



30-minute Lunch & Learn Webinar Series

Q3 Compliance Update

SEPTEMBER 18, 2025

Legal Disclaimer

- The information and opinions expressed are for educational purposes only and are based on current practice, industry related knowledge and business expertise. The information provided shall not be construed as legal advice, express or implied.

Presenters



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Agenda



Our people

Presenters

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Compliance

Confidentiality

Arizona TAT

FCRA Compliance updates

613 Letters / Adverse Action Process

J.B. Hunt Settlement

Common Name Policy

SSN Trace / Identifier



vID – Biometric ID Verification

Closing

Questions and Answers

Confidentiality of Consumer Reports

Consumer Reports cannot be shared outside your organization.

Only the End User and RSI have permission to view the report.

CONSUMER REPORT DISCLOSURE

EMPLOYER (the "Company") may obtain information about you from a third-party consumer reporting agency for employment purposes (including independent contractor or volunteer assignments, as applicable). Thus, you may be the subject of a "consumer report" which may include information about your character, general reputation, personal characteristics, and/or mode of living. These reports may contain information regarding your **credit history***, criminal history, social security verification, motor vehicle records ("driving records"), verification of your education or employment history, or other background checks.

These searches will be conducted by **Reference Services, Inc., 101 Plaza East Blvd., Suite 300, Evansville, Indiana 47715; Tel. # 812.474.9000; www.referenceservices.com.**

Signature: _____ Date: _____

Challenges with Arizona / Michigan Court Searches

Arizona

- Increased Turnaround Time (TAT): Searches in Arizona, specifically Mohave and Pinal counties, must be completed in the field.
- Court Delays:
 - Mohave, AZ has been experiencing ongoing delays with the Justice courts.
 - Both Mohave and Pinal counties require assistance from court clerks, which is significantly impacting our ability to return orders quickly.
 - Case documents must be mailed to the researcher

Michigan

- PII redaction
- Technical challenges with computer data

2025 FCRA Compliance Updates

- **Medical Debt and Credit Reporting**
 - Consumer Financial Protection Bureau (CFPB)
 - State-Level Action: Despite the federal ruling blocking the removal of unpaid medical debt from credit reports, some states are implementing their own regulations.
 - A new California law (SB 1061) went into effect on July 1, 2025, which prohibits consumer credit reporting agencies from including medical debt on credit reports and creditors from using it in credit decisions.
 - Another key provision of this law requires that, starting July 1, 2025, any contract that creates a medical debt must include specific consumer protection language or the debt will be void and unenforceable.

2025 FCRA Compliance Updates

- **CFPB Regulatory and Enforcement Shifts**

- Revised Enforcement Priorities: The CFPB has outlined its revised supervision and enforcement **priorities for 2025**. While it plans to reduce the number of supervisory exams, it will maintain a focus on resolving consumer complaints and will prioritize cases that cause **"clear consumer harm," with FCRA violations being a key area of concern**. The focus will be on direct consumer compensation rather than just penalties.

2025 FCRA Compliance Updates

- **Background Checks and Consumer Reporting**

- CFPB Advisory Opinion: A CFPB advisory opinion from January 2025 clarified that consumer reporting agencies (CRAs) must have procedures in place to ensure accuracy and clarity in background check reports. This includes a prohibition on reporting legally restricted information and a requirement that CRAs maintain procedures to ensure court proceedings are presented accurately. The opinion also emphasizes that **file disclosures to consumers must be clear and understandable.**

- An advisory opinion issued by the CFPB clarifies that under FCRA section 609(a), consumers do not need to use specific language (e.g., “complete file”) to request their credit file. CRAs must disclose all information in the consumer’s file, **including the original and intermediary sources of data.**

- Failure to comply may result in liability for actual or statutory damages (up to \$1,000 per violation) under FCRA sections 616 and 617. This underscores the importance of CRAs ensuring accessible and complete disclosures to consumers.

613 Letter

- (a) In general. A consumer reporting agency which furnishes a consumer report **for employment purposes** and which for that purpose compiles and reports items of information on consumers which are **matters of public record** and are **likely to have an adverse effect** upon a consumer's ability to obtain employment shall
 - (1) at the time such public record information is reported to the user of such consumer report, **notify the consumer** of the fact that public record information is being reported by the consumer reporting agency, together with the name and address of the person to whom such information is being reported; or
 - (2) **maintain strict procedures** designed to ensure that whenever public record information which is likely to have an adverse effect on a consumer's ability to obtain employment is reported it is **complete and up to date**. For purposes of this paragraph, items of public record relating to arrests, indictments, convictions, suits, tax liens, and outstanding judgments shall be considered up to date if **the current public record status of the item at the time of the report is reported**.

613 Letter

- RSI send 613 letters for ALL public records reported for employment purposes
- RSI treats volunteers as employment purposes and sends 613 letters
- RSI send 613 letters for Social Media checks



DATE
Applicant Name
Street Address
City, State, Zip

Dear Consumer:

The purpose of this letter is to notify you that in connection with your application for employment, current employment or volunteer request with the company listed below Reference Services, Inc., a consumer reporting agency, was asked to complete a background check about you. This letter is to let you know Reference Services, Inc. may be reporting criminal or other public record information about you to:

Company Name
Street Address
City, State, Zip

This letter is for informational purposes only and neither the employer listed above nor Reference Services, Inc. is taking any negative action against you whatsoever. **INSTEAD, THIS NOTICE IS TO INFORM YOU THAT YOU MAY REQUEST A COPY OF YOUR CONSUMER REPORT AND/OR DISPUTE ANY INFORMATION IN YOUR CONSUMER REPORT BY CONTACTING 1-855-263-2205.**

Sincerely,
Reference Services, Inc.
613 Letter

Adverse Action

ADVERSE ACTION IS DEFINED IN THE FAIR CREDIT REPORTING ACT (FCRA) AS:

“denial of employment or any other decision for employment purposes that adversely affects any current or prospective employee . . .” 603(k)(1)

“an action taken or determination that is (i) made in connection with an application that was made by, or a transaction that was initiated by, any consumer, ...and (ii) adverse to the interests of the consumer.” 603(k)(1)

Adverse Action

- SO . . . not just termination – it includes anything that could be viewed negatively by the employee, or cast them in a negative light
- It also includes adverse outcomes of tenant screening, such as denying an application or requiring a higher security deposit
- *Customized Adverse Action letters and supporting documents are built into the RSI platform*

Adverse Action Process

FCRA REQUIRES A MULTI-STEP ADVERSE ACTION PROCESS

1. **Pre-adverse action notice:** this notice is provided to the consumer along with a copy of the report and a summary of the consumer's rights under the FCRA to give the consumer the opportunity to dispute information on the report
2. **Waiting period:** a waiting period (generally 5 business days) is required by the FCRA in order to give the consumer time to dispute the report
3. **Post-adverse action notice:** this notice is provided to the consumer after the waiting period, and it must include contact information for the CRA, the summary of consumer rights, and a statement that the CRA did not make the decision to take adverse action

\$5M J.B. Hunt Settlement Ends Class Action Lawsuit Over Alleged Background Check Violations for Job Applicants, Employees –

Filed August 14, 2025

- alleged J.B. Hunt Transport Services illegally took adverse action against job applicants and employees subjected to a background check without first providing a copy of their consumer report or summary of rights under the federal Fair Credit Reporting Act (FCRA) within at least five business days before the adverse employment action was taken.
- approximately 14,915 people - The court estimates that most class members' payments will be around \$100 per person.
- However, the settlement payout amount is estimated to be roughly \$400 per person for the 5,681 class members for whom J.B. Hunt has no record of sending any pre-adverse action notice or consumer report copies at all.

Common Name Policy / Disputes

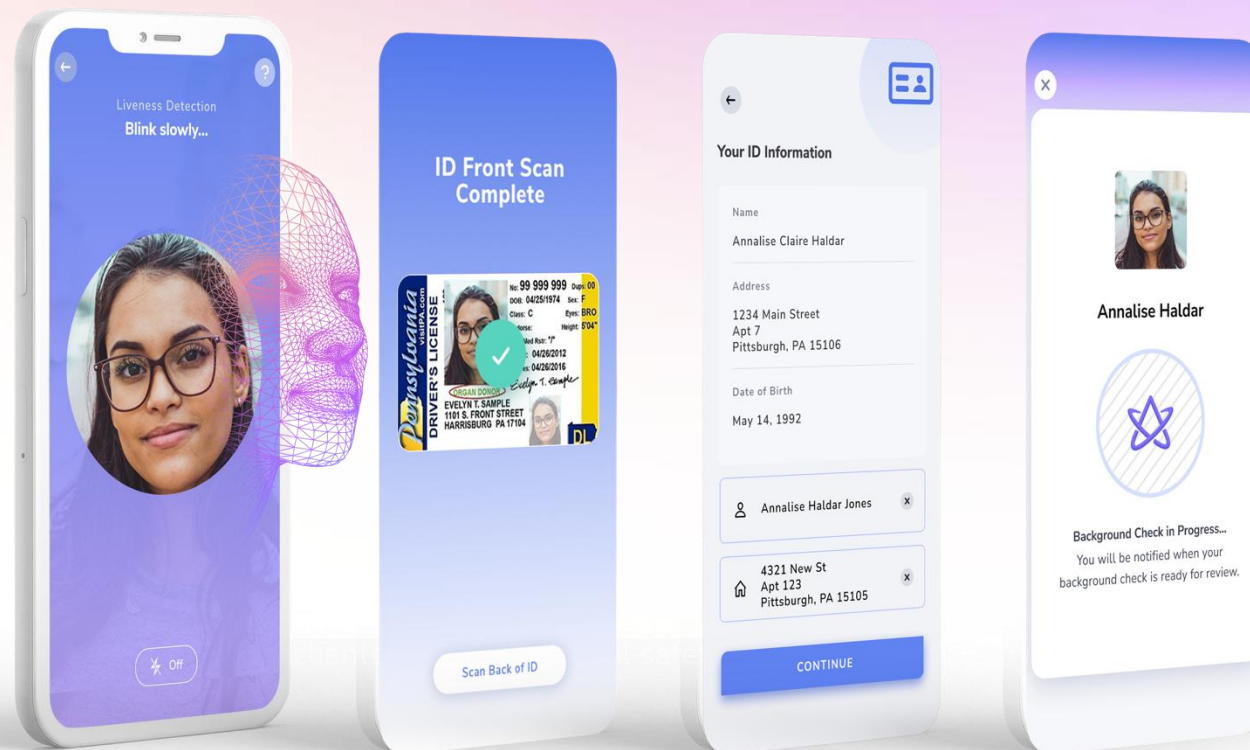
- *“Developed” data is not always a usable identifier*
 - *SSN Trace*
 - *Address History from SSN Trace*
- *This developed data needs to be confirmed with court records or applicant files*
 - *Biometric Identification*
- *Name Grades for Common Name testing / scoring*
 - The purpose of this policy is to establish guidelines for the identification, classification, and reporting of criminal or other public records when the subject’s name is considered “common” in nature. This policy aims to ensure compliance with the Fair Credit Reporting Act (FCRA) and to maintain accuracy in reporting by avoiding false positive matches.



Biometric screening is now the new standard.

Biometric verification should be the first step in every background screening. It is the only way to provide a sufficient level of safety and confidence in the screening process.

Greatly
improves the
outcomes of a
dispute



Key Takeaway



- Consumer reports should not be shared with third parties
- Arizona TAT's are increasing
- States are imposing their own medical debt reporting standards
- CFPB increased reporting on FCRA violations including full file disclosure requirements
- 613 letters / adverse action have strict processes to follow
- RSI Common Name Policy in place
- Consider Biometric ID verification



Thank you

compliance@referenceservices.com