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## **CLIENT FCRA COMPLIANCE SUMMARY** **INTRODUCTION**

Allstate Background Searches, LLC has prepared this packet of information to assist you in your efforts to comply with the Federal Fair Credit Reporting Act (FCRA). We have provided a Pre-Employment Disclosure and Authorization Form, a copy of the “Summary of Consumer Rights Under the FCRA”, and a copy of the “Notice To Users of Consumer Reports: Obligations of Users Under the FCRA”. Please read each of these documents and incorporate them into your background screening procedures as appropriate. If you have any questions, please contact your Allstate Background Searches, LLC representative.

### **DEFINITIONS**

#### **CONSUMER:**

A job applicant or employee is a consumer.

#### **CONSUMER REPORTING AGENCY:**

A consumer reporting agency is any person which, for monetary fees, dues, or on a cooperative non-profit basis, regularly engages in whole or in part in the practice of assembling or evaluating consumer credit information or other information on consumers for the purpose of furnishing consumer reports to third parties, and which uses any means or facility of interstate commerce for the purpose of preparing or furnishing consumer reports. Allstate Background Searches, LLC is a consumer reporting agency.

#### **EMPLOYMENT PURPOSES:**

An employment purpose includes, without limitation, evaluating a consumer for employment, promotion, reassignment or retention as an employee.

#### **CONSUMER REPORTS:**

Consumer reports are any written, oral or other communication of any information by a consumer reporting agency bearing on a consumer’s credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living which is used or expected to be used or collected in whole or in part for employment purposes. Consumer reports include, without limitation, such information as credit reports, criminal histories, driving records and educational data. An investigative consumer report is a specific type of consumer report. Consumer reports provide employers with valuable information for maintaining a competent and reliable work force. As an employer, you are entitled to use consumer reports when you select new employees and when you evaluate employees for promotion, reassignment, and retention – as long as you comply with the Fair Credit Reporting Act (FCRA). The responsibilities of users of consumer reports are provided in Sections 604 and 615 of the FCRA.

#### **INVESTIGATIVE CONSUMER REPORTS:**

Investigative consumer reports are consumer reports, or portions thereof, in which information on a consumer’s character, general reputation, personal characteristics, or mode of living is obtained through personal interviews with supervisors, co-workers, neighbors, friends, associates or other acquaintances of the consumer who know the consumer or may have knowledge concerning any such item of information. An employment reference interview is one common type of investigative consumer report used by employers. Employers who use investigative consumer reports have additional responsibilities covered in Section 606 of the FCRA.

#### **NATURE AND SCOPE:**

The “Nature and Scope” of a consumer report includes, without limitation, a list of the components of the consumer report ordered or to be ordered on the consumer (e.g., credit report, criminal record history, driving record, employment verification, education verification, etc.). The Nature and Scope Disclosure must also include the name, address and toll-free telephone number of the consumer reporting agency (Allstate Background Searches, LLC) providing the consumer report.

**ADVERSE ACTION:**

An “Adverse Action” against an applicant includes, without limitation, denying an applicant employment or placing an applicant in a position other than the one to which he applied. An “Adverse Action” against an employee includes, without limitation, denying the employee promotion, reassignment or retention, or demoting an employee or taking other discipline against the employee.

**FCRA COMPLIANCE SUMMARY**

**CERTIFICATION TO ALLSTATE BACKGROUND SEARCHES, LLC REQUIRED:**

- Before you obtain a consumer report and/or investigative consumer report, the FCRA requires that you certify to the consumer reporting agency (Allstate Background Searches, LLC) that you:
  1. Will only use the consumer report for a permissible purpose (e.g., employment purposes).
  2. Will identify the specific permissible purpose for the report.
  3. Are in full compliance with your obligations under the FCRA, including without limitation all of the obligations contained in this document and the related “Notice To Users Of Consumer Reports: Obligations Of Users Under the FCRA” document.
  4. Will not misuse any information in the report in violation of federal or state equal employment opportunity laws or regulations.

Allstate Background Searches, LLC provides a “Background Screening Services Agreement”, in part, for this purpose. Allstate Background Searches, LLC must receive a signed Agreement, including the above certifications, before you will be permitted to order a report.

**ORDERING REPORTS:**

**Before you order a consumer report on a job applicant, you must:**

1. Disclose to the applicant, in writing, that a consumer report may be obtained for employment purposes. Obtain a signed, written “Authorization” from the applicant. Allstate Background Searches, LLC provides a “Disclosure and Authorization Form” that is intended for this purpose.

**Before you obtain an investigative consumer report on a job applicant, or not later than three days after the date on which you order the investigative consumer report, you must:**

2. Disclose to the applicant, in writing, that the applicant has the right to request disclosure of the “nature and scope” of any investigative consumer report. An applicant *may* also have a right to request disclosure of the “nature and scope” of a non-investigative consumer report, or non-investigative portions of a consumer report.

**After the applicant has received the disclosure described in the preceding paragraph, and anytime thereafter within a reasonable time frame, the applicant has the right to request and obtain:**

1. A complete and accurate disclosure of the “nature and scope” of the investigative consumer report that has been requested, in writing, not later than five (5) days after the date his or her written request for the information is received, or five (5) days after the report is first ordered, whichever is later.

Although the FCRA does expressly state that the applicant also has the right to obtain the “nature and scope” of a non-investigative consumer report, Allstate Background Searches, LLC recommends such disclosure.

2. A copy of the “Summary of Consumer Rights Under the FCRA” prescribed by the Federal Trade Commission.

Allstate Background Searches, LLC provides a copy of the “Summary of Consumer Rights Under the FCRA” document for this purpose.

**ADVERSE ACTION PROCEDURES:**

**Before you take adverse action against the applicant, based in whole or in part on information on the consumer report, you must give the applicant a “Pre-Adverse Action Disclosure” that includes not less than:**

1. A complete copy of the applicant’s entire consumer report (including any investigative consumer report) with no redaction, and
2. A copy of the “Summary of Consumer Rights Under the FCRA” prescribed by the Federal Trade Commission.

Allstate Background Searches, LLC has attached a copy of the “Summary of Consumer Rights Under the FCRA”.

**After you have taken adverse action against the applicant, based in whole or in part on information in the consumer report, you must notify the applicant that adverse action has been taken based in whole or in part on the report. This “Adverse Action Notice” can be made verbally, or in writing, or electronically and must include the following:**

1. The name, address, and phone number of the consumer reporting agency that supplied the consumer report and/or the investigative consumer report (Allstate Background Searches, LLC)
2. A statement of the applicant’s right to dispute the accuracy of any information contained in the report and to obtain an additional free copy of the report from Allstate Background Searches, LLC upon request within 60 days.

Although adverse action notices can be given verbally, written notices provide a better record of your compliance and are therefore strongly recommended by Allstate Background Searches, LLC.

**NON-COMPLIANCE:**

There are legal consequences for failure to provide a consumer with the required disclosure and obtain a consumer’s authorization before requesting a consumer report. Employers may also face legal liability for failure to provide a Pre-Adverse Action Disclosure and an Adverse Action Notice to consumers against whom adverse action is taken based in whole or in part to information in the consumer report.

Allstate Background Searches, LLC is dedicated to assisting you with meeting your FCRA obligations as well as our own FCRA requirements.

**FOR MORE INFORMATION:**

Further information and the full text of the FCRA are available from the Federal Trade Commission or the Commission’s website at [www.ftc.gov](http://www.ftc.gov).

**DISCLAIMER: THE FCRA INFORMATION CONTAINED HEREIN IS INTENDED AS GENERAL INFORMATION AND DOES NOT CONTAIN ALL OF THE REQUIREMENTS OF THE FCRA. THIS SUMMARY SHOULD NOT BE RELIED UPON OR CONSTRUED AS LEGAL ADVICE OR LEGAL OPINION. ALLSTATE BACKGROUND SEARCHES, LLC SUGGESTS CLIENTS SEEK THE ADVICE OF LEGAL COUNSEL REGARDING ANY NEW OR CONTINUING DUTIES OR RESPONSIBILITIES UNDER THE FCRA AND RELATED LAWS.**