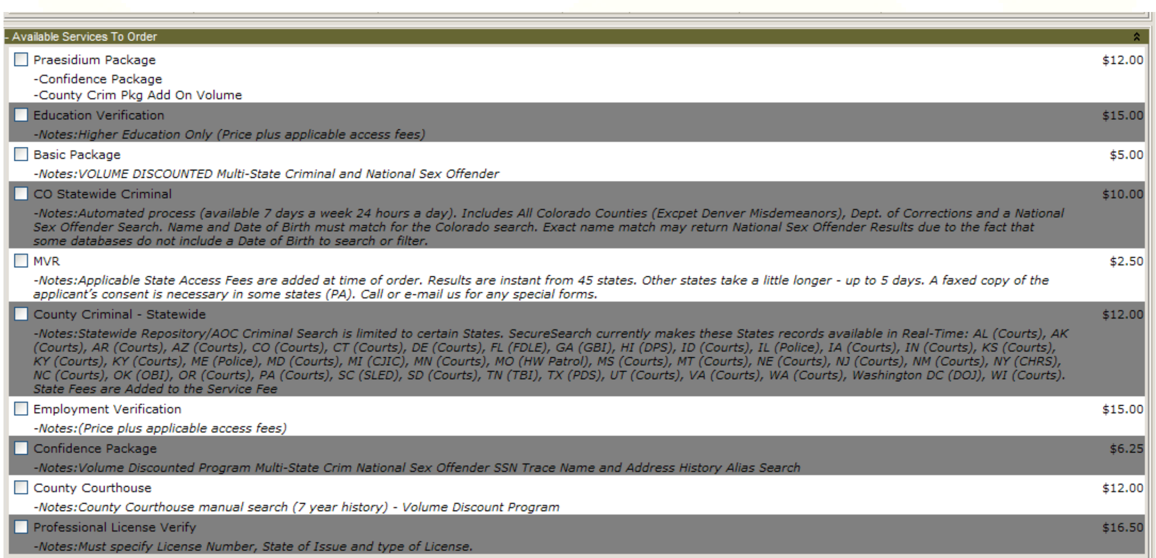
14) Address, City, State and Zip are **only required** if you are running county checks or credit reports. Please note, on credit reports a P.O. Box is not allowed for a street address.

15) Accounting Code (Acct. Code), Folder, Position, Highlighted, and Comments are all optional. “Accounting Code” allows you to organize your invoice by Accounting Code. “Folder” allows you to organize the Background Check Profiles into folders. “Position” allows you to enter the individual’s position. “Highlighted” allows you to flag the Background Check Profile. “Comments” allows you to store notes and comments.

16) Other Names and Other Addresses are not required unless you are running a county check. If you enter other names or addresses, type the necessary information, then click “Insert.” The screen will automatically refresh.



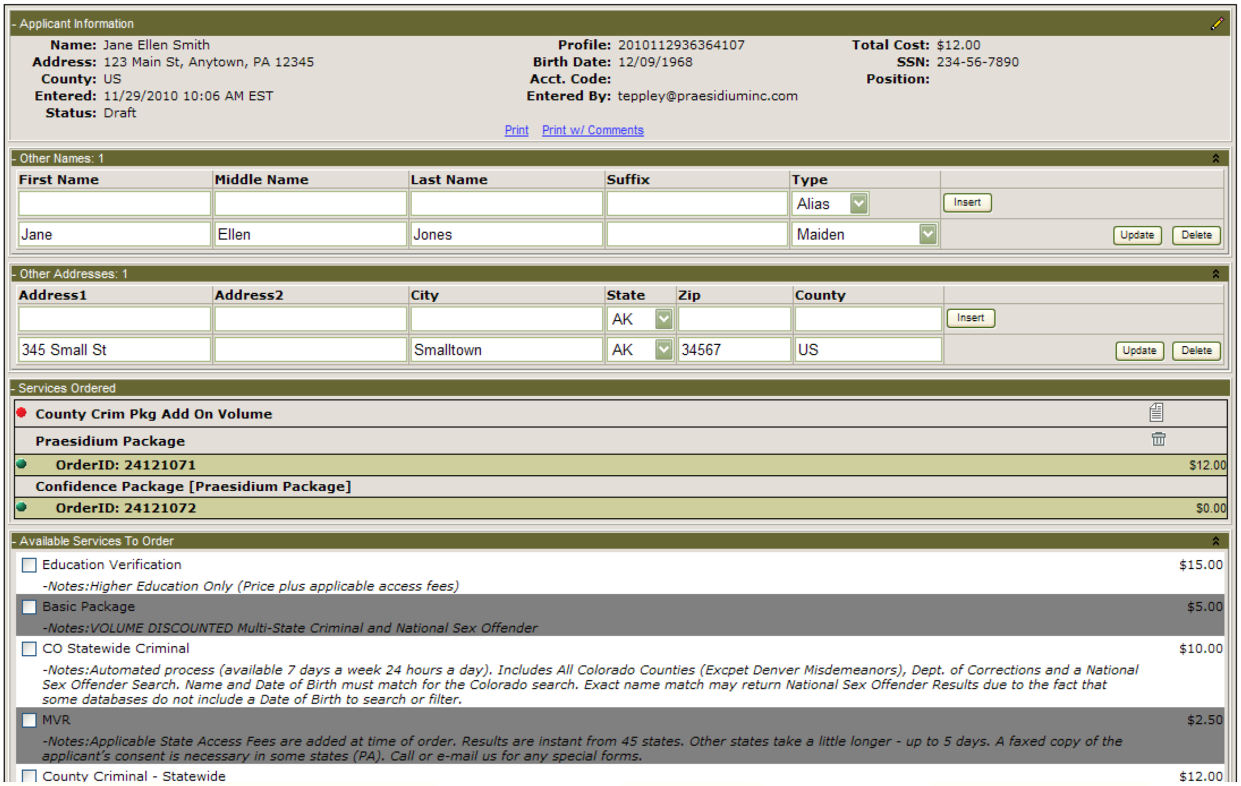
17) Select the services you’d like to add to the profile from the Available Services to Order menu.



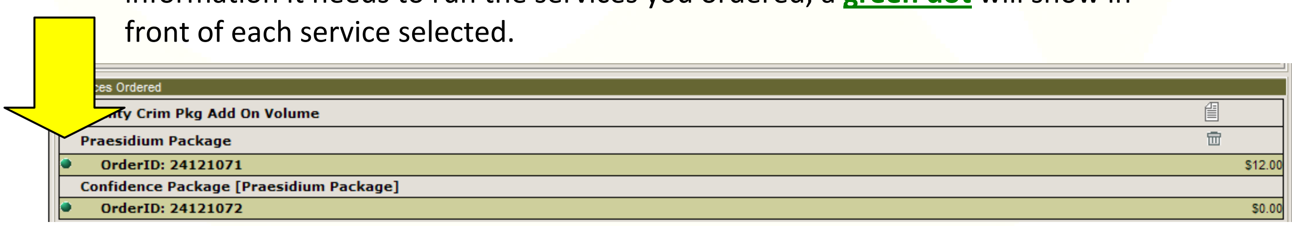
18) Once you have selected the services, click **Create Draft**.

19) Your draft profile has been created.

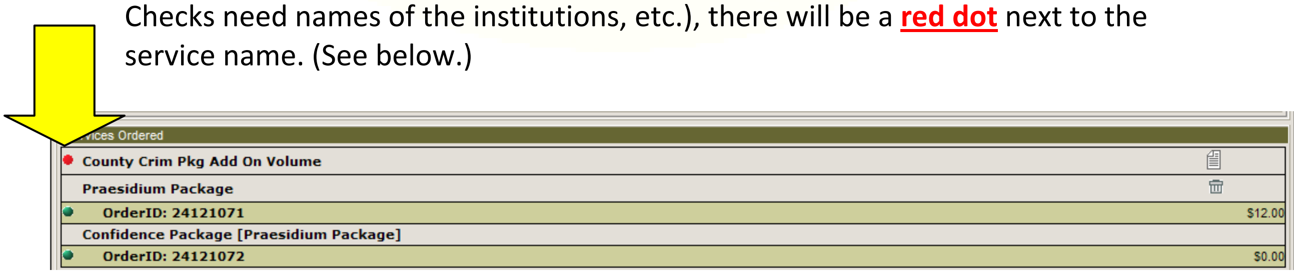
20) The next screen will look something like this:



21) Review the services in the Services Ordered section. If the system has all the information it needs to run the services you ordered, a **green dot** will show in front of each service selected.

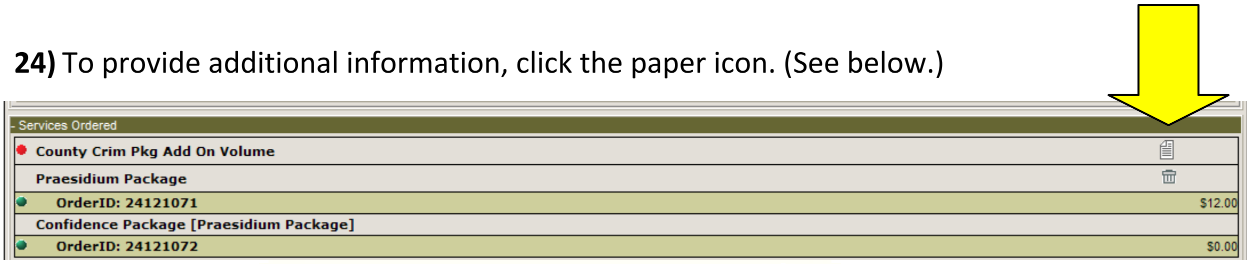


22) If the system requires more information to be entered (i.e., MVR check needs a driver's license number; County Checks need the county names; Education Checks need names of the institutions, etc.), there will be a **red dot** next to the service name. (See below.)

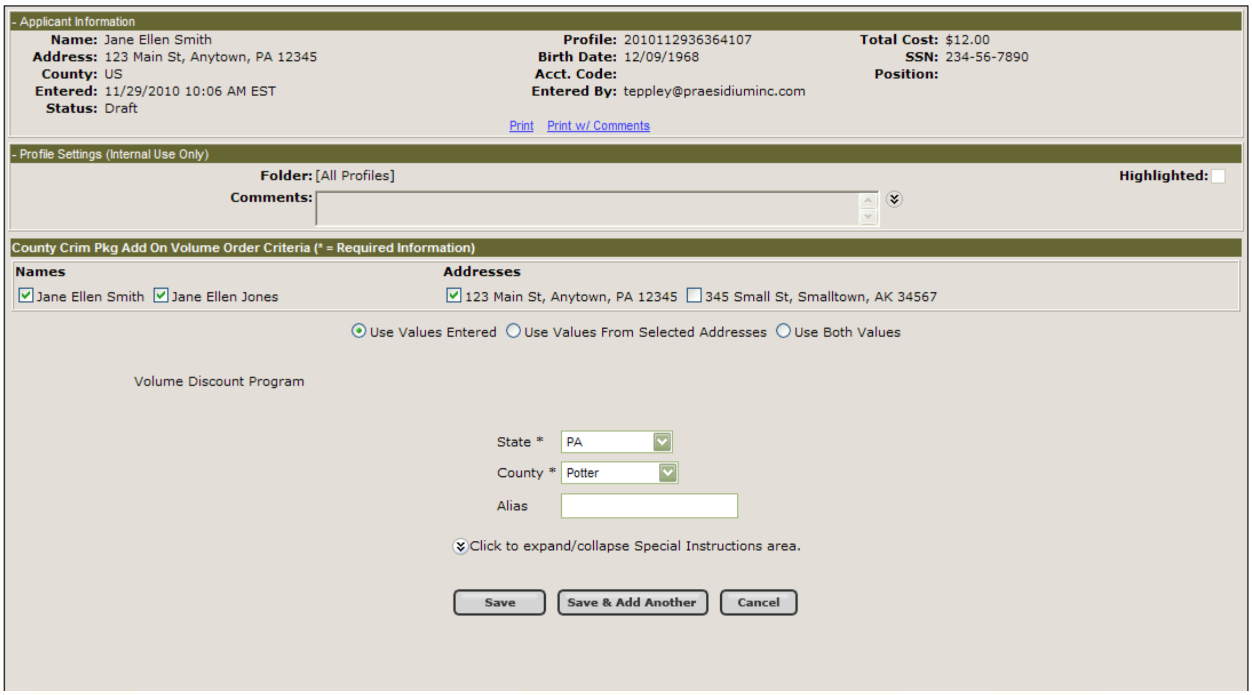


23) If there is a red dot, you must provide more information before submitting the order.

24) To provide additional information, click the paper icon. (See below.)

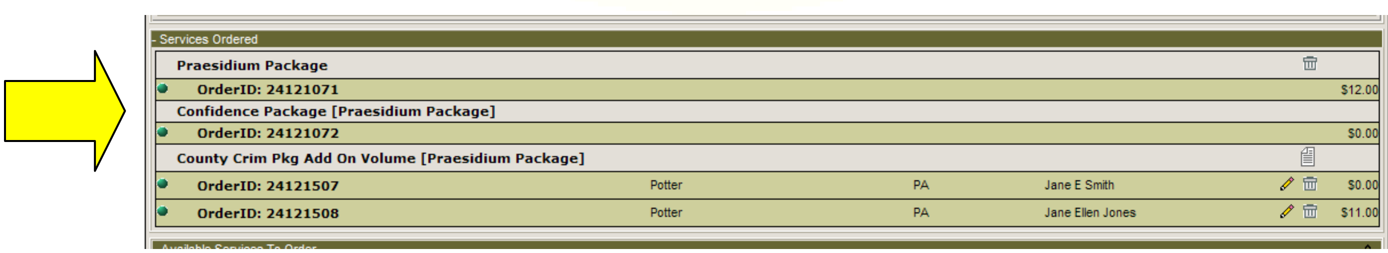


25) A new window will appear for the additional information to be entered. See example of county check below.



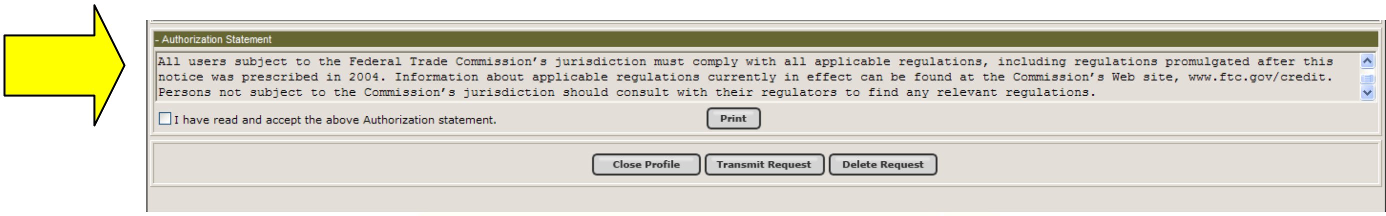
First you must select the names you want included in the county check and the addresses to include. Then select the state from the drop-down menu. The screen will refresh. Then select the county you'd like to search. Then click "Save" or "Save & Add Another" if you'd like to search another county.

26) If all the information is now ready to transmit, a **green dot** will show in front of each service selected. If a **red dot** shows, an error has been identified and the service will not be completed correctly**. Please check for errors.**

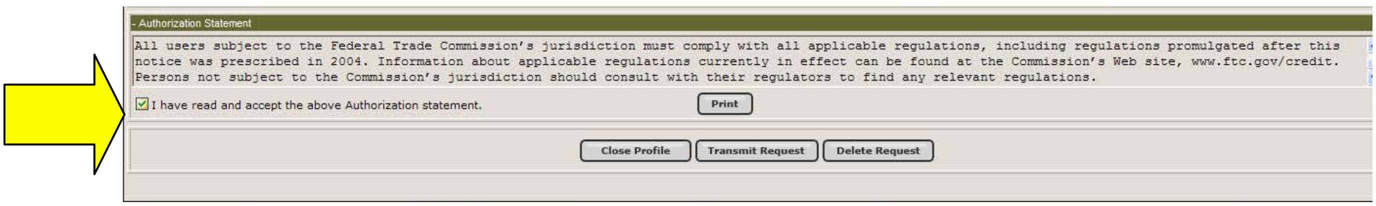


27) Once you've checked for errors, you are ready to place your order!

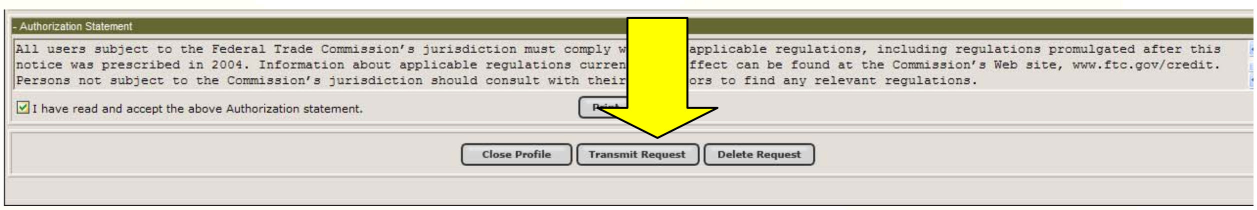
28) Scroll down to the bottom of the screen and read the authorization statement.



29) Check the box next to "I have read and accept the above Authorization Statement"



30) Click **Transmit Request**. Your order will be submitted immediately.



31) If you aren't quite ready to submit your profile you may **Close** the profile to come back and finish it later. If you close the profile, you can find it as a **Draft** by clicking on **View All Profiles**, then following the steps in the next section. The draft profile can be edited by clicking on the blue profile number. Once you have completed your profile, you can then transmit the order.

32) You can also **Delete** the profile.

HOW TO KNOW WHEN RESULTS ARE READY

The following services are performed with “near instant” turnaround:

- **Basic Package**
- **Confidence Package**
- **Motor Vehicle Records** (MVR)

All other services take approximately 3-7 business days for results. International Criminal Records searches can take up to 30 business days. If you order a search with a longer turnaround in conjunction with a “near instant” search, you can retrieve the “near instant” portion of the report immediately. You do not need to wait for the full order to be complete.

When we set up your account we requested that an automatic notice go out to you via e-mail when you orders are complete. These e-mail messages are sent once per hour, M-F, from 8am-8pm. If you are not receiving these messages please check your spam or junk folders.

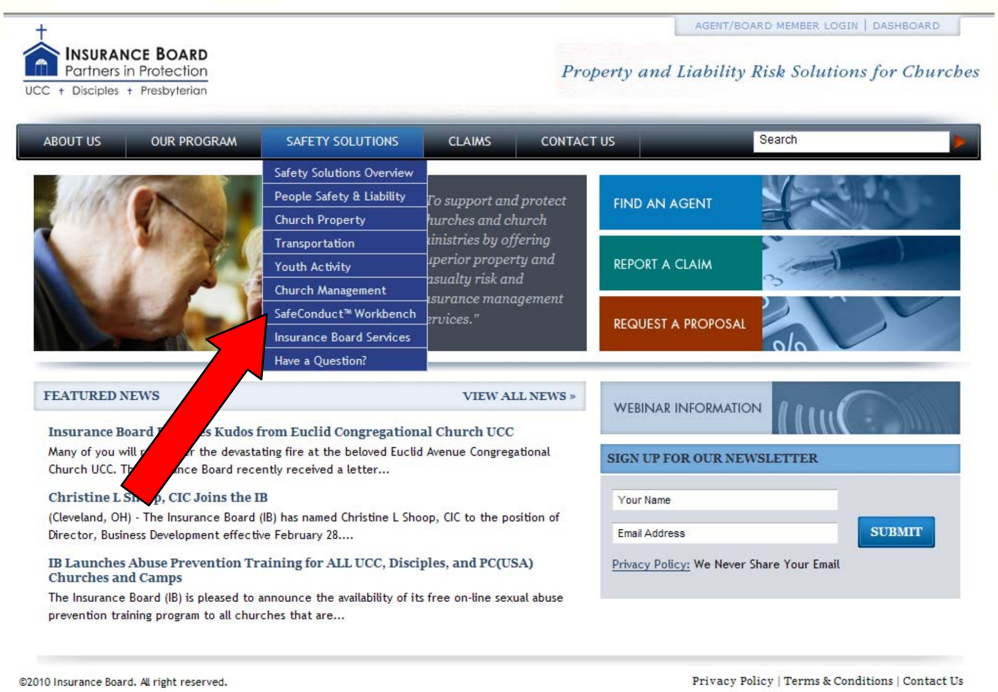
HOW TO RETREIVE RESULTS

You may remain logged in to the system and check on your “near instant” searches within a few moments of ordering them. Or, you can log out of the system and review your results later. To retrieve the results for “near instant” searches, follow the steps below beginning at Step 5.

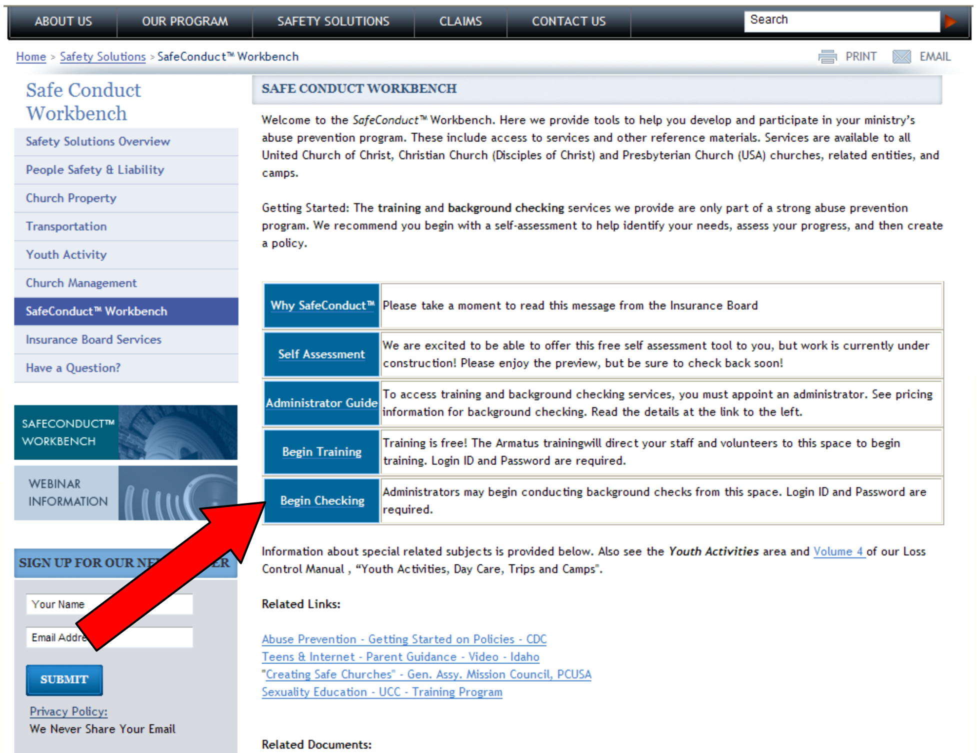
NOTE: It is our recommendation that you **print a hard-copy** of the reports for your personnel records. The reports only remain in our online system for a total of 60 days. After that you must request the report from our storage server.

1) Go to www.insuranceboard.org.

2) Click on the “SafeConduct™ Workbench” from the drop down menu under “Safety Solutions”.



3) Click on the blue box "Begin Checking" and a new white background window will appear.



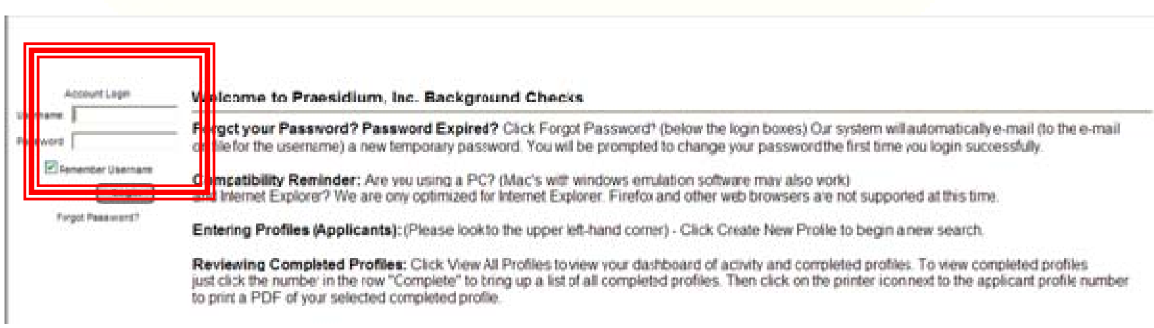
4) Enter your user name and your password in the appropriate fields and click "Login."

NOTE: Passwords ARE case-sensitive and strongly typed. This means they include at least one CAPITAL LETTER, at least one NUMERAL, and at least one SYMBOL.

Write your user name and password here for future reference:

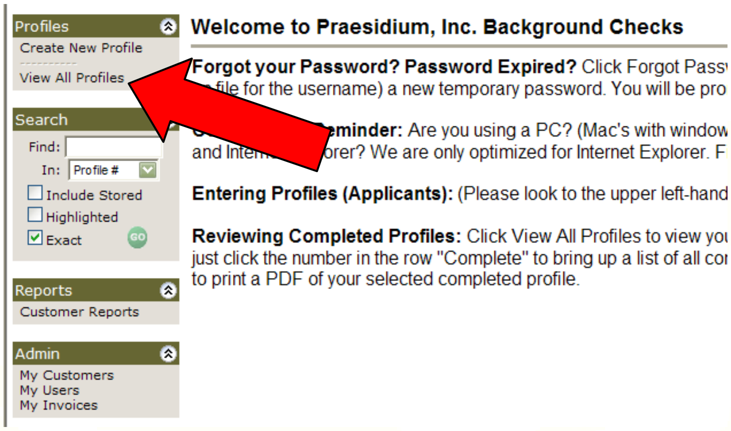
My user name is _______________________________________

My password is _______________________________________

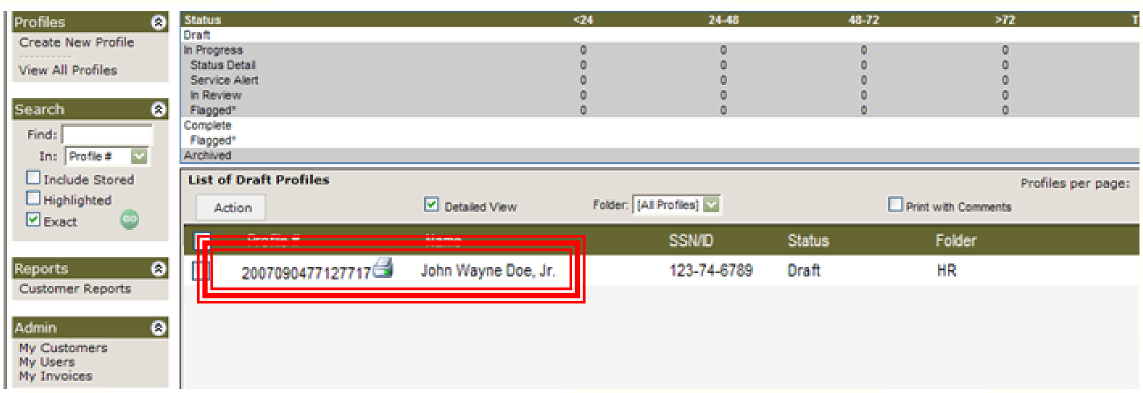


5) To order a new search, click NEW PROFILE.

6) To view the results, click VIEW ALL PROFILES or click on the FOLDER NAME to pull up results sorted by that folder only.

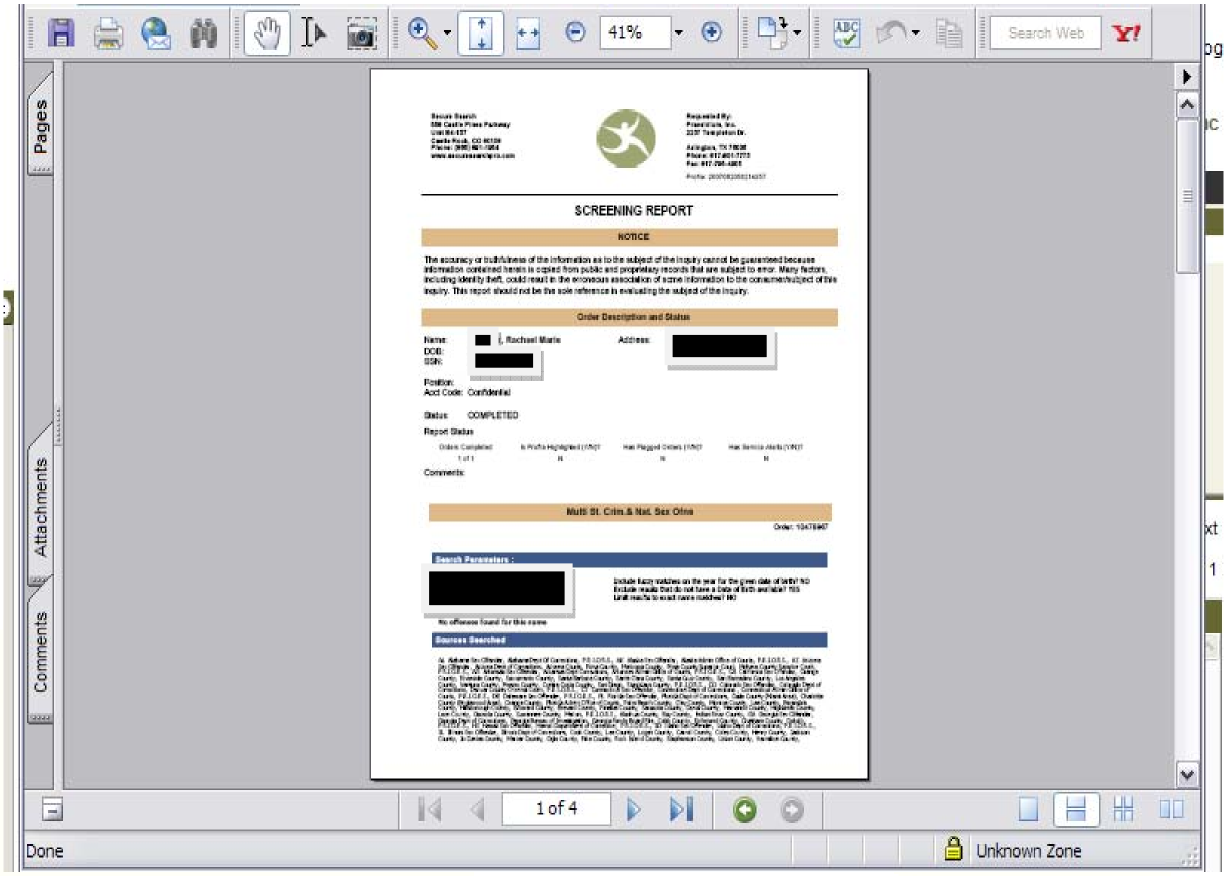


Click on "Complete" or the number listed in the "Total" column and "Complete" row. In the bottom portion of your screen you will see a list of completed profiles.

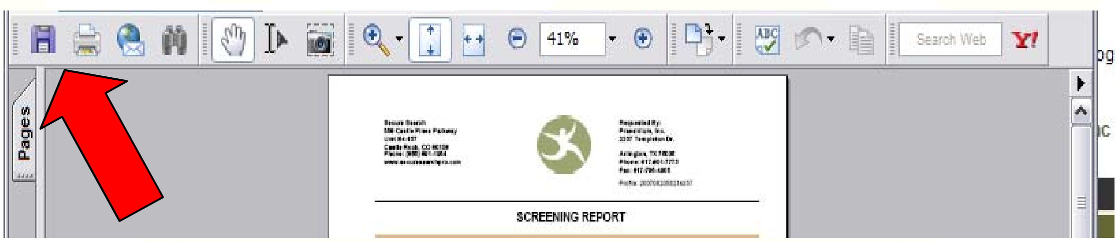


7) Click on the PRINTER icon next to the individual's name to view their full report.

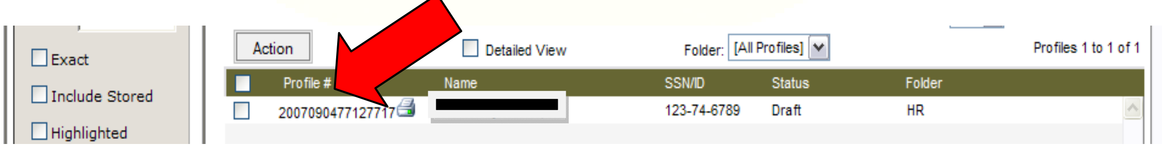
8) A PDF report will open. (Note: The report format may be different for your order.)



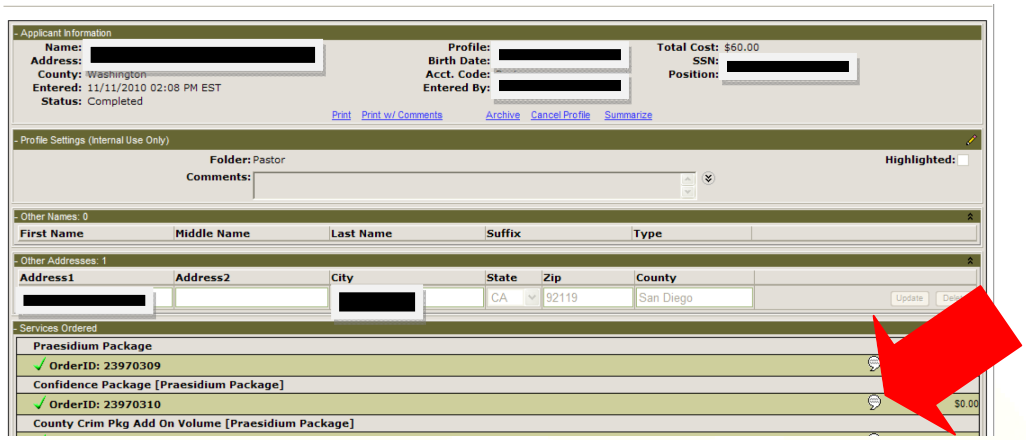
9) Print the report within the Adobe window by clicking on the PRINTER icon. You can also save the report to your hard drive by clicking the DISK icon.



10) If the full report is not ready and you just want to view the "near-instant" results, instead of clicking on the PRINTER icon, click on the individual's profile number.



11) Their “Edit Personal Profile” window will come up. Click on the INFORMATION icon (bubble with exclamation point).



12) The results of the “near-instant” search will be displayed.

HOW TO REVIEW REPORTS

When you retrieve a report, you want to look for a few things.

First, check to see if the report is "flagged." There are two reasons for a flagged report: 1) there was a mistake in processing the report, or 2) the report has a criminal record.

1) **Reports with mistakes will be flagged.** When a report is flagged because of a mistake there is usually an error code or explanation provided. Review the error code or explanation. If the error affects the results of your report, run a new report.

One common mistake is that a SSN didn't match the name of the individual you were running the report on. If the SSN doesn't match the name you provide the search will not run. This is a security measure. You will need to run a new report with the correct SSN or correct name.

Another common mistake is that you get a message "No addresses on file". This means that the social security trace was not able to yield addresses or aliases/ other names on file with the credit bureaus. In these cases the individual is usually under 18 and has not applied for credit or their SSN is new.

2) **Reports with criminal "hits" will be flagged**. If a report is "FLAGGED" this means that there was a "hit" or criminal history found to be associated with the individual's name (or one of the aliases yielded by the SSN trace).

What do I do if there is a criminal hit?
Review the report to see what the offense was. Follow your organization's policies about if this offense is permissible or not for an applicant or employee. If you take Adverse Action against an applicant or employee based on the results of this report, you must follow an Adverse Action procedure. See the Adverse Action section for details.

What will the flagged report tell me?
The information provided on a flagged report varies by the jurisdiction and the criminal offense. Sometimes it is very easy to understand what the offense was and the status of the offense. For example, in the offense below you can tell it was for a DUI.

FOR INSTANCE:

```
Charge#: 1
Charge: UNDER THE INFLUENCE OF ALCOHOL/ DRUG IN VEHICLE
Charge Type: MISDEMEANOR
Charge Date: 2005-02-03
Disposition: DISMISSED
Disposition Date: 2005-05-11
Sentence:
Comments:
```

Other times it can be extremely difficult to determine what the offense was and whether or not the individual was convicted of the charge. You can contact the county of the offense to get more information on the type of crime listed, or you can call us and we will do our best to help you understand what the report means.

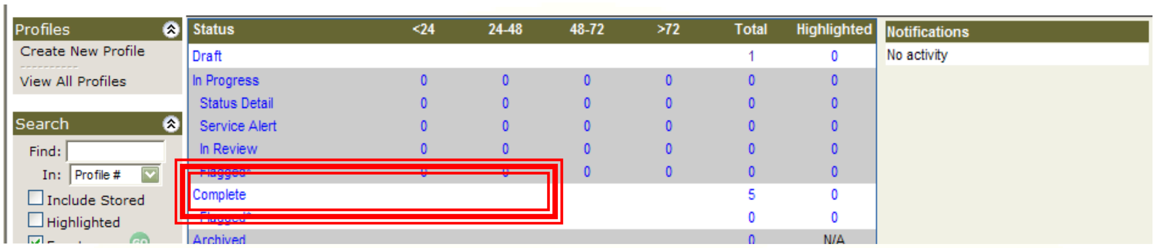
Second, you will also want to check the aliases/other names yielded by the social security trace with the names the aliases and names the individual provided you with.

Third, check the addresses yielded by the social security trace with the addresses the individual provided you with. You will then need to run any additional county checks if the social security trace reveals that the individual lived in counties other than those he or she reported to you.

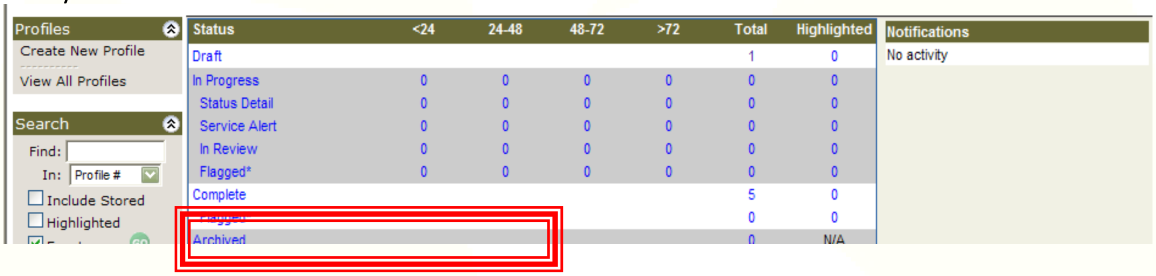
HOW TO VIEW ARCHIVED OR STORED REPORTS

Reports are stored in the main database and are accessible from the VIEW ALL PROFILES matrix for a total of 60 days.

For 14 days the reports are stored as COMPLETE.

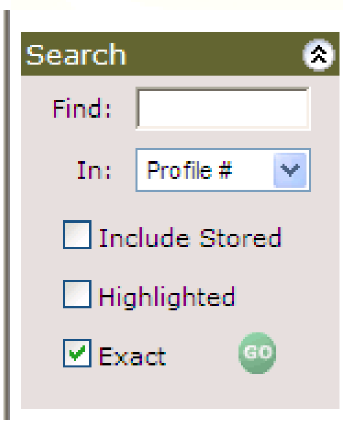


After 14 days, the reports are stored as ARCHIVED. The reports stay in the ARCHIVE for another 46 days.



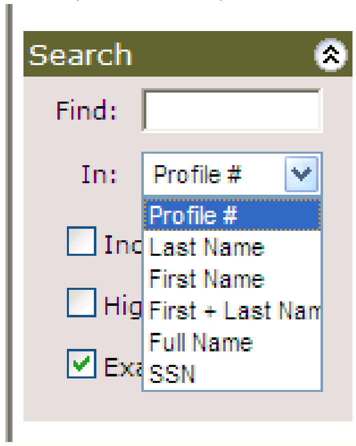
After 60 days (total) you must search for your report in order to retrieve the report.

To search for a report you will use the Search Tool.

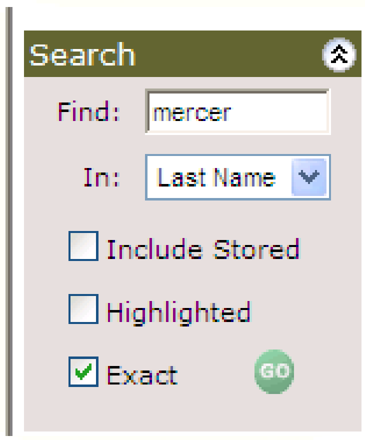


PRAESIDIUM
Our passion. Your protection.

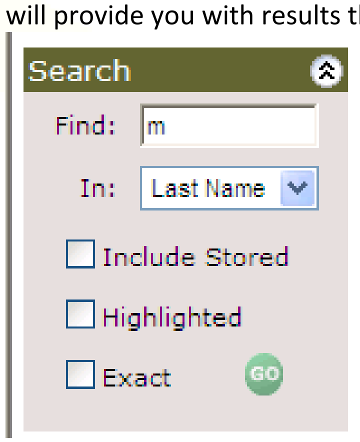
1) Select the criteria that you would like to search by. You may select from Profile #, Last Name, First Name, First + Last Name, Full Name, or SSN.



2) Type the Profile #, Last Name, First Name, First + Last Name, Full Name, or SSN in the "FIND" field.

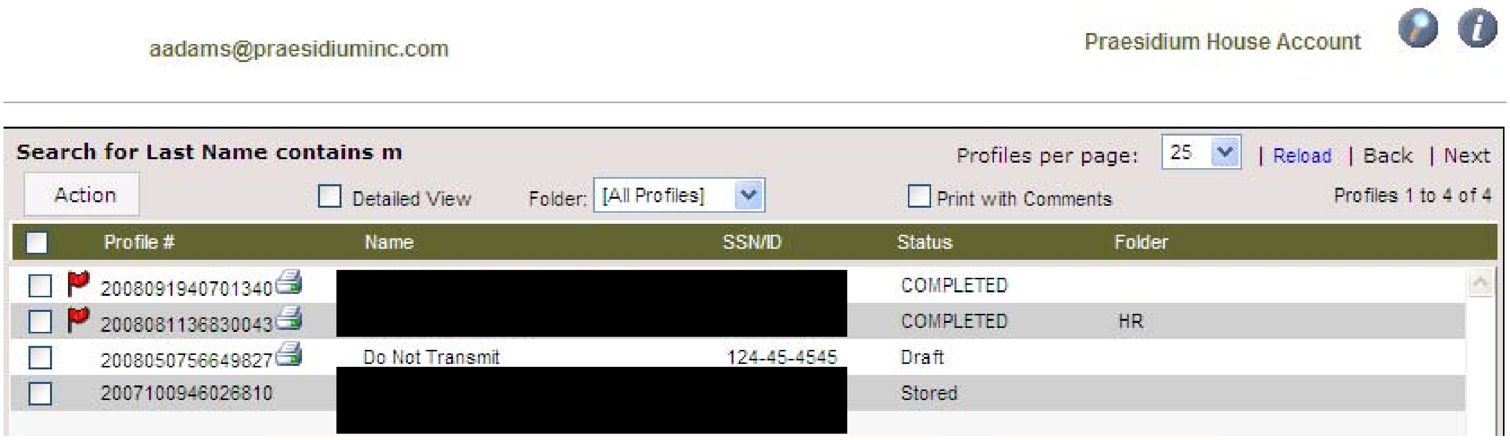


3) You can also search by part of any of these fields by unchecking the "EXACT" box. This will provide you with results that aren't an exact match.

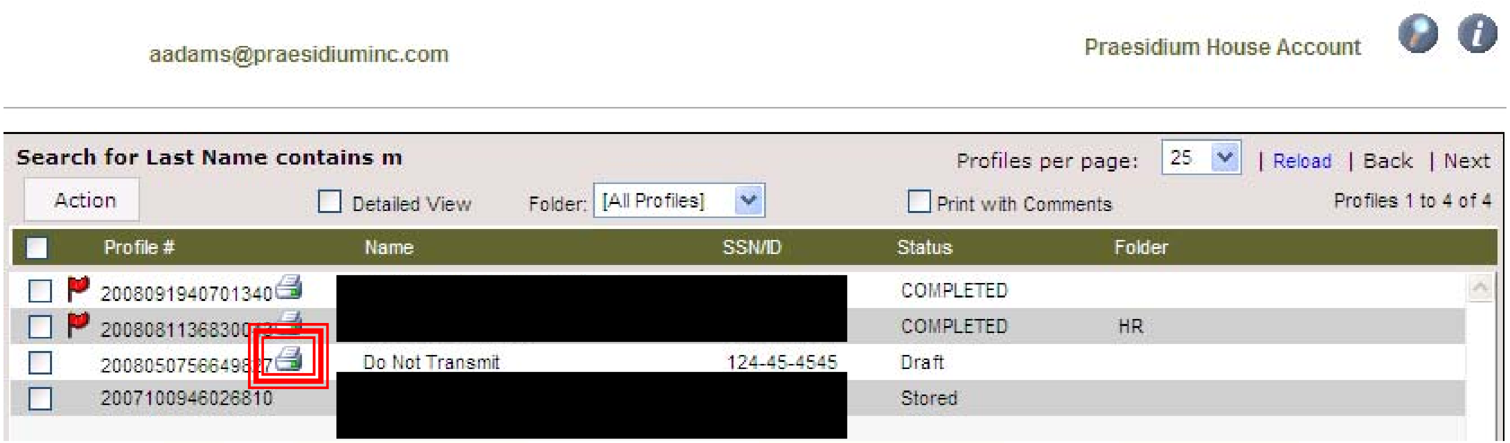


4) Click "INCLUDED STORED" to make sure that your search includes reports stored in our storage server.

5) The list of profiles that match our query will display.

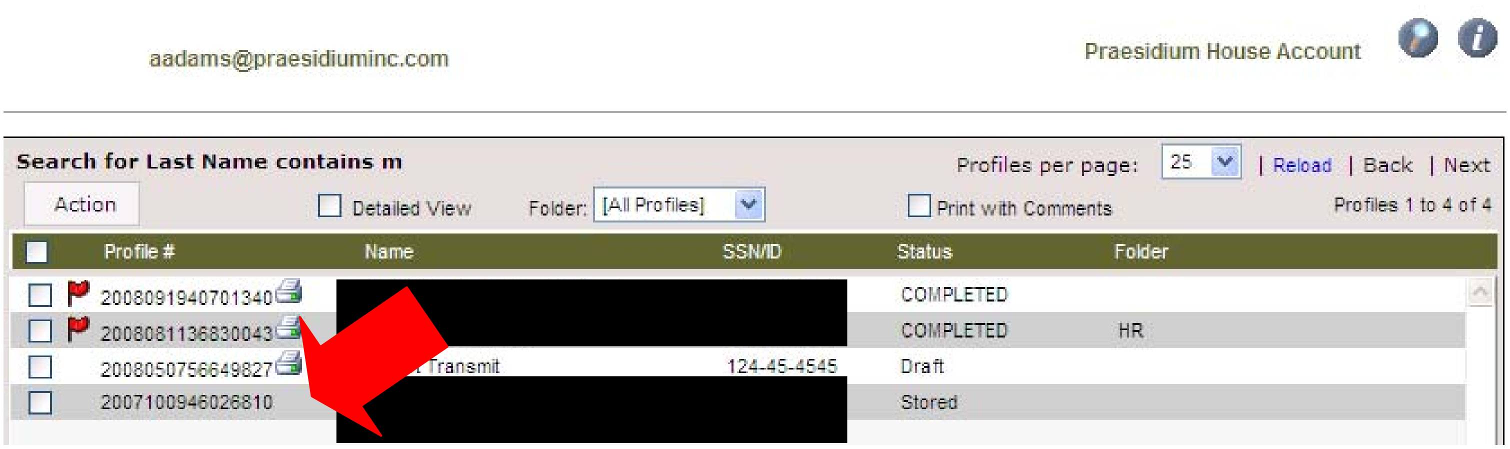


6) Click on the printer icon next to the correct profile number in order to pull up your report.

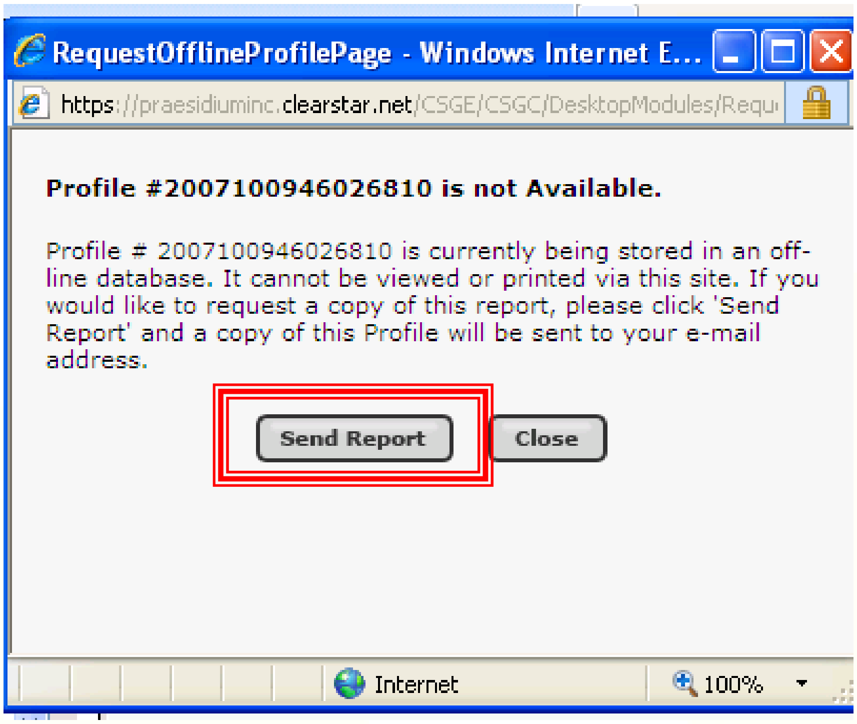


7) View and print your report.

8) If there is not a printer icon, this means that your report is in storage. To get your report, click on the profile number.



9) A pop-up box will come up telling you that you that the report is not available. You CAN get this report from storage. In order to request this report, click "SEND REPORT". A copy of the report will be sent to the e-mail address on file for your login.



COMMON QUESTIONS ABOUT REPORTS

Q: What does the system look for when searching for a criminal records search?
A: The system will search for a **Name and Date of Birth (DOB) match** within all available data sources. If there is a match of Name (either the legal name or aliases) and Date of Birth (DOB), this criminal record will be included on your report.

Q: Are criminal records searched by social security number?
A: No. Social security numbers (SSNs) are not used as a filter for a record "match". All SSNs were removed from criminal records (as they are public records) per the Federal Privacy Act of 1974.

Q: What triggers a flag?
A: Any public criminal record in the jurisdictions that we search that matches the search criteria (name and DOB).

Q: I noticed that a completely different name appeared on the profile report. Why does this happen sometimes?
A: A different name may appear as part of the SSN Trace or as part of a list of Aliases (AKAs) within a criminal record.

The reasons for different names on a SSN Trace can be from human error (i.e. a credit report was ordered on an individual with a SSN close to your individual's SSN and the person mistyped the entry), or the individual is somehow related to your applicant/employee/volunteer and the SSN has been marked as related (co-signor, spouse, housemate, etc.), or your individual may have used this name as an alias. It is also possible that the individual's identity has been compromised by someone using their name and/or SSN. If another name shows up on a report, if you choose, you can alert the individual to the name on the report, ask if they have gone by this name or know this individual, and if they have/do not, you can coach the individual to order a credit report from all three bureaus to make sure their identity has not been compromised.

If a name appears on a report due to the name being used as an Alias then it may be difficult to validate the record. A county courthouse search is recommended to help with this process.

Q: What should I do about other known names (i.e. maiden, previous married, nicknames, aliases)?
A: Due to the fact that criminal searches are based solely on Name and Date of Birth, it is imperative for due diligence that you search each and every name you are aware of regarding the individual. Our recommendation is to run a Confidence Package, which will search the known aliases associated with a SSN. Then, make sure all the names the individual provided you with are included in the SSN trace and are clear of flags. If the individual reports an alias or name to you that was NOT yielded by the SSN trace, this name has not been searched as an alias. You should order a separate multi-state search for this name.

Q: I noticed that the Date of Birth doesn't match exactly. Why is the name included on my report?
A: There are two schools of thought relating to partial matches. We determined to take the safest route so our searches will return a record that matches a Name and Year of Birth or a Name and Month and Year of Birth even though they are not a 100% match to a full DOB. This process may result in "false positive" records showing up for your applicant/employee/volunteer. A record with a DOB stated as 01/01/XXXX means that only the Year of Birth was available in the data for us to match to. This means that the probability of a 100% match has gone down considerably. A Date of Birth as 12/01/XXX could also mean that the data only had a Month and Year of Birth but no day so again the probability is not 100% that this criminal record is for the same person as your applicant/employee/volunteer.

If you have questions or need assistance while completed or reviewing your Background Check reports, please contact Praesidium at 817-801-7773 or backgroundcheck@praesidiuminc.com.

ADVERSE ACTION PROCEDURES

Under the Fair Credit Reporting Act (FCRA), employers are required to take certain actions whenever they obtain a consumer report on a job applicant or employee. All background screening reports produced by outside vendors are classified as consumer reports and FCRA requirements include notification, certification, and action before and after an adverse event.

If a hiring department relies on any part of the information from a pre-employment screening report obtained from an approved vendor to take "adverse action" (such as denying employment or reassigning or terminating an employee), they must ensure that appropriate notice will be provided to the applicant.

Before any adverse action is taken. . .
Human Resources needs to forward a Pre-Adverse Action Notice to the applicant/ employee that includes a copy of the consumer report and a copy of "A Summary of Your Rights Under the Fair Credit Reporting Act".

The notice provides the applicant/employee an opportunity to challenge the information provided in the report and take steps to correct inaccuracies or provide explanation. A final employment decision shall not be made by the hiring department until new information is gathered and considered or at such time that the applicant or employee fails to respond as required.

When adverse action will be taken . . .
Human Resources will forward an Adverse Action Notice to the applicant and the notice will include:

- the name, address, and phone number of the Consumer Report Agency (CRA) that supplied the report
- a statement that the CRA (vendor) supplying the report did not make the decision to take the adverse action and cannot give specific reasons for it; and;
- a notice of the individual's right to dispute the accuracy or completeness of any information the agency furnished, and his or her right to an additional free consumer report from the agency upon request within 60 days and to dispute with the CRA, the accuracy or completeness of any information in a consumer report furnished by the agency.

Not Hire Notice
The hiring department shall notify the applicant/employee if a job offer will not be extended based on information received through reference checking or other standard pre-employment screening activities conducted by the department.

Human Resources will notify the applicant/employee if a job offer will not be extended as a result of a criminal background check, DMV or other information obtained through the vendor.

Pre-Adverse Action Letter - Sample

Date:______________________

Applicant Name	
Address	
City, State, Zip	

Dear _________________________:

On ______________, you authorized **Employer Name** to obtain consumer reports and/or investigative consumer reports about you from a consumer-reporting agency.
Enclosed please find a copy of the report we obtained from:

Consumer Reporting Agency (CRA)

CRA	**Praesidium, Inc.**
Address	**624 Six Flags Dr.**
	Suite 110
	Arlington, TX 76011
Phone	**1-817-801-7773**
Fax	**1-817-261-7864**

and a summary of your rights under the Fair Credit Reporting Act. You may identify any errors, inaccuracies and/or otherwise respond to the information contained in the report within ten calendar days from the date of this letter.

If you choose to do so, you must contact the ___________________________ (Employer). If you wish to dispute the accuracy of the information in the report directly with the consumer reporting agency (*i.e.*, the source of the information contained in the report), you should contact the agency identified above directly.

This letter is sent to you in compliance with the Fair Credit Reporting Act.

Sincerely,

Your Name
Title
Company Name

Summary of Your Rights Under the Fair Credit Reporting Act

The federal Fair Credit Reporting Act (FCRA) is designed to promote accuracy, fairness, and privacy of information in the files of every "consumer reporting agency" (CRA). Most CRAs are credit bureaus that gather and sell information about you -- such as if you pay your bills on time or have filed bankruptcy -- to creditors, employers, landlords, and other businesses. You can find the complete text of the FCRA, 15 U.S.C. 1681-1681u, at the Federal Trade Commission's web site (*http://www.ftc.gov*). The FCRA gives you specific rights, as outlined below. You may have additional rights under state law. You may contact a state or local consumer protection agency or a state attorney general to learn those rights.

- **You must be told if information in your file has been used against you.** Anyone who uses information from a CRA to take action against you -- such as denying an application for credit, insurance, or employment -- must tell you, and give you the name, address, and phone number of the CRA that provided the consumer report.
- **You can find out what is in your file.** At your request, a CRA must give you the information in your file, and a list of everyone who has requested it recently. There is no charge for the report if a person has taken action against you because of information supplied by the CRA, if you request the report within 60 days of receiving notice of the action. You also are entitled to one free report every twelve months upon request if you certify that (1) you are unemployed and plan to seek employment within 60 days, (2) you are on welfare, or (3) your report is inaccurate due to fraud. Otherwise, a CRA may charge you up to eight dollars.
- **You can dispute inaccurate information with the CRA.** If you tell a CRA that your file contains inaccurate information, the CRA must investigate the items (usually within 30 days) by presenting to its information source all relevant evidence you submit, unless your dispute is frivolous. The source must review your evidence and report its findings to the CRA. (The source also must advise national CRAs -- to which it has provided the data -- of any error.) The CRA must give you a written report of the investigation, and a copy of your report if the investigation results in any change. If the CRA's investigation does not resolve the dispute, you may add a brief statement to your file. The CRA must normally include a summary of your statement in future reports. If an item is deleted or a dispute statement is filed, you may ask that anyone who has recently received your report be notified of the change.
- **Inaccurate information must be corrected or deleted.** A CRA must remove or correct inaccurate or unverified information from its files, usually within 30 days after you dispute it. However, the CRA is not required to remove accurate data from your file unless it is outdated (as described below) or cannot be verified. If your dispute results in any change to your report, the CRA cannot reinsert into your file a disputed item unless the information source verifies its accuracy and completeness. In addition, the CRA must give you a written notice telling you it has reinserted the item. The notice must include the name, address and phone number of the information source.
- **You can dispute inaccurate items with the source of the information.** If you tell anyone -- such as a creditor who reports to a CRA -- that you dispute an item, they may not then report the information to a CRA without including a notice of your dispute. In addition, once you've notified the source of the error in writing, it may not continue to report the information if it is, in fact, an error.
- **Outdated information may not be reported.** In most cases, a CRA may not report negative information that is more than seven years old; ten years for bankruptcies.
- **Access to your file is limited.** A CRA may provide information about you only to people with a need recognized by the FCRA -- usually to consider an application with a creditor, insurer, employer, landlord, or other business.
- **Your consent is required for reports that are provided to employers, or reports that contain medical information.** A CRA may not give out information about you to your employer, or prospective employer, without your written consent. A CRA may not report medical information about you to creditors, insurers, or employers without your permission.

- **You may choose to exclude your name from CRA lists for unsolicited credit and insurance offers.** Creditors and insurers may use file information as the basis for sending you unsolicited offers of credit or insurance. Such offers must include a toll-free phone number for you to call if you want your name and address removed from future lists. If you call, you must be kept off the lists for two years. If you request, complete, and return the CRA form provided for this purpose, you must be taken off the lists indefinitely.
- **You may seek damages from violators.** If a CRA, a user or (in some cases) a provider of CRA data, violates the FCRA, you may sue them in state or federal court.

The FCRA gives several different federal agencies authority to enforce the FCRA:

FOR QUESTIONS OR CONCERNS REGARDING:	**PLEASE CONTACT:**
CRAs, creditors and others not listed below	Federal Trade Commission Consumer Response Center - FCRA Washington, DC 20580 1-877-382-4367 (Toll-Free)
National banks, federal branches/agencies of foreign banks (word "National" or initials "N.A." appear in or after bank's name)	Office of the Comptroller of the Currency Compliance Management, Mail Stop 6-6 Washington, DC 20219 800-613-6743
Federal Reserve System member banks (except national banks, and federal branches/agencies of foreign banks)	Federal Reserve Board Division of Consumer & Community Affairs Washington, DC 20551 202-452-3693
Savings associations and federally chartered savings banks (word "Federal" or initials "F.S.B." appear in federal institution's name)	Office of Thrift Supervision Consumer Programs Washington, DC 20552 800-842-6929
Federal credit unions (words "Federal Credit Union" appear in institution's name)	National Credit Union Administration 1775 Duke Street Alexandria, VA 22314 703-518-6360
State-chartered banks that are not members of the Federal Reserve System	Federal Deposit Insurance Corporation Division of Compliance & Consumer Affairs Washington, DC 20429 800-934-FDIC
Air, surface, or rail common carriers regulated by former Civil Aeronautics Board or Interstate Commerce Commission	Department of Transportation Office of Financial Management Washington, DC 20590 202-366-1306
Activities subject to the Packers and Stockyards Act, 1921	Department of Agriculture Office of Deputy Administrator - GIPSA Washington, DC 20250 202-720-7051

Sample Adverse Action Letter

Date:______________________

Applicant Name	
Address	
City, State, Zip	

Dear ______________________:

Your application for employment or service with ____________________________________ (Company) has been denied. This decision was made, in whole or in part, based upon information obtained from:

Consumer Reporting Agency (CRA)

CRA	**Praesidium, Inc.**
Address	**624 Six Flags Dr.**
	Suite 110
	Arlington, TX 76011
Phone	**1-817-801-7773**
Fax	**1-817-261-7864**

This letter is sent to you in compliance with the Fair Credit Reporting Act. Please note, Praesidium, Inc. DID NOT make the decision to take the adverse action and is unable to provide you with the specific reasons as to why the adverse action was taken.

Sincerely,

Your Name
Title
Company Name

Summary of Your Rights Under the Fair Credit Reporting Act

The federal Fair Credit Reporting Act (FCRA) is designed to promote accuracy, fairness, and privacy of information in the files of every "consumer reporting agency" (CRA). Most CRAs are credit bureaus that gather and sell information about you -- such as if you pay your bills on time or have filed bankruptcy -- to creditors, employers, landlords, and other businesses. You can find the complete text of the FCRA, 15 U.S.C. 1681-1681u, at the Federal Trade Commission's web site (*http://www.ftc.gov*). The FCRA gives you specific rights, as outlined below. You may have additional rights under state law. You may contact a state or local consumer protection agency or a state attorney general to learn those rights.

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Federal Reserve System member banks (except national banks, and federal branches/agencies of foreign banks)	Federal Reserve Board Division of Consumer & Community Affairs Washington, DC 20551 202-452-3693
Savings associations and federally chartered savings banks (word "Federal" or initials "F.S.B." appear in federal institution's name)	Office of Thrift Supervision Consumer Programs Washington, DC 20552 800-842-6929
Federal credit unions (words "Federal Credit Union" appear in institution's name)	National Credit Union Administration 1775 Duke Street Alexandria, VA 22314 703-518-6360
State-chartered banks that are not members of the Federal Reserve System	Federal Deposit Insurance Corporation Division of Compliance & Consumer Affairs Washington, DC 20429 800-934-FDIC
Air, surface, or rail common carriers regulated by former Civil Aeronautics Board or Interstate Commerce Commission	Department of Transportation Office of Financial Management Washington, DC 20590 202-366-1306
Activities subject to the Packers and Stockyards Act, 1921	Department of Agriculture Office of Deputy Administrator - GIPSA Washington, DC 20250 202-720-7051

FAQ Document

Providing Documents Before "Adverse Action"

When an employer obtains a consumer report (including an investigative consumer report) that influences, in whole or in part, the decision not to hire an individual, or to take any type of negative or adverse employment action involving a current employee, the employer must provide the following two documents to the individual prior to making any final employment decisions based on the consumer or investigative consumer report: (1) a copy of the actual consumer report or investigative consumer report that has been relied upon; and (2) the summary of consumer rights prescribed by the Federal Trade Commission ("FTC").

- *How long must an employer wait before implementing an adverse action based on a consumer report, after complying with the requirement that copies of the consumer report and FTC summary of rights be provided to the applicant or employee?*

The law is silent on this point. Some employers may wish to adopt reasonable procedures for allowing applicants and employees to respond before implementation of adverse actions based on consumer reports so as to avoid potential difficulties arising from inaccurate reports. Nevertheless, this is likely to be impractical for many, if not most, employers. The FTC, however, has issued staff opinion letters stating that an employer must wait a "reasonable" amount of time (to allow consumers (applicants or employees) to discuss the report with employers before adverse action is taken) after supplying the pre-adverse action materials but before taking final adverse action. One staff opinion letter states that a five-day waiting period between the pre-adverse action notice to the applicant or employee and final adverse action appears "reasonable," but also states that "the facts of any particular employment situation may require a different time." The applicable FTC opinion letters can be viewed at http://www.ftc.gov/os/statutes/fcra/index.htm.

Notice After Adverse Action

After the employer has provided copies of the consumer report and the FTC summary of FCRA rights, and waited any reasonable time period it has decided to establish, the employer may take adverse action. After taking such action, the employer must provide an adverse action notice. This notice may be provided orally, in writing, or electronically. It is recommended that the notice be provided in written form to help show compliance with the FCRA. The adverse action notice must contain (1) the name, address, and telephone number of the consumer reporting agency (including a toll-free telephone number established by a national agency) that provided the report; (2) a statement that the consumer reporting agency did not make the decision to take the adverse action and is unable to inform the consumer as to the specific reasons why the adverse action was taken; (3) a statement of the consumer's right to obtain an additional free copy of the consumer report from the consumer reporting agency by making a request within sixty days of receiving the adverse action notice; and (4) a statement of the consumer's right to dispute with the consumer reporting agency the accuracy or completeness of any information in the report.

- *Does the FCRA require that the employer provide an explanation to job applicants or employees about which part of a consumer report influenced the adverse decision?*

No. The employer is not required to provide a more detailed rationale for the decision and should not share such rationale with the consumer reporting agency.

- *Can the job applicant or employee recover money against the employer, where the employer failed to provide required notices and obtain appropriate consents at any point during the above four-step process, but can show that it would have made the same adverse decision without the report?*

Yes. The FCRA enables job applicants and employees to sue in federal or state court either for actual damages or fixed penalties (or both) for violations. Even if the employer has undisputed proof that the adverse decision was inevitable without the consumer report, penalties are recoverable.

What if FCRA Compliance and Other Legal Duties or Practical Concerns Collide?

Although compliance with the FCRA is an important consideration, there are situations (such as investigations of current employees involving concerns as to workplace violence, theft, fraud, and embezzlement) in which legal duties may conflict. In these situations, the legal duty to investigate or otherwise maintain a safe and secure workplace may collide with an employer's apparent duties under the FCRA. Where FCRA compliance may destroy the effectiveness of such an investigation, and could lead to an increased risk of harm to employees, consultation with threat assessment personnel (if appropriate), and legal advice from experienced labor and employment counsel are recommended.