



Account Set-Up Package

The following group of documents will help you get your account set-up and ready to process your background checks. There are some specific forms that KRESS needs to get your account set-up. They are as follows:

- 1. Client Information Sheet**
- 2. Client Service Agreement**
- 3. Application for Service**

Please complete these forms and fax them to 713-880-3694 or 888-636-3694.

We have also attached a group of other documents to provide you with some specific information about how to properly handle this type of sensitive information.

- 1. Notice to Users of Consumer Reports**

- This is an informational document indicating employer specific responsibilities

- 2. Summary of Rights under the Fair Credit Reporting Act**

- This is a document describing the rights that a consumer or applicant has when having a background check processed on them

- 3. Remediating the Effects of Identity Theft**

- This provides some specific guidelines for avoiding identity theft

- 4. Product Description Addendum**

- This document provides a brief description of the products and services that KRESS provides

- 5. Using Consumer Reports: What Employers Need to Know**

- This document was produced by the Federal Trade Commission. It gives employers with some guidelines and rules for the application for this type of information.



Completing this form in no way obligates you to utilize the services of Kress. Kress Employment Screening has no membership fees, dues or minimum usage requirements other than an inspection fee for access to credit reports. Invoices are itemized in detail with all services billed monthly on a net 30 basis. Completion of this form will enable us to setup your account and document those individuals that are authorized to request and receive this extremely confidential information.

Thank you for selecting the services of Kress Employment Screening.
When you have completed this form, please fax it to **713-880-3694** or **888-636-3694**.

CLIENT INFORMATION SHEET

Date: _____

Business Name: _____

Physical Address: _____

City: _____ State: _____ Zip Code: _____

Billing Address: _____

City: _____ State: _____ Zip Code: _____

Phone Number: _____ Fax Number: _____

Alternate Number: _____ Alternate Fax: _____

Primary Representative: _____

Additional Representative: 1. _____ 2. _____

3. _____ 4. _____

5. _____ 6. _____

Billing Contact: _____ Phone: _____

Email: _____

Completed Report Delivered via: (check one) Fax^^ Email

Fax Delivery^^: Call Before Faxing^^: Yes No

Email Delivery: Address: _____ Password *: _____

Will this account be servicing multiple locations? Yes No

If so, how many? _____

Will all locations have access to the completed reports? Yes No

If yes, please attach a complete list of all locations with the names of those authorized to request and receive this information as well as their email addresses.

320 Westcott @
Memorial
Suite 108
Houston, Texas 77007
PHONE: 888-636-3693
FAX: 888-636-3694

^^ Faxed reports and/or invoices will incur an additional \$5 fee, \$6 if a call is required before sending.

* Passwords are required for all emailed reports and invoices. If one is not provided, a password will be selected by KRESS.



Account Features & Services

320 Westcott @
Memorial
Suite 108
Houston, Texas 77007
PHONE: 888-636-3693
FAX: 888-636-3694

In the fields below, please indicate which features and services your organization would like to utilize in the operation of this account.

Please note that clients can amend this information at any time by having the administrative contact for this account contact KRESS with the necessary changes.

Please check the services and/or packages your organization would like to have available in your account profile.

- | | |
|---|--|
| <input type="checkbox"/> Entry Level Package | <input type="checkbox"/> County Criminal |
| <input type="checkbox"/> Entry Level Package 2 | <input type="checkbox"/> Statewide Criminal ** |
| <input type="checkbox"/> Entry Level Package 3* | <input type="checkbox"/> Federal District Criminal |
| <input type="checkbox"/> Essential Package ^ | <input type="checkbox"/> County Civil |
| <input type="checkbox"/> Primary Package | <input type="checkbox"/> Federal District Civil |
| <input type="checkbox"/> Premium Package | <input type="checkbox"/> MVR/Driving History |
| <input type="checkbox"/> _____ | <input type="checkbox"/> Drug Test |
| | <input type="checkbox"/> Credit Report* |
| | <input type="checkbox"/> Employment Verification ^ |
| | <input type="checkbox"/> Education Verification |
| | <input type="checkbox"/> National Criminal Search Index ** |
| | <input type="checkbox"/> Global Watch Search ** |
| | <input type="checkbox"/> SS Trace ** |
| | <input type="checkbox"/> SS Validity Search ** |
| | <input type="checkbox"/> Statewide Sex Offender ** |
| | <input type="checkbox"/> E-Verify |

*Credit Report access requires an On-Site inspection that includes an additional fee. Please contact KRESS for more information about this process.

^ ExxonMobil Minimum Requirement

** Database search that may be gathered from third party resources

Automatic Notifications via Email:

Rescreen Notifications: 6 Mo 1 Yr 2 Yr^ 5 Yr

Order Receipt: Yes No

Status Report: Monthly

Weekly Mon Tues Wed Thur Fri



Client Service Agreement for Employment Screening Services

This Client Service Agreement (the "Agreement") is made and entered into by and between KRESS Employment Screening Incorporated (KRESS) and the undersigned Subscriber. This Agreement shall be effective at such times as KRESS has sent notification to the Subscriber, whether by email, facsimile, or otherwise, to Subscriber indicating its acceptance of the terms and conditions of this Agreement.

1. **KRESS as Agent of Subscriber:** Subscriber acknowledges that KRESS is an authorized agent of Subscriber for the purpose of investigating, researching, preparing and returning the Consumer Reports ordered by Subscriber.
2. **Services Provided:** KRESS shall provide Consumer Reports at Subscriber's request in connection with the hiring of job applicants (the "Applicant") or retention of employees (the "Employee"). Consumer Reports may include such information as employment history, consumer credit reports, motor vehicle reports, education verifications, criminal and/or civil records and other background information (Consumer Report). In the case of investigative Consumer Reports, KRESS shall also provide personal references collected and processed by KRESS through various channels of information.
3. **Advice of Legal Counsel:** Subscriber acknowledges that KRESS does not provide legal advice and will not act as legal counsel at the behest of Subscriber. KRESS advises Subscriber that it is important to work with an attorney to develop and maintain a background check and/or screening program that is in compliance with local, state and federal laws and regulations.
4. **Compliance and Applicable Laws:** Subscriber and KRESS shall comply in good faith with all applicable laws in the request, preparation, transmission, dissemination and use of Consumer Reports, including, but not limited to: The Fair Credit Report Act (FCRA) and its amendments, The Drivers Privacy Protection Act (DPPA) and its' state equivalent (where applicable), Title VII of the Civil Rights Act of Employment Opportunity Commission (EEOC) guidelines and regulations, and any other state or local laws or regulations as applicable. Subscriber also agrees that information provided by KRESS for the purposes described herein shall not be used in violation of any local, state or federal laws or regulations including Title VII of the Civil Rights Act of Employment Opportunity Commission (EEOC) guidelines and regulations.
5. **Payment Requirements/Collection:** Subscriber agrees to pay KRESS the applicable charges for the various services rendered to Subscriber as

specified in the attached proposal. Pricing is subject to change at any time with written notice. Subscriber agrees to pay all applicable charges within thirty (30) days of receipt of the information or consumer report requested. All monetary obligations to KRESS for services rendered which are past due fifteen or more days may, at the election of KRESS, bear interest at the rate of 20% per annum. In the event that legal action is necessary to obtain the payment of any monetary obligations to KRESS, the Subscriber shall be liable to KRESS for all costs and reasonable attorney's fees incurred by KRESS in the collection of such obligations.

6. Obligations of Subscriber:

- a) **Disclosure to Applicant or Employee:** Subscriber shall provide Applicant or Employee with a clear and conspicuous disclosure, in writing, that the Consumer report will be obtained for employment purposes and such disclosure shall be contained in a document containing only such disclosure. Subscriber shall provide Applicant or Employee such other disclosures as required by FCRA and other applicable state and local laws for the type of report requested, including all disclosures which are requesting that KRESS prepares that Consumer Report, and before taking any adverse action based in whole or in part upon any information contained in the Report.
- b) **Written Authorization from Applicant or Employee:** Subscriber shall obtain from the Applicant or Employee a written authorization to obtain and use the Report as required by FCRA and all other applicable State and/or local laws.
- c) **Use for Employment Purposes Only:** Subscriber shall use the Consumer Report provided by KRESS for employment purposes only and shall not use the Consumer Report in violation of any Federal or State equal employment opportunity law or regulation. Subscriber shall notify KRESS immediately of any change in purpose for which the information is used and shall not resell or provide confidential information to any third party.
- d) **Use for Permissible Purposes:** Subscriber shall be the exclusive user of the Consumer Reports and certifies that such Consumer Reports shall be used solely for the permitted purposes as proscribed by Section 604 of FCRA and all other applicable State and local laws.
- e) **Basis for Employment Decisions and Obligations after Adverse Decisions:** Subscriber shall base all employment decisions on its own policies and procedures and acknowledges and agrees that KRESS's employees are not allowed and will not render any opinions regarding the Consumer Report. Before taking any adverse action against an Applicant or Employee based in whole or in part on any information provided in the Consumer Report provided by KRESS, per FCRA guidelines, Subscriber and/or KRESS is required to provide the Applicant or Employee with a copy of their Consumer Report. Subscriber shall inform the Applicant or Employee that KRESS did not make the decision to take adverse action and cannot give specific reasons for the adverse action taken. Subscriber shall further provide a Summary of Rights under FCRA to the Applicant or Employee.

- f) **Confidentiality and Security of Information:** Subscriber acknowledges and understands its obligation to maintain the confidentiality and integrity of any information received by Subscriber. All information requested by Subscriber is for Subscriber's exclusive use and Subscriber shall take reasonable steps to ensure that all information provided by KRESS will be held in the strictest confidence, will be kept confidential and will not be disclosed or resold to any third party not involved in the employment decision for which the information is sought.
 - g) **Protection of Access Codes:** If Subscriber is issued access code(s) to be used for internet access to KRESS's services (the "Access Code"), Subscriber shall only publicize the Access Code to personnel on a need-to-know basis. Any log-on or password information provided to Subscriber in connection with the Access Code shall be provided only to an authorized account representative. Subscriber is obligated to provide a list of authorized representatives. Subscriber is likewise required to provide any changes to the list of authorized representatives.
 - h) **Protection of Reports:** Subscriber shall securely store any hard copy of a Consumer Report and protect it against release and disclosure to unauthorized personnel or third parties. In furtherance of that obligation, Subscriber shall provide a list of authorized representatives. Subscriber is likewise required to provide any changes to the list of authorized representatives.
 - i) **Record Destruction:** Subscriber shall destroy all consumer data in a confidential manner that would include burn, pulverize, or shred papers containing consumer report information, destroy or erase electronic files or media containing consumer report information so that the information cannot be read or reconstructed and/or hire a document destruction contractor to dispose of material specifically identified as consumer report information.
7. **Governing Law, Jurisdiction, and Venue:** This Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas. The Subscriber agree and consents to the exclusive jurisdiction of the court of the County of Harris, Texas for all purposes regarding this Agreement and further agrees and consents that venue of any action brought hereunder shall be exclusively in the County of Harris, Texas.
8. **Attorneys Fees and Costs:** In the event a dispute arises with respect to this Agreement, the party prevailing in such a dispute shall be entitled to recover all expenses, including, without limitation, reasonable attorneys' fees and expenses incurred in ascertaining such party's rights, and in preparing to enforce, or in enforcing such party's rights under this Agreement, whether or not it was necessary for such party to institute suit or submit the dispute to arbitration.
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. **Disclaimer of Warrant/Limitation of Liability:** The Consumer Report obtained by KRESS is derived from records that have been created and maintained by various government agencies, private companies and other contributors that are not under the control of KRESS. Responsibility for the accuracy of the information contained in the consumer report and these records rests solely with the contributing party. The Subscriber waives any and all claim or claims against KRESS arising out of or related to the accuracy of the Consumer Report and/or records.
12. **Term of Agreement:** The term of this Agreement shall continue in force and effect without any fixed date of termination; provided, however, that:
 - a) Either party may terminate this Agreement for any reason or no reason at all upon thirty (30) days prior written notice of termination subject to any and all obligations, responsibilities and liabilities incurred prior to termination; or
 - b) Subscriber may terminate this Agreement, without prior notice, if the other party breaches any provision of this Agreement and fails to cure such breach within ten (10) calendar days after receiving written notice thereof; or
 - c) KRESS may, with just cause, such as delinquency or violation of the terms of this Agreement or legal requirement of this Agreement or any applicable Federal, State or local law, discontinue serving Subscriber and terminate this Agreement immediately.

The Subscriber hereby has read and agreed to the terms and conditions of this Agreement.

The Subscriber has executed this Agreement on this the _____ day of _____, 20____, intending to be legally bound thereby.

The parties that have executed this Agreement on the date written above and the undersigned represents that he/she has full authority to sign this Agreement thereby binding the Party on behalf of which he/she signs to the terms of this Agreement.

Subscriber

Kress Employment Screening Inc.

Company Name: _____

Signature: _____

By: _____

Print: _____

Business Type: _____

Title: _____



APPLICATION FOR SERVICE

Business Name: _____
Alternate Name (s): _____

Federal Tax Number: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Phone: _____ Fax: _____

Web Site: _____

Email Address: _____

Is your business listed in the: Yellow Pages White Pages Neither

What is your type of business? _____

What type of product or service does this business provide? _____

Number of years in business: _____

How long at this address: _____

Does anyone reside at this address: Yes No

Are there any other businesses at this address: Yes No

If yes, name of business: _____

Prior location if moved in the last 5 years: _____

Parent Company: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Landlord or Mortgagor: _____

Phone Number: _____

Banking Reference: _____

Contact Name: _____ Phone Number: _____

Vendor References:

1. _____ Phone Number: _____

2. _____ Phone Number: _____

3. _____ Phone Number: _____

Signature: _____

320 Westcott @
Memorial
Suite 108
Houston, Texas 77007
PHONE: 888-636-3693
FAX: 888-636-3694

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

The federal Fair Credit Reporting Act (FCRA) requires that this notice be provided to inform users of consumer reports of their legal obligations. State law may impose additional requirements. This 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. The FCRA, 15 U.S.C. 1681-1681u, is set forth in full at the Federal Trade Commission's Internet web site (<http://www.ftc.gov>).

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 of the FCRA 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 unsolicited offers of credit or insurance. The particular obligations of users of this "prescreened" information are described in Section V below.

B. Users Must Provide Certifications

Section 604(f) of the FCRA prohibits any person from obtaining a consumer report from a consumer reporting agency (CRA) unless the person has certified to the CRA (by a general or specific certification, as appropriate) 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 of the FCRA. "Adverse actions" include all business, credit, and employment actions affecting consumers that can be considered to have a negative impact -- such as unfavorably changing credit or contract terms or conditions, denying or canceling credit or insurance, offering credit on less favorable terms than requested, or denying employment or promotion.

1. Adverse Actions Based on Information Obtained From a CRA

If a user takes any type of adverse action that is based at least in part on information contained in a consumer report, the user is required by Section 615(a) of the FCRA 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 requests the report 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) of the FCRA requires that the user clearly and accurately disclose to the consumer his or her right to obtain disclosure of the nature of the information that was relied upon by making 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 notification 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. (Information that is obtained directly from an affiliated entity relating solely to its transactions or experiences with the consumer, and information from a consumer report obtained from an affiliate are not covered by Section 615(b)(2).)

II. OBLIGATIONS OF USERS WHEN CONSUMER REPORTS ARE OBTAINED FOR EMPLOYMENT PURPOSES

If 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 prior written authorization from the consumer.

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, provide a copy of the report to the consumer as well as the summary of the consumer's rights. (The user should receive this summary from the CRA, because Section 604(b)(1)(B) of the FCRA requires CRAs to provide a copy of the summary with each consumer report obtained for employment purposes.)

III. OBLIGATIONS OF USERS OF INVESTIGATIVE CONSUMER REPORTS

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. 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 of the FCRA 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 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 must include the summary of consumer rights required by Section 609 of the FCRA. (The user should be able to obtain a copy of the notice of consumer rights from the CRA that provided the consumer report.)

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 that was requested. 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.

IV. OBLIGATIONS OF USERS OF CONSUMER REPORTS CONTAINING MEDICAL INFORMATION

Section 604(g) of the FCRA prohibits consumer reporting agencies from providing consumer reports that contain medical information for employment purposes, or in connection with credit or insurance transactions, without the specific prior consent of the consumer who is the subject of the report. In the case of medical information being sought for employment purposes, the consumer must explicitly consent to the release of the medical information in addition to authorizing the obtaining of a consumer report generally.

V. 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(l), 604(c), 604(e), and 615(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 to 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. This statement must include the address and toll-free telephone number of the appropriate notification system.

VI. OBLIGATIONS OF RESELLERS

Section 607(e) of the FCRA 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 identity 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.

VII. LIABILITY FOR VIOLATIONS OF THE FCRA

Failure to comply with the FCRA can result in state or federal 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*

A Summary of Your Rights Under the Fair Credit Reporting Act

The federal Fair Credit Reporting Act (FCRA) promotes the accuracy, fairness and privacy of the information in the files of consumer reporting agencies. There are many types of consumer reporting agencies, including credit bureaus and specialty agencies (such as agencies that sell information about check writing histories, medical records and rental history records). Here is a summary of your major rights under FCRA. **For more information, including information about additional rights, go to www.ftc.gov/credit or write to: Consumer Response Center, Room 130-A, Federal Trade Commission, 600 Pennsylvania Ave N.W., Washington, D.C. 20580.**

- **You must be told if information in your file has been used against you.** Anyone who uses a credit report or another type of consumer report to deny your application for credit, insurance or employment—or to take another adverse action against you—must tell you, and must give you the name, address, and phone number of the agency that provided the information
- **You have the right to know what is in your file.** You may request and obtain all the information about you in the files of a consumer report agency (your “file disclosure”). You will be required to provide proper identification, which may include your social security number. In many cases, the disclosure will be free. You are entitled to a free file disclosure if:
 - A person has taken adverse action against you because of information in your credit or consumer report.
 - You are the victim of identity theft and place a fraud alert in your file.
 - Your file contains inaccurate information as a result of fraud.
 - You are on public assistance.
 - You are unemployed but expect to apply for employment within 60 days.

In addition, by September 2005 all consumers will be entitled to one free disclosure every 12 months upon request from each nationwide credit bureau and from nationwide specialty consumer reporting agencies. See www.ftc.gov/credit for additional information.

- **You have the right to dispute incomplete or inaccurate information.** If you identify information in your file that is incomplete or inaccurate, and report it to the consumer reporting agency, the agency must investigate unless your dispute is frivolous. See www.ftc.gov/credit for an explanation of dispute procedures.
- **Consumer reporting agencies must correct or delete inaccurate, incomplete or unverifiable information.** Inaccurate, incomplete or unverifiable information must be removed or corrected, usually within 30 days. However, a

A Summary of Your Rights Under the Fair Credit Reporting Act, page 2

- consumer reporting agency may continue to report information it has verified as accurate.
- **Consumer reporting agencies may not report outdated negative information.** In most cases, a consumer reporting agency may not report negative information that is more than seven years old, or bankruptcies that are more than 10 years old.
- **Access to your file is limited.** A consumer reporting agency may provide information about you only to people with a valid need—usually to consider an application with a creditor or employer. The FCRA specifies those with a valid need for access.
- **You must give your consent for reports to be provided to employers.** A consumer reporting agency may not give out information about you or employer, or a potential employer, without your written consent given to the employer. Written consent is generally not required in the trucking industry. For information, go to www.ftc.gov/credit.
- **You may seek damages for violators.** If a consumer reporting agency or in some cases a user of consumer reports or a furnisher of information to a consumer reporting agency violates FCRA, you may be able to sue in state or federal court.

To dispute any item in your consumer report or to obtain a free copy of your report you may call toll free 1-888/636-3693 or you may write to the following Consumer Reporting Agency:

Consumer Department
Kress Employment Screening
320 Westcott, Suite 108
Houston, TX 77007-7045

When making your request in writing you must include your complete name, address, phone number, social security number, a legible photostat copy of your drivers license and, if applicable, the details of your dispute.

States may enforce the FCRA, and many states have their own consumer reporting laws. In some cases, you may have more rights under state law. For more information, contact your state or local consumer protection agency or your state Attorney General.

For Enforcement Contact:
Federal Trade Commission:
Consumer Response Center—FCRA
Washington, DC 20580
1-877-382-4357

Remedying the Effects of Identity Theft

You are receiving this information because you have been notified a consumer reporting company that you believe that you are a victim of identity theft. Identity theft occurs when someone uses your name, Social Security number, date of birth, or other identifying information, without authority, to commit fraud. For example, someone may have committed identity theft by using your personal information to open a credit card account or to get a loan in your name. For more information, visit www.consumer.gov/idtheft or write to: FTC, Consumer Response Center, Room 130-B, 600 Pennsylvania Avenue, N.W. Washington, D.C., 20580.

The Fair Credit Reporting Act (FCRA) gives you specific rights when you are, or believe that you are, the victim of identity theft. Here is a brief summary of the rights designed to help you recover from identity theft.

1. **You have the right to ask that nationwide consumer reporting companies place “fraud alerts” in your file** to let potential creditors and others know that you may be a victim of identity theft. A fraud alert can make it more difficult for someone to get credit in your name because it tells creditors to follow certain procedures to protect you. It also may delay your ability to obtain credit. You may place a fraud alert in your file by calling just one of the three nationwide consumer reporting agencies. As soon as the agency processes your fraud alert, it will notify the other two, which then also must place fraud alerts in your file.
 - Equifax: 1-800-525-6285; www.equifax.com
 - Experian: 1-888-397-3742; www.experian.com
 - TransUnion: 1-800-680-7289; www.transunion.com

An initial fraud alert stays in your file for at least 90 days. An extended alert stays in your file for seven years. To place either of these alerts, a consumer reporting agency will require you to provide appropriate proof of your identity, which may include your Social Security number. If you ask for an extended alert, you will also have to provide an *identity theft report*. An *identity theft report* includes a copy of a report you have filed with a federal, state, or local law enforcement agency, and additional information a consumer reporting agency may require you to submit. For more detailed information about the *identity theft report*, visit www.consumer.gov/idtheft.

2. **You have the right to free copies of the information in your file (you “file disclosure”).** An initial fraud alert entitles you to a copy of all the information in your file at each of the three nationwide agencies, and an extended alert entitles you to two free file disclosures in a 12-month period following the placing of the alert. These additional disclosures may help you detect signs of fraud, for example, whether fraudulent accounts have been opened in your name or whether someone has reported a change in your address. Once a year, you also have the right to a free copy of the information in your file at any consumer reporting agency, if you believe it has inaccurate information due to fraud, such as identity theft. You also have the ability to obtain additional free file disclosures under other provisions of the FCRA. See www.ftc.gov/credit.
3. **You have the right to obtain documents relating to fraudulent transactions made or accounts opened using your personal information.** A creditor or other business must give you copies of applications and other business records relating to transactions and accounts that resulted from the theft of your identity, if you ask for them in writing. A business may ask you for proof of your identity, a police report, and an affidavit before giving you the documents. It also may specify an address for you to send your request. Under certain circumstances, a business can refuse to provide you with these documents. See www.consumer.gov/idtheft

4. **You have the right to obtain information from a debt collector.** If you ask, a debt collector must provide you with certain information about the debt you believe was incurred in your name by an identity thief – like the name of the creditor and the amount of the debt.
5. **If you believe information in your file results from identity theft, you have the right to ask that a consumer reporting agency block that information from your file.** An identity thief may run up bills in your name and not pay them. Information about the unpaid bills may appear on your consumer report. Should you decide to ask a consumer reporting agency to block the reporting of this information, you must identify the information to block, and provide the consumer reporting agency with proof of your identity and a copy of your *identity theft report*. The consumer reporting agency can refuse or cancel your request for a block if, for example, you don't provide the necessary documentation, or where the block results from an error or a material misrepresentation of fact made by you. If the agency declines or rescinds the block, it must notify you. Once a debt resulting from identity theft has been blocked, a person or business with notice of the block may not sell, transfer, or place the debt for collection.
6. **You also may prevent businesses from reporting information about you to consumer reporting agencies if you believe the information is a result of identity theft.** To do so, you must send your request to the address specified by the business that reports the information to the consumer reporting agency. The business will expect you to identify what information you do not want reported and to provide an *identity theft report*.
7. To learn more about identity theft and how to deal with its consequences, visit www.consumer.gov/idtheft, or write to the FTC. You may have additional rights under state law. For more information, contact your local consumer protection agency or your state attorney general.

In addition to the new rights and procedures to help consumers deal with the effects of identity theft, the FCRA has many other important consumer protections. They are described in more detail at www.ftc.gov/credit.



Product Description Addendum

This Product Description Addendum (the 'Addendum') is made and entered into by and between KRESS Employment Screening Incorporated (KRESS) and the aforementioned Subscriber.

KRESS provides a series of products derived from public and non-public sources. The purpose of this Addendum is to inform the Subscriber of the source, type of source, scope of records searched, and methodology utilized to locate information within the indexes searched.

List of Services Provided

Criminal – County:

Source: County Court System
Scope: Minimum seven (7) year convictions reported
Methodology: Real-time, non-third party search using a name and other applicable identifiers as system allows or dictates.

Criminal – Federal:

Source: Federal Court System
Scope: Minimum seven (7) year convictions reported
Methodology: Real-time, non-third party search using a name and other applicable identifiers as system allows or dictates.

Criminal – Statewide:

Source: Third Party Database
Scope: Minimum seven (7) year convictions reported
Methodology: Third party search using a name and other applicable identifiers as system allows or dictates.
**State depository searches are available. Please contact KRESS for the specific costs and requirements where applicable.

Criminal – Sex Offender:

Source: Third Party Database
Scope: Minimum seven (7) year convictions reported
Methodology: Third party search using a name and other applicable identifiers as system allows or dictates.
**State depository searches are available. Please contact KRESS for the specific costs and requirements where applicable.

National Criminal Search Index (NCSI):

Source: Third Party Database
Scope: Minimum seven (7) year convictions reported
Methodology: Third party search using a name and other applicable identifiers as system allows or dictates.
**State depository searches are available. Please contact KRESS for the specific costs and requirements where applicable.

Global Watch:

Source: Third Party Database
Scope: Minimum seven (7) year convictions reported
Methodology: Third party search using a name and other applicable identifiers as system allows or dictates.

Civil – County:

Source: County Court System
Scope: Minimum seven (7) year verified case information reported precluding Family Law

Methodology: Real-time, non-third party search using a name and other applicable identifiers as system allows or dictates.

Civil – Federal:

Source: Federal Court System

Scope: Minimum seven (7) year verified case information reported

Methodology: Real-time, non-third party search using a name and other applicable identifiers as system allows or dictates.

Driving History:

Source: State Department of Motor Vehicles or Applicable Agency

Scope: Minimum three (3) years of moving violation convictions reported for standard drivers' license

Methodology: Inquiry into specific motor vehicle agency records

OIG/GSA Exclusion Search:

Source: Office of Inspector General/General Services Administration List

Scope: Any listing will be reported

Methodology: Real-time, non-third party search using a name and other applicable identifiers as system allows or dictates.

SS Trace:

Source: Third Party Database

Scope: Minimum seven (7) year address history reported within the utilized system

Methodology: Third party search using a social security as system allows or dictates

Employment Verification:

Source: Employer Listed on Application, Resume or provided by subscriber

Scope: KRESS will verify an employer within the prior 7 years with some exceptions

Methodology: KRESS employee will contact the employer or its representative in an attempt to retrieve dates of employment, position, salary and eligibility for rehire. A minimum of four (4) attempts will be made before the verification will be closed and provided to subscriber.

Education Verification:

Source: Education Institution Listed on Application, Resume or provided by subscriber

Scope: KRESS will verify the highest degree attained with some exceptions per client specifications

Methodology: KRESS employee will contact the Education Institution or its representative in an attempt to retrieve dates attended, degree, major, date of graduation. A minimum of four (4) attempts will be made before the verification will be closed and provided to subscriber.

Professional License Verification:

Source: Agency in question will be searched for verification

Scope: Any listing will be reported

Methodology: Real-time, non-third party search using a name and other applicable identifiers as system allows or dictates

Professional Reference Verification:

Source: Reference on Application, Resume or provided by subscriber

Scope: KRESS will verify any reference listed

Methodology: KRESS employee will contact the reference in an attempt to ascertain the professional qualities necessary to perform the specific job in question. A minimum of four (4) attempts will be made before the verification will be closed and provided to subscriber.

Credit Report:

Source: Third Party Database

Scope: Minimum seven (7) years credit information reported per FCRA

Methodology: Third party search using name, social security number and address

If there is any service or product not list here or if there is a question or concern with regard to the description listed above, please contact KRESS so that we can answer your question.

Facts for Business

A job applicant gives you the okay to get a consumer report. Although the credit history is poor and that's a negative factor, the applicant's lack of relevant experience carries more weight in your decision not to hire.

What's your responsibility?

- In any case where information in a consumer report is a factor in your decision — even if the report information is not a major consideration — you must follow the procedures mandated by the FCRA. In this case, you would be required to provide the applicant a **pre-adverse action disclosure** before you reject his or her application. When you formally reject the applicant, you would be required to provide an **adverse action notice**.

The applicants for a sensitive financial position have authorized you to obtain credit reports.

You reject one applicant, whose credit report shows a debt load that may be too high for the proposed salary, even though the report shows a good repayment history. You turn down another, whose credit report shows only one credit account, because you want someone who has shown more financial responsibility. Are you obliged to provide any notices to these applicants?

- Both applicants are entitled to a **pre-adverse action disclosure** and an **adverse action notice**. If **any** information in the credit report influences an adverse decision, the applicant is entitled to the notices — even when the information isn't negative.

Non-compliance

There are legal consequences for employers who fail to get an applicant's permission before requesting a consumer report or who fail to

provide pre-adverse action disclosures and adverse action notices to unsuccessful job applicants. The FCRA allows individuals to sue employers for damages in federal court. A person who successfully sues is entitled to recover court costs and reasonable legal fees. The law also allows individuals to seek punitive damages for deliberate violations. In addition, the Federal Trade Commission, other federal agencies, and the states may sue employers for noncompliance and obtain civil penalties.

For More Information

For your copy of the FCRA, contact the FTC. The FTC works for the consumer to prevent fraudulent, deceptive, and unfair business practices in the marketplace and to provide information to help consumers spot, stop, and avoid them. To file a complaint or to get free information on consumer issues, visit www.ftc.gov or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. The FTC enters Internet, telemarketing, identity theft, and other fraud-related complaints into Consumer Sentinel, a secure, online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

Your Opportunity to Comment

The National Small Business Ombudsman and 10 Regional Fairness Boards collect comments from small businesses about federal compliance and enforcement activities. Each year, the Ombudsman evaluates the conduct of these activities and rates each agency's responsiveness to small businesses. Small businesses can comment to the Ombudsman without fear of reprisal. To comment, call toll-free 1-888-REGFAIR (1-888-734-3247) or go to www.sba.gov/ombudsman.

FEDERAL TRADE COMMISSION	FOR THE CONSUMER
1-877-FTC-HELP	www.ftc.gov

Federal Trade Commission
Bureau of Consumer Protection
Office of Consumer and Business Education

March 1999

- a statement that the CRA that supplied 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.

Certifications to Consumer Reporting Agencies.

Before giving you an individual's consumer report, the CRA will require you to certify that you are in compliance with the FCRA and that you will not misuse any information in the report in violation of federal or state equal employment opportunity laws or regulations.

In 1998, Congress amended the FCRA to provide special procedures for mail, telephone, or electronic employment applications in the trucking industry. Employers do not need to make written disclosures and obtain written permission in the case of applicants who will be subject to state or federal regulation as truckers. Finally, no pre-adverse action disclosure or Section 615(a) disclosure is required. Instead, the employer must, within three days of the decision, provide an oral, written, or electronic adverse action disclosure consisting of: (1) a statement that an adverse action has been taken based on a consumer report; (2) the name, address, and telephone number of the CRA; (3) a statement that the CRA did not make the decision; and (4) a statement that the consumer may obtain a copy of the actual report from the employer if he or she provides identification.

In Practice...

You advertise vacancies for cashiers and receive 100 applications. You want just credit reports on each applicant because you plan to

eliminate those with poor credit histories. What are your obligations?

- You can get credit reports — one type of consumer report — if you notify each applicant in writing that a credit report may be requested and if you receive the applicant's written consent. Before you reject an applicant based on credit report information, you must make a **pre-adverse action disclosure** that includes a copy of the credit report and the summary of consumer rights under the FCRA. Once you've rejected an applicant, you must provide an **adverse action notice** if credit report information affected your decision.

You are considering a number of your long-term employees for a major promotion. You want to check their consumer reports to ensure that only responsible individuals are considered for the position. What are your obligations?

- You cannot get consumer reports unless the employees have been notified that reports may be obtained and have given their written permission. If the employees gave you written permission in the past, you need only make sure that the employees receive or have received a "separate document" notice that reports may be obtained during the course of their employment — no more notice or permission is required. If your employees have not received notice and given you permission, you must notify the employees and get their written permission before you get their reports.

In each case where information in the report influences your decision to deny promotion, you must provide the employee with a **pre-adverse action disclosure**. The employee also must receive an **adverse action notice** once you have selected another individual for the job.

The FCRA is designed primarily to protect the privacy of consumer report information and to guarantee that the information supplied by consumer reporting agencies is as accurate as possible. Amendments to the FCRA — which went into effect September 30, 1997 — significantly increase the legal obligations of employers who use consumer reports. Congress expanded employer responsibilities because of concern that inaccurate or incomplete consumer reports could cause applicants to be denied jobs or cause employees to be denied promotions unjustly. The amendments ensure (1) that individuals are aware that consumer reports may be used for employment purposes and agree to such use, and (2) that individuals are notified promptly if information in a consumer report may result in a negative employment decision.

What is a Consumer Report?

A consumer report contains information about your personal and credit characteristics, character, general reputation, and lifestyle. To be covered by the FCRA, a report must be prepared by a consumer reporting agency (CRA) — a business that assembles such reports for other businesses.

Employers often do background checks on applicants and get consumer reports during their employment. Some employers only want an applicant's or employee's credit payment records; others want driving records and criminal histories. For sensitive positions, it's not unusual for employers to order investigative consumer reports — reports that include interviews with an applicant's or employee's friends, neighbors, and associates. All of these types of reports are consumer reports if they are obtained from a CRA.

Applicants are often asked to give references. Whether verifying such references is covered by the FCRA depends on who does the verifi-

cation. A reference verified by the employer is *not* covered by the Act; a reference verified by an employment or reference checking agency (or other CRA) is covered. Section 603(o) provides special procedures for reference checking; otherwise, checking references may constitute an investigative consumer report subject to additional FCRA requirements.

Key Provisions of the FCRA Amendments

Written Notice and Authorization.

Before you can get a consumer report for employment purposes, you must notify the individual in **writing** — in a document consisting solely of this notice — that a report may be used. You also must get the person's **written authorization** before you ask a CRA for the report. (Special procedures apply to the trucking industry.)

Adverse Action Procedures.

If you rely on a consumer report for an “adverse action” — denying a job application, reassigning or terminating an employee, or denying a promotion — be aware that:

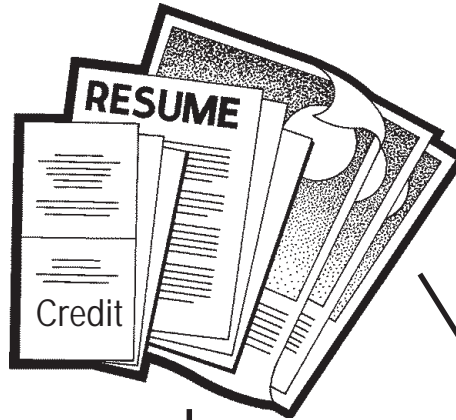
Step 1: Before you take the adverse action, you must give the individual a **pre-adverse action disclosure** that includes a copy of the individual's consumer report and a copy of “A Summary of Your Rights Under the Fair Credit Reporting Act” — a document prescribed by the Federal Trade Commission (FTC). The CRA that furnishes the individual's report will give you the summary of consumer rights.

Step 2: After you've taken an adverse action, you must give the individual notice — orally, in writing, or electronically — that the action has been taken in an **adverse action notice**. It must include:

- the name, address, and phone number of the CRA that supplied the report;

FTC FACTS for Business

Using Consumer Reports: What Employers Need To Know



- *Your advertisement for cashiers nets 100 applications. You want credit reports on each applicant. You plan to eliminate those with poor credit histories. What are your obligations?*
- *You are considering a number of your long-term employees for major promotions. Can you check their credit reports to ensure that only financially responsible individuals are considered?*
- *A job candidate has authorized you to obtain a credit report. The applicant has a poor credit history. Although the credit history is considered a negative factor, it's the applicant's lack of relevant experience that's more important to you. You turn down the application. What procedures must you follow?*

A

s an employer, you may use consumer reports when you hire new employees and when you evaluate employees for promotion, reassignment, and retention — as long as you comply with the Fair Credit Reporting Act (FCRA). Sections 604, 606, and 615 of the FCRA spell out your responsibilities when using consumer reports for employment purposes.