

### **Appendix 3 Fair Credit Reporting Act**

Employers that use agencies like Oxford Document Management (ODM) to conduct background checks on prospective or current paid employees may be required to comply with the notice and disclosure requirements of the federal Fair Credit Reporting Act (FCRA). Though an argument can be made that the FCRA does not apply to churches or other religious organizations with respect to their employment of clergy and other employees that promulgate the faith, it is recommended that you follow the FCRA for most church employees.

The FCRA regulates the collection, storage and sale of personal information including, but not limited to, criminal history records, driving records, educational credentials, and employer reference checks for employment-related and other purposes. Under the FCRA, background investigation reports that include this personal information are an “investigative consumer report” and the organization that collects or assembles this information for the benefit of a third party for a fee is called a “consumer reporting agency.” For a complete text of the FCRA, please visit the Federal Trade Commission website at: [www.ftc.gov/os/statutes/fcra/index.htm](http://www.ftc.gov/os/statutes/fcra/index.htm)

There are significant penalties for noncompliance with the FCRA. Under Section 617, if the FTC finds “negligent noncompliance” with FCRA requirements, violators are liable to any applicant or employee for actual damages, cost of a suit, and attorney’s fees. In addition, an employer’s “willful noncompliance,” may result in fines of up to \$1,000 per violation, as well as punitive damages. Criminal penalties also may be imposed if a person obtains a credit report under false pretenses, including fines and/or up to two years imprisonment.

The background check vendor you select should help you comply with the requirements of the FCRA. Oxford Document Management will do this and much helpful information, including sample forms to use, may be found on its website at [www.oxforddoc.com/fcra.html](http://www.oxforddoc.com/fcra.html) Parish Life and Leadership is not engaged in giving legal or professional advice or services by providing this information. Given the importance of this topic, it is recommended that you consult with your local attorney.