

## Check, Please

# Who are those people working alongside you? Too often, nobody has bothered to ask

By JOANN S. LUBLIN

Last December, a 41-year-old man sought a security guard's position at Allied Security Inc. The big contract-security company based in King of Prussia, Pa., hires about 16,000 guards a year to protect shopping malls, hospitals, universities, banks and other clients in 38 states.

The prospect seemed particularly promising because he had held a similar guard job with a rival company and lived in Philadelphia for four years. He showed up well-dressed and on time for his job interview. Most important, he twice swore in writing -- and again face-to-face -- that he had never been convicted of a criminal offense.

Allied Security hoped to assign the man to a local information-technology company. But the candidate was never hired. Carco Research, Allied's background-checking service, discovered that the man formerly lived in Michigan, where he had been convicted of drug dealing, sentenced to prison, then escaped, and was arrested and imprisoned again until his parole in 1996.

Yet such advance screening, which detected criminal records among about 20% of Allied Security's guard candidates last year, "is not competitive from a pricing standpoint," says Bill Whitmore, company president. The reason: Pre-employment checks add costs, pushing up prices. And a lot of rivals don't bother with pre-hiring checks. In fact, in most states, ex-felons may legally work as private security guards for several months while government officials examine their criminal history. But Mr. Whitmore says the company uses the feature to promote the quality of its candidates to customers.

### Growing Interest

Now, that picture is starting to change. Since Sept. 11, a half-dozen security-guard companies have approached Carco Research about doing pre-employment probes like Allied Security's, says Jerry Castoral, sales and marketing vice president of the St. James, N.Y., division of Carco Group Inc., a privately held provider of fraud-detection services. Several deals are imminent, he adds, because security-guard companies' clients fear even the temporary inadvertent use of criminals as contract guards.

In fact, heightened worries over workplace security are increasing the focus on background checks for all kinds of job seekers. Anxious managers, workers and customers want greater assurance that new hires really are who they claim to be. Meanwhile, highly regulated industries that could be terrorist targets face greater federal pressure for more extensive pre-employment screening.

### BLACK MARKS?

Problems turned up in 1.8 million background checks conducted in 2000, mainly for pre-employment screening
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Driving: Thirty-five percent had one or more moving violations, a driving-under-the-influence or driving-while-intoxicated violation, or a suspended driver's license
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Credit: Twenty-six percent had credit records showing a judgment, lien or bankruptcy or had been turned over to a collection agency

Job and Education: Twenty-four percent misrepresented employment and/or education records

Criminal: Six percent had a criminal conviction in the previous seven years

Source: ADP Screening & Selection Services

In the past, "I just didn't think it was necessary. We had never had any problems with anybody," says David Seelinger, president of Empire International Ltd., a world-wide executive-limousine service in Norwood, N.J. "From a corporate-security perspective," he adds, "it makes travelers more comfortable that we are [now] doing those checks." Starting this November, the Federal Aviation Administration will require criminal checks on all applicants plus the estimated one million existing employees with access to airports' security-sensitive areas. Food and Drug Administration guidelines issued in January urge food producers, processors and retailers to pursue background checks and related strategies in order to prevent a bioterrorist attack on the nation's food supply. The spread of sophisticated electronic databases and other high-tech innovations is making candidate screening cheaper, swifter -- and more invasive than ever. Last fall, for instance, National Background Data LLC and ChoicePoint Inc. both introduced directories accessible on the Internet that contain more than 20 million state and local criminal records. The rival services claim their compilations are the biggest outside of the Federal Bureau of Investigation's.

A thorough pre-employment probe covers criminal convictions as well as employment and educational history, Social Security name and number verification, driving history, military records, state licensing records, compensation history, drug screening, personal references and notices of bankruptcy or liens. Checks typically turn up significant lies or omissions among roughly one in four individuals scrutinized.

### **'Mandatory and Fundamental'**

Nearly the same proportion, or 23%, of the 5,673 human-resources professionals polled days after the terrorist attacks by the Society for Human Resource Management in Alexandria, Va., predicted "greater screening of employees for hiring." As recently as 1999, however, only 69% of employers were conducting background checks, a prior survey by the society found.

Since Sept. 11, many businesses have come to view such investigations "as mandatory and fundamental" in recruiting regular staffers and independent contractors, says Mike McGrorey, marketing director for ADP Screening & Selection Services, a division of Automatic Data Processing Inc. in Fort Collins, Colo. "What has changed is not only the awareness but the sense of urgency."

The ADP division's pre-employment background checks grew 30% during the 12 months ended in January; about half the growth reflects employers' intensified interest since Sept. 11. Its competitors describe a similar recent surge in inquiries and assignments, especially from water-treatment plants, theme-park operators, temporary-help agencies, auto-parts makers, truckers and assorted small businesses.

Empire International used to conduct random criminal background checks on potential chauffeurs. Following the attacks, the 20-year-old enterprise, where about 20% of drivers are of Middle Eastern descent, began running them on every would-be driver.

Empire's expanded screening has yet to weed out anyone with a criminal past. But the limousine service's background checkers don't look very deep. It generally reviews records only in the state where a prospect has resided during the past three years. Most states allow disclosure of seven years of conviction information.

How much employers uncover about a possibly dangerous hire partly depends on the money and time they invest in background checks. For as little as 25 cents and 30 seconds, an online service started last May by Accurint can pinpoint a job seeker's addresses for the past 20 to 30 years. As Allied Security realized, felons sometimes conceal residential information about locales where they broke the law. (Accurint is a division of Seisint Inc., a Boca Raton, Fla., information-management company.) Then there's the other extreme. Axcelis Technologies Inc., a midsize maker of semiconductor equipment, spends as much as \$4,000 and as long as three weeks investigating contenders for senior management spots. Outside checkers comb criminal records nationwide going back at least seven years and interview references of references. The Beverly, Mass., manufacturer instituted this rigorous approach when it went public in July 2000.

### **Avoiding Risk**

The costly efforts help avoid "the risk of embarrassment or the risk of creating exposure for our employees if we hire the wrong people for our business," says Kevin O'Connor, senior vice president of human resources. About 5% of people considered for the hundreds of positions Axcelis filled last year at various levels flunked their background checks.

For as much as \$15,000 and three months of digging, a corporate-investigations firm like International Business Research in Princeton, N.J., will delve even deeper -- examining a global executive's employment and criminal records abroad along with an extensive U.S. probe. Its efforts also include reviews of civil court cases, bankruptcy filings and regulatory actions affecting the individual or related businesses.

IBR investigators recently looked into the past of an executive vying to lead a small West Coast research-and-development company. They spotted the man's name in a 1994 sex-discrimination case brought by a female sales representative against his then-employer, a major pharmaceutical producer. The suit alleged the executive had refused to reassign her after she complained to him about her supervisor's gender bias. "The client hired the guy anyway," recalls Michael D. Allison, IBR chairman and chief executive.

Yet even the most exhaustive background check "is being done on a very piecemeal basis," he concedes. That means potential terrorists could still land jobs in most U.S. workplaces. Without national standards, Mr. Allison says, "you aren't going to be safe."

### **Filling the Gaps**

Only government agencies and a few private-sector industries, such as banking, brokerage and gambling, may investigate prospects through the FBI's National Crime Information Center, a vast compendium of arrest, warrant and conviction records. The contract-security industry has unsuccessfully lobbied Congress for similar access to that repository.

"No security company in America wants to hire criminals," says Allied Security's Mr. Whitmore. "We want a system that looks everywhere." The company dismissed 128 guards hired last year after state investigators found convictions missed during the company's pre-employment checks. Assault, drug charges and minor theft are among the most common overlooked records.

Others are pressing state lawmakers to plug dangerous gaps in applicant screening. Mary Spooner, a 59-year-old dietitian from Wheaton, Ill., will launch a letter-writing campaign

this spring to win Illinois legislation mandating such checks by home carpet-cleaning services.

In May 1998, a carpet cleaner named Jerrol Glenn Woods with a history of seven armed-robbery convictions fatally stabbed her daughter Kerry Spooner-Dean after cleaning carpets at the pediatrician's home in Oakland, Calif. Mr. Woods, who had completed his seventh sentence just two years earlier, was convicted of armed robbery and first-degree murder in May 1999.

Daniel Dean, the victim's husband, won a \$9.38 million judgment against America's Best Carpet Care in November 2000 after a jury concluded it negligently hired Mr. Woods by failing to adequately probe his past. (Mr. Dean subsequently settled out of court. The cleaning service is no longer in business.)

When you open your home to an unsupervised service provider, "you make the assumption that you will be safe," says Mrs. Spooner. "We had a major wake-up call. Most people are in the same shoes I was in before it happened."

Numerous states already require extensive criminal checks of home health aides. But like contract security guards, such workers often may start work before screening is completed.

### **Accuracy Is Key**

On the other hand, amid heightened worries over workplace security, privacy advocates fear overzealous employers may get sloppy in investigating job hunters' backgrounds. "There is no such thing as an absolutely accurate database...even from public agencies" because identity theft is so rampant, says Beth Givens, director of the Privacy Rights Clearinghouse in San Diego.

Consider Namia Allen. Fresh out of law school, the San Diego resident was offered a job in August 1999 with the district attorney's office for San Diego County. During a pre-employment background check, officials found a fugitive warrant from nearby Riverside County. The warrant sought her arrest for assorted drug charges, including possession of crack cocaine for sale.

Ms. Allen was handcuffed and arrested when she showed up at the D.A.'s office to sign personnel papers shortly before her first day. She spent the night in jail. "It was humiliating being arrested in front of people who became her co-workers," recalls her attorney, Jan Edward Ronis.

Mr. Ronis blames identity theft, noting that Ms. Allen's car had been broken into and the registration stolen. He also claims Riverside County issued the warrant based on scanty information -- namely, a utility bill in her name that turned up at a home occupied by other drug suspects. His client, who declines to comment, started work after Riverside County dropped the criminal charge.

Ms. Allen later sued Riverside County in state court for negligence in issuing the faulty warrant. She settled for \$180,000 last May, according to Mr. Ronis. County officials didn't return calls for comment.

But Rick Everett, the San Diego County investigator who discovered the Allen warrant, believes he did nothing wrong. "A felony warrant would stop anybody from being hired in San Diego County," he says. The background check "worked as it was supposed to."

--Ms. Lublin is the careers news editor for The Wall Street Journal in New York.