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Newsletter of Peter LeVine Associates, Inc., Professional Reference Checkingsm

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Bottom Liners

by Eric and Bill Teitelbaum



The cost of not doing background checks

The result of not doing a background screening could be theft, embezzlement, a shooting, a sexual assault, or a lawsuit. In California, plaintiffs suing companies for negligent hiring win about 60% of the time, says employment-law attorney Patti White, a partner in the San Jose office of Littler Mendelson. Here are some specific examples:

- Trusted Health Resources hired Jesse L. Rogers in 1991 as an aide in a home health care program, but never conducted a criminal background check and failed to discover Rogers' six larceny-related convictions in Massachusetts. Rogers was later convicted of stabbing to death John Ward, a quadriplegic under his care, and the victim's grandmother. Ward's parents brought suit against Trusted Health, winning compensatory and punitive damages of \$26.5 million and sending Trusted Health into bankruptcy.
- An Oakland civil jury awarded more than \$11 million to a woman's husband after she was murdered in 1998 by a carpet cleaner dispatched by America's Best Carpet Care. The man had never undergone the kind of background check that would have uncovered his violent criminal past.
- Manor Park Nursing Home in Texas failed to do a criminal background check of an employee who later sexually assaulted a resident of the nursing home. The jury awarded the plaintiff \$1.1 million.
- A county in Texas failed to do a background check of a reserve deputy sheriff it had hired. After just a few days on the job, he injured a passenger in a car during a traffic stop. The reserve deputy had a criminal record, including assault and battery, was on probation at the time of the attack, and also had an outstanding arrest warrant. The jury awarded the injured passenger \$818,000.

By Carroll Lachnit
Workforce Week (5/4/04)

Spotting lies. People lie on their resumes. They lie on job applications. And they generally get away with it—despite HR's best efforts to derail the dishonest. But, according research recently conducted at Florida State University, simply reminding an interviewer of lies may make a notable difference in that person's efforts to distinguish fiction from fact. In a controlled experiment, 156 undergraduate students majoring in management information systems (MIS) were paired off, half as interviewers, half as applicants. The applicants were instructed to "make themselves appear as competitive as possible," even if that meant falsifying information.

The interviewers were divided into two groups: half were simply told that the applicant they were to interview was "applying for a scholarship that the department is considering giving in the future to the 'top MIS students;'" the other half of the interviewers were told: "Remember, 40% of all applicants have been found to have lied on their applications."

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The results of this exercise were not encouraging from an HR perspective: The interviewers who were not warned about applicants' penchant for lying detected only about 2% of the fabrications. Those who were warned spotted the lies at a much higher rate—15%—but their performance still wasn't encouraging. (*A detailed description of the experiment and results appears in the May 2004 issue of HR Magazine.*)

[RP commentary: Job interviewers, regardless of their skill and experience, have a very narrow window in which to view an applicant. The resume/application includes only what the applicant chooses to include—fact and fiction—and interview time is often little more than 30-60 minutes. To get a more in-depth, and often more accurate, view of the applicant, it is critical that background and reference checks are done before hiring decisions are made.]

By Prof. Joey George & Kent Marett,
Florida State University
HR Magazine (May 2004)

“Poor hiring decisions can have long-term legal and financial ramifications for employers. Pre-employment screening can significantly reduce that risk.”

Hiring index reveals continued rise in background checks by prospective employers. Compiled by ADP Screening and Selection Services, the 2004 study demonstrates that 10% of the 3.8 million background checks performed revealed a data inconsistency or negative information. Of those background checks:

- The number of checks with a history of workers' compensation claims rose to 10%.
- The number of data inconsistencies between resume information and information discovered through reference checks increased slightly to 52%.
- 44% all credit record checks showed a judgment, lien or bankruptcy, or had been reported to a collection agency.
- 5% had a criminal record.
- 31% had a driving record with one or more violations or convictions.

Each of these statistics marked an increase from the 2003 Hiring Index, in which 9% of background checks had a previous worker's compensation claim, and 51% of the resume reference checks contained a data inconsistency regarding resume information. The credit record check marked a significant increase from the 24% recorded in the prior year's findings.

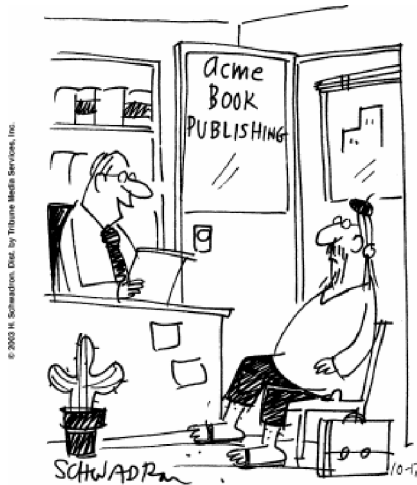
“The findings within the 2004 Hiring Index highlight the importance for employers to recognize the need to check and verify information that job seekers have provided,” commented Dean Suposs, general manager of ADP Screening and Selection Services. “Poor hiring decisions can have long-term legal and financial ramifications for employers. Pre-employment screening can significantly reduce that risk.”

HR.com (4/26/04)

Companies demand vetted temps. Facing the risk of property and identity theft, some companies insist that their staffing agencies run background checks on temporary workers—and pay for it.

Currently, Freddie Mac, the Virginia-based home loan mortgage giant, relies on nearly 40 temporary-staffing agencies to fill positions ranging from data-entry clerk to senior accountant. In order to join this roster, however, an agency must contractually commit to subjecting each temporary worker placed within Freddie Mac to a rigorous background check by an outside firm, and temporary staffing agencies must foot the bill for the added service as well. “It's the cost of doing business with us,” says Patrick





"Your proposed novel stinks, but we'd like to submit your resume for a fiction award."

Matus, Freddie Mac's manager of contingent-workforce contracting. Matus makes no apologies for his employer's nonnegotiable approach to vetting temporary workers. With nearly 2,400 contingent employees working for Freddie Mac at any given time, Matus says, the company simply can't afford to take unnecessary security risks.

It's a common refrain among businesses today. For years, companies invested heavily in the screening of full-time employees to ensure workplace safety and business productivity. Temporary workers, on the other hand, were often regarded as fly-by-night helpers, employees who simply didn't stick around long enough to warrant in-depth investigation. All that has changed.

Easy-to-access computer systems, and the proprietary information stored on them, have expanded the opportunities for a temp to wreak havoc on an unsuspecting company. Further, outsourcing has broadened the very definition of temp to include a range of jobs from a mailroom clerk to a call-center manager situated overseas. All it takes is one unlawful temp to expose a company to legal liabilities, financial ruin and criminal complicity.

Temporary staffing agencies have been quick to offer an answer. Many are willing to retain the services of a consumer reporting agency on behalf of their clients. Bill Zavatchin, Manpower's director of business process design, says that requests for background checks on temporary workers have increased more than 20% since September 11, 2001.

Although it is currently one of the most popular approaches to vetting temporary workers, employee screening is far from being a panacea. Background checks can reduce a company's exposure to risk but can also come at a cost to productivity. Creating a paper trail that details a worker's employment, criminal and geographical history can be a lengthy procedure for even the most seasoned gumshoes. In fact, the employee screening process can take as long as five business days, a veritable lifetime for a company in desperate need of temporary help. "The challenge is getting [the background check] completed quickly because...it's otherwise preventing someone from actually being on the job," Zavatchin says.

As a result, many companies are turning to online outfits to vet their temporary workers. There are more than 450 companies currently offering background checks on the Internet. But promises of delivering background reports at record speed and with unparalleled accuracy often fall flat. It's a problem familiar to Shawn Bushway, a criminologist at the University of Maryland. As part of his research, Bushway recently gathered the criminal records of 120 current parolees in Virginia and submitted their names to an online employee screening company. Sixty-four of the names came back displaying no criminal record at all.

By Cindy Waxer
Workforce Management (June 2004)

Some federal workers have fake degrees. At least 28 senior-level federal employees in eight agencies have bogus college degrees, including three managers at the office that oversees nuclear weapons safety, congressional investigators have found in an inquiry conducted between July, 2003 and February, 2004.

The problem is likely even bigger, mainly because the government has no uniform way to check whether employees' alma maters are "diploma mills" that require little, if any, academic work, the General Accounting Office reported. An earlier GAO report revealed how easy it is to buy a degree

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WHAT'S NEW AT OUR WEBSITE

Workplace Violence: Be Careful Out There. There are a number of steps you can take to greatly minimize the risk of violence in your workplace.

Looking Beyond the Resume. If a job candidate looks good on paper and looks good in the interview, one would naturally assume this candidate would look good in the job. But while it sounds logical, it doesn't always work out that way.

Stories at:
www.levinreferencecheck.com/update.html

"It's not thorough reference checking that is expensive, but the lack of it."



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Because the right people
make the difference.

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from a diploma mill; this one shows high-level federal workers securing such degrees at taxpayer expense. Among those with bogus degrees in the GAO review were three workers with emergency operations roles and security clearances at the National Nuclear Security Administration, part of the Department of Energy. One of those workers paid \$5,000 for a master's degree from LaSalle University, an unaccredited school, the report said. He attended no classes, took no tests and told the GAO his degree was "a joke."

Data provided by three of the unaccredited schools—Pacific Western University, California Coast University and Kennedy-Western University—showed that 463 of their students were federal employees. The number of bogus degrees and the amount of tax dollars spent on them are likely understated across the government because of incomplete records and verifications, the GAO said.

The Associated Press (5/11/04)

Biography discrepancies force interim hospital president to resign. Emmett C. Murphy, the consultant chosen by Boston Archbishop Sean O'Malley to oversee Caritas Christ Health Care (the diocese's hospital network) departed after being asked to explain several discrepancies in his Caritas Christi biography. Among the questionable items on his biography are his assertions that he served as president of Lenox Hill Hospital in New York, and that he was an associate professor at MIT, Syracuse University, and the State University of New York. His biography also initially claimed that two books he authored were "New York Times best-sellers," however, after being challenged he reduced that claim to one book.

When the Boston Globe tried to verify the information, officials at several of the named institutions, including Lenox Hill Hospital and MIT, disputed Murphy's description of his association with them. Murphy declined for a month to give the Globe a copy of his resume or curriculum vitae, claiming that the future of the Caritas Christi, not his background, should be the focus of the story.

At Lenox Hill Hospital, Murphy said that he "was retained by the Board to manage a financial and strategic change process including the restructuring of the organization, its leadership team and to service as CEO coach to the President and CEO; also to assume the role of President and CEO during that individual's absence." However, a hospital spokeswoman, Ann B. Sullivan, said that "he was retained by the then-CEO; he was working with the then-CEO in implementing some financial strategic changes. We know nothing about his serving as coach to the president and CEO and assuming the role of the president during his leave. We believe he never served in the role of president."

Murphy also wrote that "he has held faculty, administrative and consulting positions with such organizations as" MIT's Sloan School of Management, and that he had a "post doctoral certificate in Operations Research" from MIT. Officials at MIT said they could not find a record of these positions, nor could they find a record of any affiliation between Murphy and the school.

The Boston Globe (5/12/04)



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