



## SERVICE AGREEMENT FOR EMPLOYMENT SCREENING SERVICES

This Agreement is made by and between Subscriber (identified on the signature page below) and American DataBank (“ADB”), a consumer reporting agency, subject to the following terms and conditions:

1. **SERVICES PROVIDED:** American DataBank agrees to furnish to Subscriber personal identifier record (SSN), employment references, civil and criminal records, motor vehicle records, credit records, education and credential verification, workers’ compensation claim history and other background information (“consumer report”) on job applicants/employees, as requested by the Subscriber. American DataBank will use its best efforts to deliver the consumer reports requested in an expeditious manner, however, American DataBank shall have no obligation or liability to Subscriber for any delay or failure to deliver consumer reports caused by the parties providing data or information to American DataBank, or by any other third-party. American DataBank is a federally regulated Consumer Reporting Agency as defined by the Fair Credit Reporting Act for the purpose of providing employment screening information.
  
2. **PAYMENT REQUIREMENTS/COLLECTION:** In consideration of American DataBank’s services, Subscriber agrees to pay the applicable charges for the various services rendered to Subscriber as specified in ADB’s employment screening service list, which is subject to change from time to time. Subscriber agrees to pay all applicable charges within thirty (30) days of receipt of the requested screening information. All payment obligations that are past due more than fifteen days shall, at the election of ADB, bear interest at the rate of eighteen percent (18%) per annum. ADB has the right to change the payment period according to Subscriber’s credit rating (score) and financial status.
  
3. **SUBSCRIBER’S ACKNOWLEDGMENT OF COMPLIANCE WITH THE FAIR CREDIT REPORTING ACT:** The Fair Credit Reporting Act (FCRA) governs the activities of consumer reporting agencies, as well as the users of the information procured from these agencies. A consumer report contains information on a job applicant/employee's character, reputation, and other personal data; therefore, use of such information is strictly regulated by the FCRA. Among other things, the FCRA prohibits employers from obtaining consumer reports unless the employer has disclosed to the applicant, in writing, that such a report may be acquired, and has obtained the written authorization of the applicant/employee to inquire into this background information. The FCRA also requires employers to take additional steps when they make an employment decision based in whole or part on the background information. These steps are intended to give the applicant the opportunity to dispute any information contained in the background or consumer report.

ADB will provide criminal records based on applicable federal and state rules. ADB will only provide convicted criminal records; ADB does not include arrest records as part of criminal records, except for FBI Fingerprinting that reports arrest records and convictions. Dismissed cases will not be reported. Unless requested by a client or by government regulation we will provide the records of criminal convictions for a minimum of seven years. American DataBank urges all employers to review the restrictions and requirements of the FCRA and applicable state laws. The FCRA's citation is Public Law 91-508, Title 15, U.S.C. Sections 1681, et seq, and the text of this Act can be accessed through American DataBank’s web page. Subscriber understands that it must have a permissible purpose for ordering information and further agrees to comply with disclosure and authorization requirements to the consumer as required by the FCRA. Subscriber understands and agrees to comply with adverse action procedures required by the FCRA, understands the confidential nature of the information being requested and will keep it confidential when obtaining, retaining, using and destroying this confidential matter. Subscriber agrees to accept any amendments of this agreement required to comply with new FCRA regulations or case law interpretations.

By signing this document, Subscriber certifies that it will comply with all laws and regulations and will not use information in the consumer’s report in violation of any state or federal equal employment opportunity laws or regulations. Subscriber agrees to defend and hold ADB harmless from all claims, liabilities and costs arising out of Subscriber’s failure to comply with its obligations under the Fair Credit Reporting Act.

- **Employment Purposes:** By signing this document, Subscriber certifies that it is requesting American DataBank to provide screening services only for the purposes of considering an individual for employment, promotion, reassignment or retention as an employee, and for no other purposes.
- **Applicant's Authorization Obtained:** By signing this document, Subscriber certifies that prior to requesting American DataBank to provide screening services for employment purposes on an applicant/employee, it has provided the applicant/employee with a clear and conspicuous written disclosure, in a document consisting solely of the disclosure, that a consumer report is being requested for employment purposes, and it has obtained the written authorization from the applicant/employee to obtain a consumer report for employment purposes. A sample of a disclosure and authorization form may be obtained from American DataBank.
- **Pre-Adverse Action:** By signing this document, Subscriber certifies that before taking adverse action (e.g., refusing to hire or promote an applicant/employee), based in whole or part on information contained in the consumer report, it will comply with the pre-adverse action requirements in FCRA Section 604(b)(3) including :
  1. Provide the applicant/employee with a copy of the consumer report;
  2. Provide the applicant/employee with a copy of the document known as "A Summary of Your Rights Under the Fair Credit Reporting Act", a copy of which is available on American DataBank's website under "Legal Guidelines"; and
  3. Provide the applicant with at least five business days, or longer if required by state or local law, to dispute the accuracy or completeness of any information contained in the consumer report.
- **Final Adverse Action:** By signing this document Subscriber understands that all users of consumer reports have specific legal requirements and responsibilities when taking final adverse action based in whole or part on information in the report. Subscriber agrees (1) to hold off on making any final adverse decision while resolution of a dispute is still pending, and (2) to comply with the final adverse action procedures required by Section 615 of the FCRA, including requirements to provide consumers with certain specified information whenever a final adverse action is taken based in part on information in a consumer report.
- **Responsibility for Employment Decisions and Procedures:** Subscriber understands and agrees that responsibility for decisions related to the hiring of applicants or the promotion, reassignment or retention of existing employees, including the criteria used for preliminary flagging or grading of consumer report information or the transmittal of pre-adverse action or final-adverse action notices ("Employment Decisions"), resides exclusively with Subscriber. If Subscriber uses ADB to effect Employment Decisions, Subscriber agrees to indemnify, defend and hold ADB harmless from all liabilities, costs and damages arising out of third party claims that ADB acted as an employer under the FCRA with respect to those Employment Decisions.
- **Confidentiality and Use of Information:** By signing this document, Subscriber understands the sensitive nature of consumer reports and the need to protect the information contained in those reports. Subscriber agrees to comply with the consumer report retention and destruction practices outlined in the FCRA and the Drivers Privacy Protection Act. Subscriber agrees to:
  - ✧ Limit dissemination of consumer information to only those with legitimate need, permissible purpose, and authorized by consumer.
  - ✧ Retain consumer data in a confidential manner
  - ✧ Destroy data in a secure manner to make it inaccessible, unreadable, and/or unrecoverable by:
    - Burning, pulverizing, or shredding
    - Destroying or erasing electronic files, and/or
    - After conducting due diligence, hire a document destruction company. In addition, paper documents containing personally identifiable information (particularly name, date of birth and SSN), if retained at individual desks/workstations, shall be destroyed or inaccessible no later than the end of each work day.

- **Motor Vehicle Records:** When requesting Moving Violation Reports and/or Driving Records (MVRs), Subscriber certifies that it will comply with the Driver's Privacy Protection Act (DPPA) (18 U.S.C. § 2721 *et seq.*) and any related state laws. Subscriber will only request MVRs for the following permissible uses: (i) for use in the normal course of business; or (ii) with the written consent of the individual to whom such personal information pertains (18 U.S.C. § 2721(b)(3)). Subscriber shall keep MVRs confidential and shall not transmit any data contained in the MVR via the public Internet, electronic mail or any other unsecure means.
  - **Disclaimer; Limitation of Liability:** The consumer report obtained by American DataBank is derived from databases and records that have been created and maintained by various government agencies, private companies, and other contributors that are not under the control of American DataBank. Subscriber understands that the data reported by ADB under this Agreement is obtained and delivered "AS IS". Subscriber waives any and all claim or claims against American DataBank arising out of or related to the accuracy or completeness of these databases and records. ADB makes no representation or warranty, express or implied, regarding, and ADB shall not be responsible for the accuracy or completeness of, any information or data submitted to or generated by the System. In the event either party is liable to the other party for any matter, whether arising in contract, equity, or tort, the amount of damages recoverable will not include any amount for indirect or consequential damages.
4. **SUBSCRIBER'S ACKNOWLEDGEMENT OF RECEIPT OF NOTICES:** By signing this document Subscriber acknowledges receipt of notices required by the FCRA including the "Notice to Users of Consumer Reports: Obligations of Users under the FCRA" and "A Summary of Your Rights Under the Fair Credit Reporting Act", both of which are available on American DataBank's website under "Legal Guidelines."
  5. **CRIMINAL RECORDS:** ADB will provide criminal records based on applicable federal, state and vendor rules, which in many cases limit the reporting period for convictions to seven years. ADB will only provide convicted criminal records; ADB does not include arrest records or deferred adjudications as part of criminal records, except for FBI Fingerprinting that reports arrest records and convictions. Dismissed cases will not be reported. In most cases ADB requires three identifiers to match applicants with criminal records.
  6. **LEGAL COUNSEL:** ADB advises Subscriber that it has specific legal requirements in the use of consumer reports and that Subscriber should consult with its own legal counsel regarding specific, legal responsibilities. Subscriber understands that ADB is not legal counsel and cannot provide legal advice. All forms and information provided by ADB are preliminary samples only and must be reviewed by Subscriber's own legal counsel. It is necessary for Subscriber to work with its own counsel to ensure that Subscriber's policies and procedures related to the use of CRA-provided information are in compliance with applicable state and federal laws.
  7. **ARBITRATION:** Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration in Denver, Colorado, in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.
  8. **GOVERNING LAW:** This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado.
  9. **WAIVER:** The failure of either party to insist in any one or more cases upon the strict performance of any term, covenant or condition of this Agreement will not be construed as a waiver of a subsequent breach of the same or any other covenant, term or condition; nor shall any delay or omission by either party to seek a remedy for any breach of this Agreement be deemed a waiver by either party of its remedies or rights with respect to such a breach.
  10. **SUCCESSORS:** This Agreement shall inure to the benefit of and bind the heirs, personal representatives, successors, and assigns of the parties.

11. TERM AND TERMINATION: The term of this Agreement shall be for one year and will automatically renew thereafter for successive one-year periods (the "Term"). Either party may terminate this Agreement at any time by giving the other party thirty (30) days prior written notice.

**Subscriber confirms that it has read and agreed to the terms and conditions of this Agreement. Subscriber has executed this Agreement on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.**

\_\_\_\_\_  
Company Name

http://www. \_\_\_\_\_  
Web Address

\_\_\_\_\_  
Full Address

\_\_\_\_\_  
City

\_\_\_\_\_  
State

\_\_\_\_\_  
ZIP

\_\_\_\_\_  
Print Your Name

( \_\_\_\_\_ ) \_\_\_\_\_ - \_\_\_\_\_  
Phone Number

( \_\_\_\_\_ ) \_\_\_\_\_ - \_\_\_\_\_  
Fax Number

\_\_\_\_\_  
Tax ID Number

\_\_\_\_\_  
Signature

\_\_\_\_\_  
E-mail Address @ \_\_\_\_\_

**Service Provider:**  
**American DataBank LLC \ Tax ID 84-1502813**  
**110 16<sup>th</sup> Street 8<sup>th</sup> Floor Denver, CO 80202**  
**Phone 303-573-1130**  
**Confidential Fax 303-573-1298    www.americandatabank.com    support@americandatabank.com**

\_\_\_\_\_  
Name & Title:

Date: \_\_\_\_\_

# Get Started with American DataBank

Thank you for choosing American DataBank. Before you can begin ordering, you will need to sign the Customer Service Agreement, complete this form and return a copy of your proof of business to your account setup representative.

**After you've returned the necessary documents, please contact your sales representative to proceed with your account setup.**

## New Account Checklist:

- I have read and signed the Customer Service Agreement. A signed copy is attached.
- I have received the "Notice to Users of Consumer Reports: Obligations of Users Under the FCRA."
- Please charge the \$35 set up fee and future account charges to the credit card provided below and send me a detailed receipt. I understand that the credit card will be preauthorized for the amount of \$500 to ensure available funds.
- Please charge the \$65.00 onsite inspection fee that is required in order to set my account up with credit reports. If you do not want credit reports setup on your account, please leave this box unchecked.

As a part of our quick approval and payment protection plan, we require your credit card information. **Please choose from the following options (check your choice).**

- Please invoice and hold the credit card number as a payment guarantee. \* I also authorize **American DataBank** to charge the card **30 days** from the invoice date if payment is not satisfied.
- Please charge the credit card and send me a detailed receipt. \* **American DataBank** is authorized to charge my credit card for services that I have requested for my company.

VISA    MASTER    AMEX    DISCOVER

**Credit Card Number:** \_\_\_\_\_ **Exp.** \_\_\_\_\_ / \_\_\_\_\_

**Name on Card:** \_\_\_\_\_ **CVV:** \_\_\_\_\_

**Card Billing Address:** \_\_\_\_\_

Street

City

State

Zip

**Name of Company:** \_\_\_\_\_

**Tax ID#(TIN) or SSN:** \_\_\_\_\_

\* The card number and your company information will be verified within few hours. In order to verify your credit card and company information, credit information or report will be accessed and verified. Fraudulent card information will be reported to law enforcement agencies as well as credit reporting bureaus immediately.

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**Cardholder Signature:** \_\_\_\_\_

**SUBSCRIBER CERTIFICATION  
REGARDING EMPLOYMENT CREDIT REPORTS**

In addition to provisions outlined within the Customer Service Agreement, \_\_\_\_\_  
("Subscriber") hereby certifies to American DataBank, LLC that:

1. Subscriber agrees that it has a permissible purpose for the use of employment credit reports, and that employment credit reports will be used for employment purposes only and no other purpose.
2. Subscriber will comply with all FCRA requirements for use of consumer reports for employment purposes, including:
  - a. Providing the consumer with a clear and conspicuous disclosure before procuring or causing to be procured a consumer report.
  - b. Obtaining authorization from the consumer in writing before procurement of the report.
  - c. Following provisions outlined in the FCRA before taking adverse action based in whole or in part on the information provided in the report.
3. Subscriber understands that the use of credit reports should be job-related and that many states restrict the use of credit reports in employment decisions.
  - a. Subscriber agrees to comply with all state laws governing the use of credit reports.
  - b. If applicable, Subscriber agrees to comply with California law and to obtain a signed California Credit Report Release before ordering a credit report.
4. Subscriber agrees that it will not use information from the consumer report in violation of any applicable federal or state equal employment opportunity law or regulation.
5. Subscriber understands that failure to comply with FCRA requirements or federal or state law can result in enforcement actions, as well as private law suits, and subscriber accepts responsibility for compliance with all applicable laws and regulations. In addition, any person who knowingly and willfully obtains a consumer report under false pretenses may face criminal prosecution.

Subscriber hereby acknowledges receipt of this document and agrees to the above.

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Date)

**All users of consumer reports must comply with all applicable regulations, including regulations promulgated after this notice was first prescribed in 2004. Information about applicable regulations currently in effect can be found at the Consumer Financial Protection Bureau's website, [www.consumerfinance.gov/learnmore](http://www.consumerfinance.gov/learnmore).**

### **NOTICE TO USERS OF CONSUMER REPORTS: OBLIGATIONS OF USERS UNDER THE FCRA**

The Fair Credit Reporting Act (FCRA), 15 U.S.C. §1681-1681y, requires that this notice be provided to inform users of consumer reports of their legal obligations. State law may impose additional requirements. The text of the FCRA is set forth in full at the Bureau of Consumer Financial Protection's website at [www.consumerfinance.gov/learnmore](http://www.consumerfinance.gov/learnmore). At the end of this document is a list of United States Code citations for the FCRA. Other information about user duties is also available at the Bureau's website. **Users must consult the relevant provisions of the FCRA for details about their obligations under the FCRA.**

The first section of this summary sets forth the responsibilities imposed by the FCRA on all users of consumer reports. The subsequent sections discuss the duties of users of reports that contain specific types of information, or that are used for certain purposes, and the legal consequences of violations. If you are a furnisher of information to a consumer reporting agency (CRA), you have additional obligations and will receive a separate notice from the CRA describing your duties as a furnisher.

## **I. OBLIGATIONS OF ALL USERS OF CONSUMER REPORTS**

### **A. Users Must Have a Permissible Purpose**

Congress has limited the use of consumer reports to protect consumers' privacy. All users must have a permissible purpose under the FCRA to obtain a consumer report. Section 604 contains a list of the permissible purposes under the law. These are:

- As ordered by a court or a federal grand jury subpoena. [Section 604\(a\)\(1\)](#)
- As instructed by the consumer in writing. [Section 604\(a\)\(2\)](#)
- For the extension of credit as a result of an application from a consumer, or the review or collection of a consumer's account. [Section 604\(a\)\(3\)\(A\)](#)
- For employment purposes, including hiring and promotion decisions, where the consumer has given written permission. [Sections 604\(a\)\(3\)\(B\) and 604\(b\)](#)
- For the underwriting of insurance as a result of an application from a consumer. [Section 604\(a\)\(3\)\(C\)](#)
- When there is a legitimate business need, in connection with a business transaction that is initiated by the consumer. [Section 604\(a\)\(3\)\(F\)\(i\)](#)
- To review a consumer's account to determine whether the consumer continues to meet the terms of the account. [Section 604\(a\)\(3\)\(F\)\(ii\)](#)
- To determine a consumer's eligibility for a license or other benefit granted by a governmental instrumentality required by law to consider an applicant's financial responsibility or status. [Section 604\(a\)\(3\)\(D\)](#)
- For use by a potential investor or servicer, or current insurer, in a valuation or assessment of the credit or prepayment risks associated with an existing credit obligation. [Section 604\(a\)\(3\)\(E\)](#)
- For use by state and local officials in connection with the determination of child support payments, or modifications and enforcement thereof. [Sections 604\(a\)\(4\) and 604\(a\)\(5\)](#)

In addition, creditors and insurers may obtain certain consumer report information for the purpose of making "prescreened" unsolicited offers of credit or insurance. Section 604(c). The particular obligations of users of "prescreened" information are described in Section VII below.

### **B. Users Must Provide Certifications**

Section 604(f) prohibits any person from obtaining a consumer report from a consumer reporting agency (CRA) unless the person has certified to the CRA the permissible purpose(s) for which the report is being obtained and certifies that the report will not be used for any other purpose.

### **C. Users Must Notify Consumers When Adverse Actions Are Taken**

The term “adverse action” is defined very broadly by Section 603. “Adverse actions” include all business, credit, and employment actions affecting consumers that can be considered to have a negative impact as defined by Section 603(k) of the FCRA – such as denying or canceling credit or insurance, or denying employment or promotion. No adverse action occurs in a credit transaction where the creditor makes a counteroffer that is accepted by the consumer.

#### **1. Adverse Actions Based on Information Obtained From a CRA**

If a user takes any type of adverse action as defined by the FCRA that is based at least in part on information contained in a consumer report, Section 615(a) requires the user to notify the consumer. The notification may be done in writing, orally, or by electronic means. It must include the following:

- The name, address, and telephone number of the CRA (including a toll-free telephone number, if it is a nationwide CRA) that provided the report.
- A statement that the CRA did not make the adverse decision and is not able to explain why the decision was made.
- A statement setting forth the consumer’s right to obtain a free disclosure of the consumer’s file from the CRA if the consumer makes a request within 60 days.
- A statement setting forth the consumer’s right to dispute directly with the CRA the accuracy or completeness of any information provided by the CRA.

#### **2. Adverse Actions Based on Information Obtained From Third Parties Who Are Not Consumer Reporting Agencies**

If a person denies (or increases the charge for) credit for personal, family, or household purposes based either wholly or partly upon information from a person other than a CRA, and the information is the type of consumer information covered by the FCRA, Section 615(b)(1) requires that the user clearly and accurately disclose to the consumer his or her right to be told the nature of the information that was relied upon if the consumer makes a written request within 60 days of notification. The user must provide the disclosure within a reasonable period of time following the consumer’s written request.

#### **3. Adverse Actions Based on Information Obtained From Affiliates**

If a person takes an adverse action involving insurance, employment, or a credit transaction initiated by the consumer, based on information of the type covered by the FCRA, and this information was obtained from an entity affiliated with the user of the information by common ownership or control, Section 615(b)(2) requires the user to notify the consumer of the adverse action. The notice must inform the consumer that he or she may obtain a disclosure of the nature of the information relied upon by making a written request within 60 days of receiving the adverse action notice. If the consumer makes such a request, the user must disclose the nature of the information not later than 30 days after receiving the request. If consumer report information is shared among affiliates and then used for an adverse action, the user must make an adverse action disclosure as set forth in I.C.1 above.

### **D. Users Have Obligations When Fraud and Active Duty Military Alerts are in Files**

When a consumer has placed a fraud alert, including one relating to identify theft, or an active duty military alert with a nationwide consumer reporting agency as defined in Section 603(p) and resellers, Section 605A(h) imposes limitations on users of reports obtained from the consumer reporting agency in certain circumstances, including the establishment of a new credit plan and the issuance of additional credit cards. For initial fraud alerts and active duty alerts, the user must have reasonable policies and procedures in place to form a belief that the user knows the identity of the applicant or contact the consumer at a telephone number specified by the consumer; in the case of extended fraud alerts, the user must contact the consumer in accordance with the contact information provided in the consumer’s alert.

### **E. Users Have Obligations When Notified of an Address Discrepancy**

Section 605(h) requires nationwide CRAs, as defined in Section 603(p), to notify users that request reports when the address for a consumer provided by the user in requesting the report is substantially different from the addresses in



the consumer's file. When this occurs, users must comply with regulations specifying the procedures to be followed, which will be issued by the Consumer Financial Protection Bureau and the banking and credit union regulators.

The Consumer Financial Protection Bureau regulations will be available at [www.consumerfinance.gov/learnmore/](http://www.consumerfinance.gov/learnmore/).

#### **F. Users Have Obligations When Disposing of Records**

Section 628 requires that all users of consumer report information have in place procedures to properly dispose of records containing this information. The Consumer Financial Protection Bureau, the Securities and Exchange Commission, and the banking and credit union regulators have issued regulations covering disposal. The Consumer Financial Protection Bureau regulations may be found at [www.consumerfinance.gov/learnmore/](http://www.consumerfinance.gov/learnmore/).

### **II. CREDITORS MUST MAKE ADDITIONAL DISCLOSURES**

If a person uses a consumer report in connection with an application for, or a grant, extension, or provision of, credit to a consumer on material terms that are materially less favorable than the most favorable terms available to a substantial proportion of consumers from or through that person, based in whole or in part on a consumer report, the person must provide a risk-based pricing notice to the consumer in accordance with regulations prescribed by the Consumer Financial Protection Bureau.

Section 609(g) requires a disclosure by all persons that make or arrange loans secured by residential real property (one to four units) and that use credit scores. These persons must provide credit scores and other information about credit scores to applicants, including the disclosure set forth in Section 609(g)(1)(D) ("Notice to the Home Loan Applicant").

### **III. OBLIGATIONS OF USERS WHEN CONSUMER REPORTS ARE OBTAINED FOR EMPLOYMENT PURPOSES**

#### **A. Employment Other Than in the Trucking Industry**

If the information from a CRA is used for employment purposes, the user has specific duties, which are set forth in Section 604(b) of the FCRA. The user must:

- Make a clear and conspicuous written disclosure to the consumer before the report is obtained, in a document that consists solely of the disclosure, that a consumer report may be obtained.
- Obtain from the consumer prior written authorization. Authorization to access reports during the term of employment may be obtained at the time of employment.
- Certify to the CRA that the above steps have been followed, that the information being obtained will not be used in violation of any federal or state equal opportunity law or regulation, and that, if any adverse action is to be taken based on the consumer report, a copy of the report and a summary of the consumer's rights will be provided to the consumer.
- **Before** taking an adverse action, the user must provide a copy of the report to the consumer as well as the summary of consumer's rights (The user should receive this summary from the CRA.) A Section 615(a) adverse action notice should be sent after the adverse action is taken.

An adverse action notice also is required in employment situations if credit information (other than transactions and experience data) obtained from an affiliate is used to deny employment. Section 615(b)(2).

The procedures for investigative consumer reports and employee misconduct investigations are set forth below.

#### **B. Employment in the Trucking Industry**

Special rules apply for truck drivers where the only interaction between the consumer and the potential employer is by mail, telephone, or computer. In this case, the consumer may provide consent orally or electronically, and an adverse action may be made orally, in writing, or electronically. The consumer may obtain a copy of any report relied upon by the trucking company by contacting the company.

#### **IV. OBLIGATIONS WHEN INVESTIGATIVE CONSUMER REPORTS ARE USED**

Investigative consumer reports are a special type of consumer report in which information about a consumer's character, general reputation, personal characteristics, and mode of living is obtained through personal interviews by an entity or person that is a consumer reporting agency. Consumers who are the subjects of such reports are given special rights under the FCRA. If a user intends to obtain an investigative consumer report, Section 606 requires the following:

- The user must disclose to the consumer that an investigative consumer report may be obtained. This must be done in a written disclosure that is mailed, or otherwise delivered, to the consumer at some time before or not later than three days after the date on which the report was first requested. The disclosure must include a statement informing the consumer of his or her right to request additional disclosures of the nature and scope of the investigation as described below, and the summary of consumer rights required by Section 609 of the FCRA. (The summary of consumer rights will be provided by the CRA that conducts the investigation.)
- The user must certify to the CRA that the disclosures set forth above have been made and that the user will make the disclosure described below.
- Upon the written request of a consumer made within a reasonable period of time after the disclosures required above, the user must make a complete disclosure of the nature and scope of the investigation. This must be made in a written statement that is mailed or otherwise delivered, to the consumer no later than five days after the date on which the request was received from the consumer or the report was first requested, whichever is later in time.

#### **V. SPECIAL PROCEDURES FOR EMPLOYEE INVESTIGATIONS**

Section 603(x) provides special procedures for investigations of suspected misconduct by an employee or for compliance with Federal, state or local laws and regulations or the rules of a self-regulatory organization, and compliance with written policies of the employer. These investigations are not treated as consumer reports so long as the employer or its agent complies with the procedures set forth in Section 603(x), and a summary describing the nature and scope of the inquiry is made to the employee if an adverse action is taken based on the investigation.

#### **VI. OBLIGATIONS OF USERS OF MEDICAL INFORMATION**

Section 604(g) limits the use of medical information obtained from consumer reporting agencies (other than payment information that appears in a coded form that does not identify the medical provider). If the information is to be used for an insurance transaction, the consumer must give consent to the user of the report or the information must be coded. If the report is to be used for employment purposes – or in connection with a credit transaction (except as provided in regulations issued by the banking and credit union regulators) – the consumer must provide specific written consent and the medical information must be relevant. Any user who receives medical information shall not disclose the information to any other person (except where necessary to carry out the purpose for which the information was disclosed, or a permitted by statute, regulation, or order).

#### **VII. OBLIGATIONS OF USERS OF "PRESCREENED" LISTS**

The FCRA permits creditors and insurers to obtain limited consumer report information for use in connection with unsolicited offers of credit or insurance under certain circumstances. Sections 603(1), 604(c), 604(e), and 614(d). This practice is known as "prescreening" and typically involves obtaining a list of consumers from a CRA who meet certain preestablished criteria. If any person intends to use prescreened lists, that person must (1) before the offer is made, establish the criteria that will be relied upon to make the offer and grant credit or insurance, and (2) maintain such criteria on file for a three-year period beginning on the date on which the offer is made to each consumer. In addition, any user must provide with each written solicitation a clear and conspicuous statement that:

- Information contained in a consumer's CRA file was used in connection with the transaction.
- The consumer received the offer because he or she satisfied the criteria for credit worthiness or insurability used to screen for the offer.
- Credit or insurance may not be extended if, after the consumer responds, it is determined that the consumer does not meet the criteria used for screening or any applicable criteria bearing on credit worthiness or insurability, or the consumer does not furnish required collateral.

- The consumer may prohibit the use of information in his or her file in connection with future prescreened offers of credit or insurance by contacting the notification system established by the CRA that provided the report. The statement must include the address and toll-free telephone number of the appropriate notification system.

In addition, the Consumer Financial Protection Bureau has established the format, type size, and manner of the disclosure required by Section 615(d), with which users must comply. The regulation is 12 CFR 1022.54.

## **VIII. OBLIGATIONS OF RESELLERS**

### **A. Disclosure and Certification Requirements**

Section 607(e) requires any person who obtains a consumer report for resale to take the following steps:

- Disclose the identity of the end-user to the source CRA.
- Identify to the source CRA each permissible purpose for which the report will be furnished to the end-user.
- Establish and follow reasonable procedures to ensure that reports are resold only for permissible purposes, including procedures to obtain:
  - (1) the identify of all end-users;
  - (2) certifications from all users of each purpose for which reports will be used; and
  - (3) certifications that reports will not be used for any purpose other than the purpose(s) specified to the reseller. Resellers must make reasonable efforts to verify this information before selling the report.

### **B. Reinvestigations by Resellers**

Under Section 611(f), if a consumer disputes the accuracy or completeness of information in a report prepared by a reseller, the reseller must determine whether this is a result of an action or omission on its part and, if so, correct or delete the information. If not, the reseller must send the dispute to the source CRA for reinvestigation. When any CRA notifies the reseller of the results of an investigation, the reseller must immediately convey the information to the consumer.

### **C. Fraud Alerts and Resellers**

Section 605A(f) requires resellers who receive fraud alerts or active duty alerts from another consumer reporting agency to include these in their reports.

## **IX. LIABILITY FOR VIOLATIONS OF THE FCRA**

Failure to comply with the FCRA can result in state government or federal government enforcement actions, as well as private lawsuits. Sections 616, 617, and 621. In addition, any person who knowingly and willfully obtains a consumer report under false pretenses may face criminal prosecution. Section 619.

**The Consumer Financial Protection Bureau website, [www.consumerfinance.gov/learnmore](http://www.consumerfinance.gov/learnmore), has more information about the FCRA.**

**Citations for FCRA sections in the U.S. Code, 15 U.S.C. § 1618 et seq.:**

Section 603                   15 U.S.C. 1681  
                                  15 U.S.C. 1681a

Section 604	15 U.S.C. 1681b
Section 605	15 U.S.C. 1681c
Section 605A	15 U.S.C. 1681c-1
Section 605B	15 U.S.C. 1681c-2
Section 606	15 U.S.C. 1681d
Section 607	15 U.S.C. 1681e
Section 608	15 U.S.C. 1681f
Section 609	15 U.S.C. 1681g
Section 610	15 U.S.C. 1681h
Section 611	15 U.S.C. 1681i
Section 612	15 U.S.C. 1681j
Section 613	15 U.S.C. 1681k
Section 614	15 U.S.C. 1681l
Section 615	15 U.S.C. 1681m
Section 616	15 U.S.C. 1681n
Section 617	15 U.S.C. 1681o
Section 618	15 U.S.C. 1681p
Section 619	15 U.S.C. 1681q
Section 620	15 U.S.C. 1681r
Section 621	15 U.S.C. 1681s
Section 622	15 U.S.C. 1681s-1
Section 623	15 U.S.C. 1681s-2
Section 624	15 U.S.C. 1681t Section
625	15 U.S.C. 1681u Section 626
15 U.S.C. 1681v Section 627	15
U.S.C. 1681w Section 628	15 U.S.C.
1681x Section 629	15 U.S.C. 1681y