

Top 10 Background Check Mistakes

Presented by Alan Kinsey



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Top 10 Background Check Mistakes

A hiring mistake can cost 50% to 150% of the position's annual compensation, and could take many months to correct.

In severe cases, the damage could be permanent.



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Recent Data . . .

- 69% of employers say they made a bad hire in the last 12 months
- Of those, 65% say the bad hire cost more than \$25,000

Source: CareerBuilder Study

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Reasons for Bad Hire . . .

- In a hurry to fill the job – 43%
- Insufficient talent intelligence – 22%
- Improper sourcing techniques – 13%
- Not enough time to review applications – 10%
- Didn't check references – 9%

Source: CareerBuilder Study

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Key Facts:

1. 10% of applicants have a criminal conviction
2. 20% of applicants falsify their education history
3. 40% of applicants falsify their employment history

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Common Question:

“It’s 2015. Isn’t there one place where I can get all the necessary information about a candidate?”

Unfortunately, the answer is NO.

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The *Many* Sources of Background Check Information

- County/Municipal Courthouses
- State Police Records
- Federal Courthouses
- Credit Bureaus
- State Driving Records
- Commercial Databases

- Sex Offender Registries
- Federal or State Restricted Lists
- Industry Restricted Lists
- Prior Employers
- Educational Institutions
- The Internet – Social Media

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Why Does It Matter?

Regulations
and
Mandates

Liability

Better
Hiring
Decisions

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The screenshot shows the website for Diploma Makers.com, which claims to be "THE MOST TRUSTED NOVELTY DEGREE SITE ON THE NET". The site features a navigation bar with icons for Samples, Order, Q&A, Contact, and Testimonials. A prominent banner reads "Fake Diploma or Fake College Degree In as little as 24 hours". Below this, there is a framed image of a fake diploma from "The University of Alumbra at Brimming" and a screenshot of a fake transcript from the same institution. The transcript lists various courses and grades. The website also includes a sidebar with a "Complete Replica Degrees Starting at \$69" offer, a "The Oldest NOVELTY DIPLOMA Site On the Net" claim, and logos for Visa, MasterCard, UPS, and FedEx.

Number 10:

Failure to validate education history.

20% of applicants falsify their education history.

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Scott Thompson resigns as Yahoo CEO

By [Shawn Knight](#)

On May 13, 2012, 9:16 PM EST

Scott Thompson has resigned as the CEO of Yahoo after the Internet company discovered that he had falsified information on his resume with regards to his educational background. The company has since named Ross Levinsohn as interim CEO, although his position could be made permanent according to one source as reported by the Wall Street Journal.

Third Point hedge fund CEO Daniel Loeb sent a letter to Yahoo's board earlier this month pointing out that Thompson did not receive a degree in "accounting and computer science" and in fact, Stonehill College (where Thompson graduated) didn't even offer a computer science degree during the time he was enrolled.

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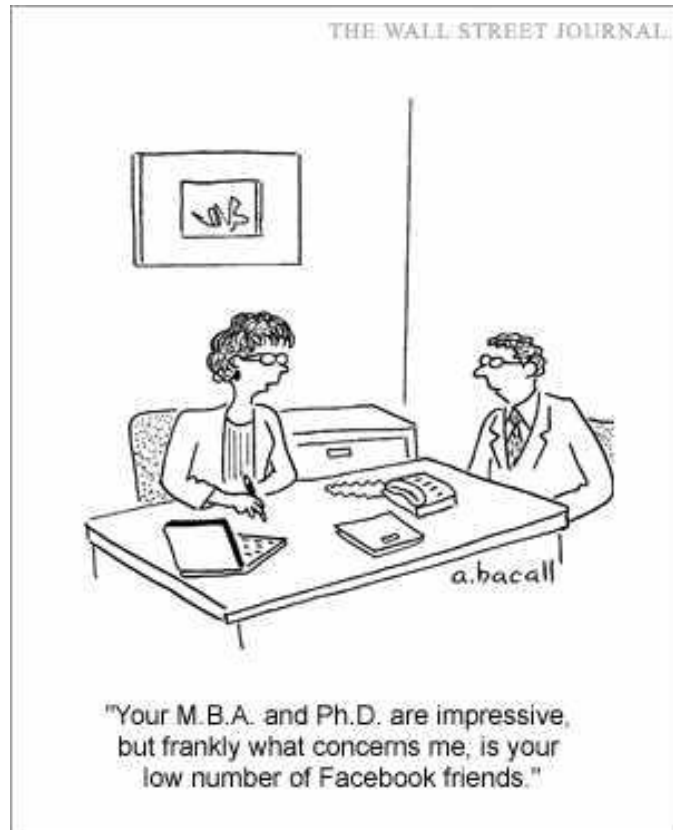
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Number 9:

Conducting social media checks inconsistently or at the wrong point in the hiring process may expose your organization to charges of discrimination or unfair practices.

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The National Law Journal, Jan 11, 2010

- In making hiring decisions, employers can lawfully use information relating to an applicant's illegal drug use, poor work ethic, poor writing or communications skills, feelings about previous employers and racist or other discriminatory tendencies. Employers may also lawfully consider an applicant's general poor judgment in maintenance of his or her public online persona.
- <http://www.law.com/jsp/nlj/PubArticleNLJ.jsp?id=1202437746082&hbxlogin=1>

The National Law Journal, Jan 11, 2010

- Employers, however, may face liability under federal, state and local law for using any information learned from social media about an applicant's protected class status — race, age, disability, religion, sexual orientation, etc. — in a hiring decision. It may be hard for the employer to prove in later litigation that it only viewed, but didn't actually use, the information obtained in a social medium when making its hiring decision.
- <http://www.law.com/jsp/nlj/PubArticleNLJ.jsp?id=1202437746082&hbxlogin=1>

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Number 8:

Using information that is not legal or appropriate for employment decisions.

Juvenile records, older records, and in some cases, credit reports, are examples.

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Number 7:

Failing to validate employment history and prior job performance.
40% of applicants falsify work history.

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Number 6:

Adverse Action notification failures.

Simple process and communication mistakes can lead to complex legal issues.

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Kmart Corporation has agreed to a \$3 million settlement stemming from allegations that it violated the Fair Credit Reporting Act (FCRA) when using background checks to make employment decisions. The class-action suit alleged Kmart violated the FCRA by failing to provide "certain specific disclosures before it use[d] the report for an adverse action." The putative class action complaint argued that a purpose of the FCRA is to grant consumers a meaningful opportunity to correct inaccuracies and omissions in background reports before employers take adverse employment actions. In the case, the plaintiff's rights under the FCRA were undermined when Kmart deprived them of an opportunity to make such a correction. Kmart has denied any fault, wrongdoing or liability whatsoever, but will pay \$3 million and will be granted a 'narrow release' covering only the FCRA claims.

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"Well, your morals seem to check out. Now we just need to run your credit report..."

Number 5:

Inappropriate use of credit reports when denying employment.

Many states are restricting the use of credit reports for employment decisions.

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Number 4:

Assuming the industry or government required background check protocol provides adequate protection for your organization.

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Number 3:

Blanket policies or practices in your background screening process.

EEOC considers blanket policies and practices discriminatory.

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Number 2:

Conducting background checks with internal resources.

Potential problems include inconsistency, confidentiality, misunderstanding of state employment laws, and inadequate access to many types of records.

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<http://www.clearwatercriminallawyer.org/>

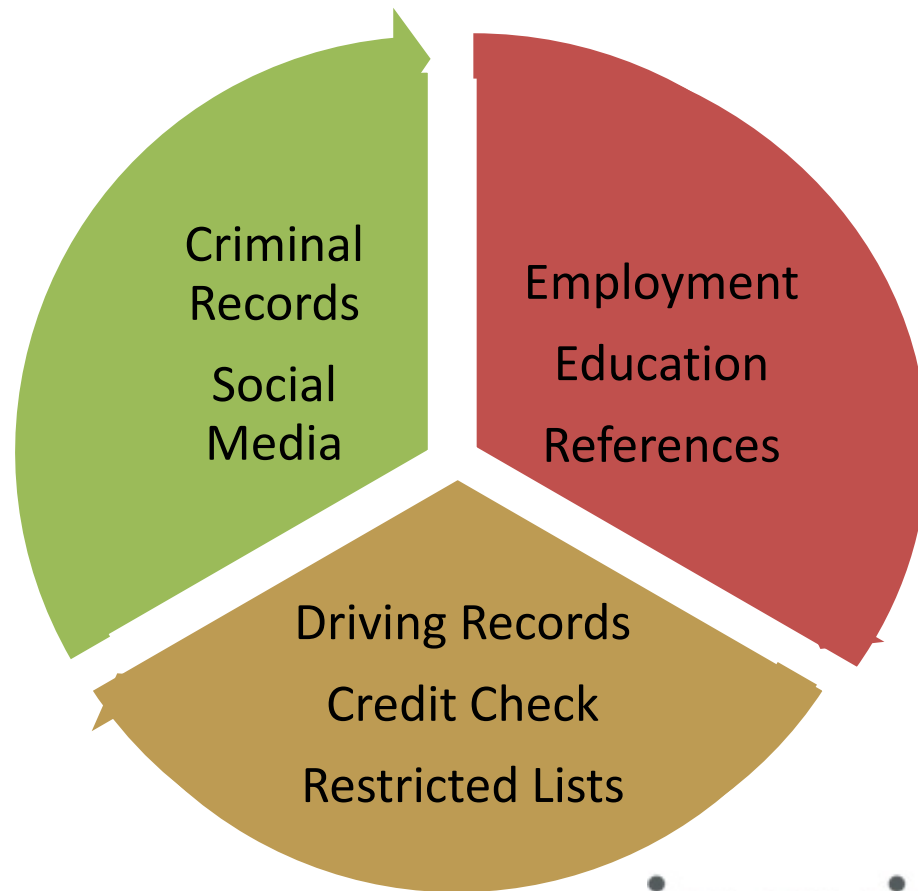
Number 1:

Conducting an inadequate criminal record check that overlooks key areas where important records may be stored.

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Key Background Check Components



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Traditional Criminal Record Check

Person Search

County Courts

7 – 10 years
Current and Alias
Names

Nationwide Databases

Current and Alias
Names

Federal Courts

Current and Alias
Names

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Optimal Background Check

Industry or
Regulatory
Requirements

Position
Parameters

Budget and
Time
Restrictions

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Questions?

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