

RHR Information Services, Inc.

# SelectSmart News

## Editor's Note



### Happy 4th of July!

Another hot summer month is almost over and we continue to stay committed to processing all applications thoroughly and in a timely manner.

Please do not hesitate to contact us if any questions or concerns arise.

In this issue we brought you interesting facts on employment and background screening as well as articles on drug testing and substance abuse.

Have you had to deal with em-

### ployee theft?

If so, you are not alone, read the article on page 2 and let your RHR representative know if you need to add other background screening products to your package.

The problem of mistaken or stolen identity remains relevant in our society. Please read the article on page 4.

Please contact us with any questions or concerns.  
888-389-4023

Thank you, Jana Castillon

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## Facts on Employment and Background Screening

- 9 percent of job applicants falsely claimed they had a college degree, listed false employers, or identified jobs that didn't exist according to Resume Inflation: Two Wrongs May Mean No Rights.

- As many as 30 percent of jobseekers exaggerate their accomplishments, and about 10 percent seriously misrepresent their background according to The Complete Reference Checking Book.

- According to the Recruiting Times, it costs \$7,000 to replace a salaried employee, \$10,000 to replace a mid-level employee and \$40,000 to replace a senior executive.

- According to the NIOSH, a workplace homicide will cost a business approximately \$850,000.00

- The Bureau of Labor Statistics reports that approximately half

of businesses with more than 1,000 employees have had an incident of workplace violence.

- 30 percent of all business failures are caused by employee theft, according to the American Management Association and U.S. Chamber of Commerce.

- On average in U.S. businesses, at least half of all new hires "don't work out" according to Fortune.

## Facing the Issue of Employee Theft

Excerpt from The Arizona Republic

Small-business owners often assume that the risk of employee theft may apply to the Wal-Mart's of the world, but doesn't apply to them and their faithful employees.

But a report examining employee fraud showed that small businesses were the most likely to be affected and also sustained the largest median losses compared with bigger companies.

The 2006 report by the Association of Certified Fraud Examiners showed that businesses with fewer than 100 employees suffered a median of \$190,000 in fraud losses. Without safeguards, any business is susceptible to fraud, especially common forms like check tampering, fraudulent

billing and stealing money before it's recorded.

"This happens to every company no matter what size," said Kathleen Barney, CFE and manager of forensic accounting for Eide Bailly, a CPA and business advising firm. "They look back and say, 'We're such idiots. How did we not notice that?'"

Of the four size groups, small firms made up just over a third of the 1,134 cases in the study.

"Instead of instituting check and balances with their employees they just say 'Oh, well, she's been here forever, we completely trust her,'" Barney said. "It's not that you don't trust them; it's just that you don't give them the opportunity to commit the fraud."

One way to prevent an employee theft is to run a **background check**.

Background checks should be a must for service companies or any company that sends employees into a customer's home. Only 8 percent of those who committed fraud in the study had prior convictions, but proving a company conducted a background check could save the company a lawsuit if anything does go wrong.

RHR Information Services, Inc. offers an extensive number of products to conduct a thorough background check. Please contact your Representative for more details or visit our website at [www.rhris.com](http://www.rhris.com)

Without safeguards, any business is susceptible to fraud, especially common forms like check tampering, fraudulent billing and stealing money before it's recorded.

## Firm Ends Background Checks and Employee With Felony Kidnaps

A man previously convicted of a violent felony worked for an alarm services company as a "promotions representative." After a woman filled out a survey expressing interest in a home security system, the rep came to her home on several occasions.

On the last of these, he entered the home without permission and kidnapped the woman, returning her after she promised to pay \$6,000.

Later, the victim sued the alarm services provider for failing to perform a background check

before hiring the felon.

The company persuaded a trial court to award it summary judgment, but the woman appealed.

Before a state appeals court, the alarm company argued it could not be held liable because the promotions representative acted outside the scope of his employment.

The appeals court found enough questions of fact remained on that argument to return the case to the trial court.

The appeals court noted that a very basic background check would have uncovered the man's felony conviction.

Evidence showed the company formerly performed background checks on all field agents but discontinued the practice due to high turnover.

For More Information Go To: <http://www.straffordpub.com/>

RHR Information Services, Inc. will work with your company to set up a pre-employment background screening package to help you reduce the risk of negligent hiring.

888-389-4023 or  
952-545-3953

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## Pre-Employment Drug Testing

Employers have many reasons for requiring pre-employment drug testing. One of the most obvious reasons is that of safety.

Those handling dangerous equipment or those who drive commercial vehicles have a greater chance of accidents or inflicting injury upon themselves or others if they are under the influence.

Companies have a moral and legal obligation to ensure that their employees adhere to Federal work-safety guidelines, and pre-employment drug screenings can be an effective tool.

Insurance and health-related absences provide two more rea-

sons for implementing pre-employment drug testing. More than 175 million Americans are enrolled in workplace group health insurance, with an average of a 30% increase in premiums in the last three years. Pre-employment drug testing may be one way to cut down on costs. Studies have linked short- and long-term health problems with drug abuse.

According to the Small Business Administration, companies lose an average of \$7,000 per drug-using employee per year. This figure is often enough to convince an employer to implement a standard of pre-employment drug testing.

In any given year, it is estimated that nearly 50 million American workers are required to have a drug screening. Advances in medical testing have made it quick, easy and relatively inexpensive for employers who wish to use this screening process. Many employers view this as a simple means of ensuring the well being of both their company and their customers.

RHR offers drug testing as part of a pre-employment screening background check. Please contact your Representative to inquire about this product.

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## Substance Abuse and its Impact on Business

Source: Drugs don't work in Arizona

Substance abuse not only can affect an employee's work performance, it could have serious repercussions for the employer.

If someone under the influence is operating machinery, heavy equipment or vehicles, they pose a significant liability to the employer.

### IMPACT ON BUSINESS

- Seven of ten people who used drugs in a recent period were employed.

- Small business is the largest employer of substance abusers, likely because big businesses have anti-drug programs in place.

- Most substance abusers in the workplace are "regular" users.

- Drug users have twice the absentee rate.

- Drug users have three times as many accidents involving injuries, fatalities and property damage.

- Drug users' health care costs are higher.

- Productivity is reduced by 33 percent among drug users.

- Theft and embezzlement are issues, as well as inferior work and customer service

### WHAT EMPLOYERS CAN DO

- Adopt a drug-free workplace policy.

- Set zero-tolerance as the standard.

- Communicate those policies to employees and applicants, then enforce them.

- Set up drug education and awareness programs, including the signs and dangers of drug use as well as company policy.

- Implement a drug testing program.

- Offer assistance, counseling and a second chance to an employee who is willing to change behavior.



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**The Right Path to the Right People**



Disclaimer: This newsletter has been developed for informational purposes only for use by the customers of RHR Information Services, Inc., and should not be relied upon as definitively accurate. Due to the complex nature of employment law, we strongly suggest that you work closely with legal council when making employment related decisions.

## Costly Case of Mistaken Identity

Excerpt from the Herald Tribune

The Joe Cunningham who lives in Charlotte County has never been in trouble with the law, but he lost a job offer in February because a background check tagged him as a criminal with 16 convictions.

It took him five months of phone calls, paperwork and a trip to the Sheriff's Office to get fingerprinted before the screening company that did the background check -- acknowledged Cunningham's record was clean. He finally has the paperwork to prove it.

"There's nothing more absurd than trying to prove that you're not someone else," Cunningham said.

When background screens go awry, federal laws put the onus on the job applicant to prove an error occurred. Screening companies say they use the best information available under public records laws and that mistakes are very rare.

More and more companies rely on screening agencies to conduct background screens to weed out potentially dangerous employees. There are no independent studies on the rate of errors during background checks that are available.

Cunningham, who sought out a job at Sunbelt Rentals in Venice to supplement his part-time construction work, said he understands how the screening company made the error. His name is Joseph Gerrard Cunningham, and he shares a birth date with a Joseph J. Cunningham, who has a long-running record of drug-related convictions in New York. Adding to, or perhaps even sparking the confusion, Cunningham lived in Binghamton, N.Y., for a short time.

Most background screening agencies use Social Security numbers to generate a record of the states where their subjects have lived.

Then they request court records from those states.

Most courts will not release Social Security numbers, so the background screeners rely on name and date of birth to identify subjects in the court records.

Usually that works, but it is not foolproof.

**The significance of ensuring the accuracy of an applicant's personal information has always been stressed out by our company while conducting background checks. With your help we can minimize the possible errors.**

Please contact RHR Information Services if you have any questions or concerns.  
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