

THE WORKPLACE

BACKGROUND CHECKS THAT NEVER END

A new security outfit takes a close look at potential hires, and then keeps on looking

BY JENA MCGREGOR

POPULAR ON-line grocery company Fresh Direct, which delivers provisions to armies of apartment-dwelling New Yorkers, suffered a troubling blow in late 2004. One of its drivers was charged with, and later pled guilty to, stalking and harassing female customers. The background investigation that Fresh Direct's screening firm had performed on the employee hadn't revealed previous misdemeanor and felony convictions on the driver's record.

Jim Moore, Fresh Direct's senior vice-president for human resources, quickly switched to a new background-checking outfit. A few months later he tapped a third, a startup called Verified Person, which sends automated biweekly updates to Moore that alert him to any new misdemeanor or felony convictions of the company's employees. Anyone from CEO Dean Furbush to the company's drivers and food packagers is subject to the search. "We want to be seen as being ultra-vigilant," says Moore.

Verified Person, co-founded by John Sculley, former chairman of Apple Computer Inc. and ex-CEO of PepsiCo Inc., and Tal Moise, a former chief information officer at Clarian Health Partners in Indianapolis, claims to be the first company to offer continuous employee screening, with automatic updates. "John's core in-



terest and mine was that the background-screening sector had shown little innovation," says Moise. It began marketing the service in 2005.

With September 11 and corporate scandals leading to greater worker scrutiny, pre-employment background checks are routine in many industries. But as technology advancements improve the accuracy of searches and more state and local records become digitized, continuous screening could turn into a big business, too. "It's the logical next generation of the background-checking phenome-

non," says Garry Mathiason, a senior partner at San Francisco employment law firm Littler Mendelson.

Automated, ongoing screening is good news for employers in industries such as financial services that have statutes prohibiting employees convicted of certain crimes from being on the payroll. But it could be bad news for white-collar workers who would rather not have their employers discover a minor pot bust or drunk driving charge.

WIDE-RANGING SEARCHES

VERIFIED PERSON HAS its sights set on a larger market. In mid-March a talent-management software firm called Taleo Corp., which works with 62 companies in the Standard & Poor's 500-stock index, will start offering Verified Person's services to its clients. Verified Person charges \$1 to \$2 per month per employee screened. While not yet profitable, it estimates that total revenues will top \$10 million this year.

Continuous screening is bound to feel a little invasive to many cubicle dwellers, even if it's nice to know there isn't a thief—or worse—just over that burlap-and-melamine partition. "Very few employers tailor the background information they collect to the requirements of the job," says Lewis Maltby, president of the nonprofit National Workrights Institute. Even if an employer doesn't take action when it turns up records of a DUI or minor drug possession, "once you know someone has a criminal conviction, it colors your perception of them," says Maltby. Verified Person says one-third of the 50 clients using its continuous service limit the number of offenses searched.

It's hard not to see a trace of irony in co-founder John Sculley's new venture. Just days after leaving Apple in 1993, Sculley joined a Manhasset (N.Y.) wireless company called Spectrum Information Technologies as chairman and CEO. Had he done a thorough check, he might have found that the Securities & Exchange Commission was investigating the company for exaggerating the amount of royalties it expected from a licensing deal. He left after four months, and Spectrum ultimately settled. ■

To Snoop Or Not To Snoop

Industries that may benefit most from ongoing employee screening:

HEALTH CARE, CHILD CARE, ELDER CARE Each state requires pre-hire background checks for at least one of these fields. Crimes committed post-hire could be considered negligent retention.

FINANCIAL SERVICES Insurance companies and banks prohibit certain felons from being employees or contractors.

DELIVERY SERVICES, IN-HOME CONTRACTORS Any field where workers come in close contact with the public is at high risk of being held liable for employee crimes.