

ZEROCHAOS
CLIENT SERVICE AGREEMENT
(Employment Screening Services)

This Client Service Agreement ("**Agreement**") made this 14th day of October, 2013 between APC Workforce Solutions LLC, d/b/a ZEROCHAOS, a Florida Limited Liability Corporation, with its principal office located at 420 S. Orange Avenue Suite 600, Orlando, Florida, 32801 ("**ZeroChaos**") and the City of Gahanna, a municipality with its principal office located at 200 S. Hamilton Road Gahanna, OH 43230 ("**Client**").

1. Scope of Agreement. Upon request by Client, ZeroChaos will provide to Client the services described herein (the "Services"), pursuant to the terms and conditions of this Agreement and in accordance with any work orders, schedules, purchase orders, work authorizations, or other agreements (hereinafter "Schedules").

2. Term and Termination.

a. This Agreement shall commence on the date set forth above and continue for an Initial Term of two (2) years (the "Initial Term").

b. Either party may terminate a Schedule or this entire Agreement for convenience by providing the other party with sixty (60) days prior written notice. Upon termination Client remains responsible for payment of any outstanding balance for services rendered in accordance with this Agreement.

c. Either party may terminate a Schedule or this Agreement for cause in the event the other party fails to cure a material breach of the respective schedule or this Agreement within thirty (30) days of receipt of written notice of such breach from the non-breaching party. Upon termination Client remains responsible for payment of any outstanding balance for services rendered in accordance with this Agreement.

d. After the Initial Term, this Agreement shall be automatically renewed for successive one-year periods, unless the Client provides ZeroChaos with written notice of its intention not to renew this Agreement at least thirty (30) days prior to the expiration of the Initial Term or the then-current term.

3. ZeroChaos Services.

a. Scope of Services. Client hereby retains ZeroChaos to provide consumer reports consisting of components listed and described on the Services and Fees Schedule (Exhibit A) incorporated into this Agreement. ZeroChaos agrees to provide this information, in a quality format, to the best of their ability subject to the conditions of availability at the specific time the information is requested by Client.

b. Independent Contractor. In performing the Services, ZeroChaos shall at all times be an independent contractor and not an agent of Client. ZeroChaos shall not hold itself out as or represent itself to be the Client, and, shall not in any way imply or represent that ZeroChaos is in any way affiliated with Client. However Client acknowledges that ZeroChaos may be required to disclose Client's name to other companies and entities while obtaining and assembling the information requested.

4. Payments, Fees & Charges.

a. Payments, Fees & Charges. In consideration of ZeroChaos providing the Services, the Client shall pay to ZeroChaos fees in accordance with the Services and Fees Schedule set forth in Exhibit A attached hereto and made a part hereof (the "Fees"). At the beginning of each month, ZeroChaos shall provide invoices of the Fees detailing the Services performed by ZeroChaos during the previous month. Payment of such invoices shall be due within thirty (30) days from the date of invoice. Service charges shall accrue for payments received more than thirty (30) days from the invoice submission date, payable at a rate of one-percent (1%) per month. Such charges shall be pro-rated and calculated on a daily basis, starting with the invoice submission date and ending with the date that ZeroChaos receives payment from the Client.

b. Institutional Access Fees. Some courts, government agencies, employers, educational institutions, and other entities charge ZeroChaos widely varying fees to retrieve records that ZeroChaos may require in order to perform the Services. In addition to the Fees, Client shall pay ZeroChaos amounts that allow ZeroChaos to recover all fees that third-party information sources charge ZeroChaos for access to information needed to perform the Services.

c. Additional Expenses. Client shall reimburse ZeroChaos for all reasonable out-of-pocket expenses incurred by ZeroChaos in connection with the Services including without limitation travel, lodging expenses, and meals, provided, however, that any such expenses shall be approved by the Client, in writing, prior to ZeroChaos incurring any such expense, and ZeroChaos shall provide supporting documentation of such expenses with ZeroChaos' request for reimbursement.

5. Definitions.

a. Fair Credit Reporting Act. FCRA means the Fair Credit Reporting Act, 15 U.S.C. § 1681 et seq., and any regulations adopted pursuant to, modified or supplemented.

b. Consumer Report has the meaning as given and described in the FCRA.

a. Applicable Law includes any and all applicable federal, state and /or local laws regulations, orders or ordinances.

6. Representations and Warranties.

a. Authority. ZeroChaos and Client both represent and warrant that they have right, power and authority to enter into this Agreement and to perform their respective obligations set forth herein. This Agreement does not create any partnership or joint venture of any kind between Client and ZeroChaos, and neither shall have any authority to obligate or bind the other except as expressly set forth herein.

b. Services Warranty. ZeroChaos warrants that it will perform the Services in a professional manner consistent with the level of care, skill, practice and judgment exercised by other professionals in performing services of a similar nature under similar circumstances by personnel with requisite skills, qualifications and licenses needed to carry out such work.

c. Certifications & Quality Assurance. ZeroChaos will work with due diligence, effort and good conscience on Services requested received by Client. ZeroChaos warrants that it will comply with the FCRA and applicable laws during the preparation and delivery of any report. ZeroChaos will follow reasonable quality assurance procedures, including internal and external auditing, in obtaining and providing information from sources that ZeroChaos has investigated and believes to be reliable.

d. Disclaimer of Warranties. Except as expressly set forth in this Agreement, ZeroChaos expressly disclaims any and all warranties concerning the services rendered by ZeroChaos to Client hereunder, whether expressed or implied.

7. Client Certifications and Responsibilities. Client certifies that, where applicable:

a. Client will request and use the Services and reports of ZeroChaos in strict compliance with all provisions of the FCRA and other applicable law including, without limitation, federal and state equal opportunity laws and regulations.

b. Client will request the information for Client use exclusively, for legitimate and lawful purposes only and in accordance with all applicable laws, rules and regulations.

c. Client will maintain strict confidentiality of all information obtained from ZeroChaos and will share no information except with those permitted by applicable law.

d. Client acknowledges and understands that information is obtained and managed by fallible sources. ZeroChaos, its information providers or those persons and entities involved in the assembly and/or delivery of any report, cannot guarantee or insure the accuracy or depth of the information provided.

e. Client acknowledges and understands that from time to time, ZeroChaos may be subject to an audit performed by various providers utilized or may conduct their own internal audits to verify compliance and may need to

request documentation from Client. Client agrees to provide any requested documents used by Client in connection with ordering Services (release forms, applications, etc.) to ZeroChaos within three (3) business days of receiving such request.

f. Client assumes all responsibility for the final verification of its applicant's identity.

g. Client acknowledges and understands that ZeroChaos will not offer or render any legal advice or opinions regarding any applicant's information or suitability for hire or assignment.

h. Client acknowledges receipt of the Federal Trade Commission's document, "Notice to Users of Consumer Reports: Obligations of Users Under the FCRA" (Exhibit B) attached to this Agreement; Client understands that various states may have additional regulations that apply to Client's use of Consumer Reports; Client remains responsible for its awareness of these rules and regulations and agrees to comply with these said rules and regulations as they apply to Client's business and use of Consumer Reports.

8. Confidential Information/Property and Inventions.

a. ZeroChaos acknowledges and agrees that (i) Client is the owner of valuable trade secrets, and other confidential information; (ii) in its performance hereunder, ZeroChaos may receive or become aware of such information as well as other confidential and proprietary information concerning Client's business affairs, projections, properties, methods of operation and other data including the terms of this Agreement ("Client Confidential Information"); and (iii) unauthorized disclosure of any Client Confidential Information would irreparably damage Client.

b. ZeroChaos agrees that it will not disclose, use, transcribe, copy, duplicate or otherwise reproduce or retain all or any portion of the Client confidential information in any manner whatsoever, except as expressly authorized by Client, and shall cause all such confidential information or copies thereof to be returned to its respective owner promptly upon termination of this Agreement.

c. In the event that in connection with this Agreement, ZeroChaos provides or discloses to Client any proprietary or confidential information concerning the business of ZeroChaos (the "ZeroChaos Confidential Information"), Client will treat and protect such ZeroChaos Confidential Information in the same regard as ZeroChaos is required to treat Client Confidential Information under Section 8 b.

9. Indemnification and Limitation of Liability.

a. Client hereby agrees to defend and indemnify ZeroChaos, its stockholders, officers, directors, employees and agents from and against any and all claims, liabilities, expenses (including court costs and attorneys' fees) or other losses, which result from the acts or omissions of Client, its agents or employees including, without limitation, any breach or violation of any of the provisions of this Agreement, except to the extent such claims or losses also result in material part from ZeroChaos own actions or negligence.

b. ZeroChaos agrees to defend and indemnify Client, and its stockholders, officers, directors, employees, and agents from and against any and all claims, liabilities, expenses, damages (including court costs and attorneys' fees) or other losses, which result from acts or omissions of ZeroChaos, its agents or employees, including without limitation, any breach or violation of any of the provisions of this Agreement, except to the extent such claims or losses also result in material part from Client's own actions or negligence.

c. In no event shall either party be liable to the other party for any indirect, consequential, punitive, special, exemplary or incidental damages of whatever kind or nature, including (i) any loss or damage caused by the actions of ZeroChaos in providing Services to Client, and (ii) any business loss or damage suffered as a result of any electronic or internet-based communication, or the access or use of ZeroChaos' website or time capture/approval systems.

d. Any claim or cause for action which Client may have arising out of a claim related to this Agreement must be filed within one (1) year after such claim or cause of action arises or forever be barred.

10. Notices. Unless otherwise stated, all notices required under this Agreement shall be in writing and shall be considered given (i) when delivered personally; (ii) five (5) days after mailing, when sent certified mail, return receipt requested and postage prepaid; or (iii) one (1) business day after dispatch, when sent via a commercial overnight carrier, fees

prepaid; or (iv) upon delivery when sent by facsimile transmission confirmed by telephone. All communications will be addressed as follows (unless changed by written notice):

If to Client: _____

Attn: _____

If to ZEROCHAOS: ZeroChaos
420 S. Orange Avenue
Suite 600
Orlando, FL 32801
Attn: Doug Goin and
Harold Mills

11. General Provisions.

a. Entire Agreement. This Agreement and all attachments hereto constitute the entire agreement between the parties hereto with respect to the transactions contemplated hereby, and supersede all written and verbal negotiations, representations, warranties, commitments, and other understandings prior to the date hereof between ZeroChaos and Client. Appendices and other documents referred to in this Agreement are an integral part hereof, unless the context of such reference indicates otherwise.

b. Obligation of Agreement. The provisions of this Agreement shall be binding upon the parties and their respective heirs, executors, administrators, legal representatives, successors and assigns.

c. Severability. If any provision of this Agreement is held invalid or unenforceable by any court of final jurisdiction, (a) said provision shall be construed in a manner that will eliminate only the part of the provision that is invalid or unenforceable and that will give effect to the intent of the parties as discerned from the remaining provisions of the Agreement, (b) the remainder of this Agreement shall remain in full force and effect, and (c) all other provisions of this Agreement be construed to remain fully valid, enforceable, and binding on the parties.

d. Amendment and Waiver. This Agreement may be amended, and the observance of any term of this Agreement may be waived, only with the written consent of both Parties. Any waiver by either Party hereto of any provision of this Agreement shall not be construed as a waiver of any other provision of this Agreement, nor shall such waiver be construed as a waiver of such provision with respect to any other event or circumstance, whether past, present or future. The failure of either party to insist upon strict performance of any of the provisions of this Agreement shall in no way constitute a waiver of any of its rights as set forth herein, at law or equity, or a waiver by either party of any other provision or subsequent default by the other in the performance of or compliance with any of the terms and conditions set forth herein.

e. Assignment. This Agreement shall not be transferred or assigned by either party without the written consent of the other, which consent shall not be unreasonably withheld; provided, however, that either Client or ZEROCHAOS may assign this Agreement to any affiliate under common control with such party, without the prior consent of the other party.

f. Costs of Enforcement. If either Client or ZeroChaos is forced to initiate an action or proceeding to enforce any of the terms or provisions of this Agreement as a result of a breach of the Agreement or otherwise, the prevailing party shall be entitled to recover all legal costs and expenses, including, without limitation, reasonable attorneys' fees.

g. Governing Law. This Agreement will be governed by and construed in accordance with the State of Florida, without regard to choice of law principles thereof. Except with respect to any action to which the Client is a party, venue of any actions between the parties shall be in Orange County, Florida.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives, as of the date set forth above.

City of Gahanna

APC Workforce Solutions, LLC
d/b/a ZEROCHAOS

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

EXHIBIT A

Services & Fee Schedule

This Schedule of Fees contains information that is confidential and proprietary to ZeroChaos. In consideration of receipt of this document you agree (i) to make this information available only to those of internal members of your company who need to access to such information, and (ii) not to disclose this information to any third party for any purpose without prior written consent of an authorized representative of ZeroChaos.

Employment Screening Services

A LA CARTE SCREENING COMPONENTS	Standard Pricing
Motor Vehicle Reports ^a	\$5.95, plus State Fee
"In-Network" Lab Based DOT 5 Panel Urinalysis Drug Screen ^b	\$35.00
"In-Network" Lab Based DOT 10 Panel Urinalysis Drug Screen ^b	\$35.00
"In-Network" Alcohol Screen, DOT compliant ^b	\$30.00

Additional Services

SPECIAL SERVICE COMPONENTS	Standard Pricing
Random Consortium Management Services <i>Company specific; DOT pool selection of 50% Drug and 10% Alcohol Random Selection</i>	\$150.00 Annual Fee <i>up to 100 employees</i>
Onsite Testing Service, Central Ohio <i>In addition to the visit fee, you pay the standard cost per test for each screening performed.</i>	
Scheduled Event - Days	\$50.00 <i>Per Technician</i>
Scheduled Event - Nights & Weekends	\$100.00 <i>Per Technician</i>
Unscheduled Events – On Demand 24/7	\$165.00

Notes:

Footnotes:

(a) Fees levied by certain states for motor vehicle records will be passed through to Client in addition to the fees charged by ZeroChaos. In select circumstances where original documents are required shipping fees may be applied in addition to traditional state access fees.

(b) Substance abuse screenings include screen and confirm testing, as well as applicable medical review (MRO). Services performed at Tier 2 or out-of-network locations will be subject to additional service fees.

EXHIBIT B

All users of consumer reports must comply with all applicable regulations. Information about applicable regulations currently in effect can be found at the Consumer Financial Protection Bureau's website, www.consumerfinance.gov/learnmore.

NOTICE TO USERS OF CONSUMER REPORTS: OBLIGATIONS OF USERS UNDER THE FCRA

The Fair Credit Reporting Act (FCRA), 15 U.S.C. 1681-1681y, requires that this notice be provided to inform users of consumer reports of their legal obligations. State law may impose additional requirements. The text of the FCRA is set forth in full at the Consumer Financial Protection Bureau's (CFPB) website at www.consumerfinance.gov/learnmore. At the end of this document is a list of United States Code citations for the FCRA. Other information about user duties is also available at the CFPB's website. **Users must consult the relevant provisions of the FCRA for details about their obligations under the FCRA.**

The first section of this summary sets forth the responsibilities imposed by the FCRA on all users of consumer reports. The subsequent sections discuss the duties of users of reports that contain specific types of information, or that are used for certain purposes, and the legal consequences of violations. If you are a furnisher of information to a consumer reporting agency (CRA), you have additional obligations and will receive a separate notice from the CRA describing your duties as a furnisher.

I. OBLIGATIONS OF ALL USERS OF CONSUMER REPORTS

A. Users Must Have a Permissible Purpose

Congress has limited the use of consumer reports to protect consumers' privacy. All users must have a permissible purpose under the FCRA to obtain a consumer report. Section 604 contains a list of the permissible purposes under the law. These are:

- As ordered by a court or a federal grand jury subpoena. Section 604(a)(1)
- As instructed by the consumer in writing. Section 604(a)(2)
- For the extension of credit as a result of an application from a consumer, or the review or collection of a consumer's account. Section 604(a)(3)(A)
- For employment purposes, including hiring and promotion decisions, where the consumer has given written permission. Sections 604(a)(3)(B) and 604(b)
- For the underwriting of insurance as a result of an application from a consumer. Section 604(a)(3)(C)
- When there is a legitimate business need, in connection with a business transaction that is initiated by the consumer. Section 604(a)(3)(F)(i)
- To review a consumer's account to determine whether the consumer continues to meet the terms of the account. Section 604(a)(3)(F)(ii)
- To determine a consumer's eligibility for a license or other benefit granted by a governmental instrumentality required by law to consider an applicant's financial responsibility or status. Section 604(a)(3)(D)
- For use by a potential investor or servicer, or current insurer, in a valuation or assessment of the credit or prepayment risks associated with an existing credit obligation. Section 604(a)(3)(E)
- For use by state and local officials in connection with the determination of child support payments, or modifications and enforcement thereof. Sections 604(a)(4) and 604(a)(5)

In addition, creditors and insurers may obtain certain consumer report information for the purpose of making "prescreened" unsolicited offers of credit or insurance. Section 604(c). The particular obligations of users of "prescreened" information are described in Section VII below.

B. Users Must Provide Certifications

Section 604(f) prohibits any person from obtaining a consumer report from a consumer reporting agency (CRA) unless the person has certified to the CRA the permissible purpose(s) for which the report is being obtained and certifies that the report will not be used for any other purpose.

C. Users Must Notify Consumers When Adverse Actions Are Taken

The term "adverse action" is defined very broadly by Section 603. "Adverse actions" include all business, credit, and employment actions affecting consumers that can be considered to have a negative impact as defined by Section 603(k) of the FCRA – such as denying or canceling credit or insurance, or denying employment or promotion. No adverse action occurs in a credit transaction where the creditor makes a counteroffer that is accepted by the consumer.

1. Adverse Actions Based on Information Obtained From a CRA

If a user takes any type of adverse action as defined by the FCRA that is based at least in part on information contained in a consumer report, Section 615(a) requires the user to notify the consumer. The notification may be done in writing, orally, or by electronic means. It must include the following:

- The name, address, and telephone number of the CRA (including a toll-free telephone number, if it is a nationwide CRA) that provided the report.
- A statement that the CRA did not make the adverse decision and is not able to explain why the decision was made.
- A statement setting forth the consumer's right to obtain a free disclosure of the consumer's file from the CRA if the consumer makes a request within 60 days.
- A statement setting forth the consumer's right to dispute directly with the CRA the accuracy or completeness of any information provided by the CRA.

2. Adverse Actions Based on Information Obtained From Third Parties Who Are Not Consumer Reporting Agencies

If a person denies (or increases the charge for) credit for personal, family, or household purposes based either wholly or partly upon information from a person other than a CRA, and the information is the type of consumer information covered by the FCRA, Section 615(b)(1) requires that the user clearly and accurately disclose to the consumer his or her right to be told the nature of the information that was relied upon if the consumer makes a written request within 60 days of notification. The user must provide the disclosure within a reasonable period of time following the consumer's written request.

3. Adverse Actions Based on Information Obtained From Affiliates

If a person takes an adverse action involving insurance, employment, or a credit transaction initiated by the consumer, based on information of the type covered by the FCRA, and this information was obtained from an entity affiliated with the user of the information by common ownership or control, Section 615(b)(2) requires the user to notify the consumer of the adverse action. The notice must inform the consumer that he or she may obtain a disclosure of the nature of the information relied upon by making a written request within 60 days of receiving the adverse action notice. If the consumer makes such a request, the user must disclose the nature of the information not later than 30 days after receiving the request. If consumer report information is shared among affiliates and then used for an adverse action, the user must make an adverse action disclosure as set forth in I.C.1 above.

D. Users Have Obligations When Fraud and Active Duty Military Alerts are in Files

When a consumer has placed a fraud alert, including one relating to identify theft, or an active duty military alert with a nationwide consumer reporting agency as defined in Section 603(p) and resellers, Section 605A (h) imposes limitations on users of reports obtained from the consumer reporting agency in certain circumstances, including the establishment of a new credit plan and the issuance of additional credit cards. For initial fraud alerts and active duty alerts, the user must have reasonable policies and procedures in place to form a belief that the user knows the identity of the applicant or contact the consumer at a telephone number specified by the consumer; in the case of extended fraud alerts, the user must contact the consumer in accordance with the contact information provided in the consumer's alert.

E. Users Have Obligations When Notified of an Address Discrepancy

Section 605(h) requires nationwide CRAs, as defined in Section 603(p), to notify users that request reports when the address for a consumer provided by the user in requesting the report is substantially different from the addresses in the consumer's file. When this occurs, users must comply with regulations specifying the procedures to be followed.

Federal regulations are available at www.consumerfinance.gov/learnmore.

F. Users Have Obligations When Disposing of Records

Section 628 requires that all users of consumer report information have in place procedures to properly dispose of records containing this information. Federal regulations are available at www.consumerfinance.gov/learnmore.

II. CREDITORS MUST MAKE ADDITIONAL DISCLOSURES

If a person uses a consumer report in connection with an application for, or a grant, extension, or provision of, credit to a consumer on material terms that are materially less favorable than the most favorable terms available to a substantial proportion of consumers from or through that person, based in whole or in part on a consumer report, the person must provide a risk-based pricing notice to the consumer in accordance with regulations prescribed by the CFPB.

Section 609(g) requires a disclosure by all persons that make or arrange loans secured by residential real property (one to four units) and that use credit scores. These persons must provide credit scores and other information about credit scores to applicants, including the disclosure set forth in Section 609(g)(1)(D) ("Notice to the Home Loan Applicant").

III. OBLIGATIONS OF USERS WHEN CONSUMER REPORTS ARE OBTAINED FOR EMPLOYMENT PURPOSES

A. Employment Other Than in the Trucking Industry

If the information from a CRA is used for employment purposes, the user has specific duties, which are set forth in Section 604(b) of the FCRA. The user must:

- Make a clear and conspicuous written disclosure to the consumer before the report is obtained, in a document that consists solely of the disclosure, that a consumer report may be obtained.
- Obtain from the consumer prior written authorization. Authorization to access reports during the term of employment may be obtained at the time of employment.
- Certify to the CRA that the above steps have been followed, that the information being obtained will not be used in violation of any federal or state equal opportunity law or regulation, and that, if any adverse action is to be taken based on the consumer report, a copy of the report and a summary of the consumer's rights will be provided to the consumer.
- **Before** taking an adverse action, the user must provide a copy of the report to the consumer as well as the summary of consumer's rights (The user should receive this summary from the CRA.) A Section 615(a) adverse action notice should be sent after the adverse action is taken.

An adverse action notice also is required in employment situations if credit information (other than transactions and experience data) obtained from an affiliate is used to deny employment. Section 615(b)(2). The procedures for investigative consumer reports and employee misconduct investigations are set forth below.

B. Employment in the Trucking Industry

Special rules apply for truck drivers where the only interaction between the consumer and the potential employer is by mail, telephone, or computer. In this case, the consumer may provide consent orally or electronically, and an adverse action may be made orally, in writing, or electronically. The consumer may obtain a copy of any report relied upon by the trucking company by contacting the company.

IV. OBLIGATIONS WHEN INVESTIGATIVE CONSUMER REPORTS ARE USED

Investigative consumer reports are a special type of consumer report in which information about a consumer's character, general reputation, personal characteristics, and mode of living is obtained through personal interviews by an entity or person that is a consumer reporting agency. Consumers who are the subjects of such reports are given special rights under the FCRA. If a user intends to obtain an investigative consumer report, Section 606 requires the following:

- The user must disclose to the consumer that an investigative consumer report may be obtained. This must be done in a written disclosure that is mailed, or otherwise delivered, to the consumer at some time before or not later than three days after the date on which the report was first requested. The disclosure must include a statement informing the consumer of his or her right to request additional disclosures of the nature and scope of the investigation as described below, and the summary of consumer rights required by Section 609 of the FCRA. (The summary of consumer rights will be provided by the CRA that conducts the investigation.)
- The user must certify to the CRA that the disclosures set forth above have been made and that the user will make the disclosure described below.
- Upon the written request of a consumer made within a reasonable period of time after the disclosures required above, the user must make a complete disclosure of the nature and scope of the investigation.

This must be made in a written statement that is mailed or otherwise delivered, to the consumer no later than five days after the date on which the request was received from the consumer or the report was first requested, whichever is later in time.

V. SPECIAL PROCEDURES FOR EMPLOYEE INVESTIGATIONS

Section 603(x) provides special procedures for investigations of suspected misconduct by an employee or for compliance with Federal, state or local laws and regulations or the rules of a self-regulatory organization, and compliance with written policies of the employer. These investigations are not treated as consumer reports so long as the employer or its agent complies with the procedures set forth in Section 603(x), and a summary describing the nature and scope of the inquiry is made to the employee if an adverse action is taken based on the investigation.

VI. OBLIGATIONS OF USERS OF MEDICAL INFORMATION

Section 604(g) limits the use of medical information obtained from consumer reporting agencies (other than payment information that appears in a coded form that does not identify the medical provider). If the information is to be used for an insurance transaction, the consumer must give consent to the user of the report or the information must be coded. If the report is to be used for employment purposes – or in connection with a credit transaction (except as provided in regulations) the consumer must provide specific written consent and the medical information must be relevant. Any user who receives medical information shall not disclose the information to any other person (except where necessary to carry out the purpose for which the information was disclosed, or a permitted by statute, regulation, or order).

VII. OBLIGATIONS OF USERS OF "PRESCREENED" LISTS

The FCRA permits creditors and insurers to obtain limited consumer report information for use in connection with unsolicited offers of credit or insurance under certain circumstances. Sections 603(1), 604(c), 604(e), and 615(d).

This practice is known as "prescreening" and typically involves obtaining from a CRA a list of consumers who meet certain pre-established criteria. If any person intends to use prescreened lists, that person must (1) before the offer is made, establish the criteria that will be relied upon to make the offer and to grant credit or insurance, and (2) maintain such criteria on file for a three-year period beginning on the date on which the offer is made to each consumer. In addition, any user must provide with each written solicitation a clear and conspicuous statement that:

- Information contained in a consumer's CRA file was used in connection with the transaction.
- The consumer received the offer because he or she satisfied the criteria for credit worthiness or insurability used to screen for the offer.
- Credit or insurance may not be extended if, after the consumer responds, it is determined that the consumer does not meet the criteria used for screening or any applicable criteria bearing on credit worthiness or insurability, or the consumer does not furnish required collateral.
- The consumer may prohibit the use of information in his or her file in connection with future prescreened offers of credit or insurance by contacting the notification system established by the CRA that provided the report. The statement must include the address and toll-free telephone number of the appropriate notification system.

In addition, the CFPB has established the format, type size, and manner of the disclosure required by Section 615(d), with which users must comply. The relevant regulation is 12 CFR 1022.54

VIII. OBLIGATIONS OF RESELLERS

A. Disclosure and Certification Requirements

Section 607(e) requires any person who obtains a consumer report for resale to take the following steps:

- Disclose the identity of the end-user to the source CRA.
- Identify to the source CRA each permissible purpose for which the report will be furnished to the end-user.
- Establish and follow reasonable procedures to ensure that reports are resold only for permissible purposes, including procedures to obtain: (1) the identify of all end-users; (2) certifications from all users of each purpose for which reports will be used; and (3) certifications that reports will not be used for any purpose other than the purpose(s) specified to the reseller. Resellers must make reasonable efforts to verify this information before selling the report.

B. Reinvestigations by Resellers

Under Section 611(f), if a consumer disputes the accuracy or completeness of information in a report prepared by a reseller, the reseller must determine whether this is a result of an action or omission on its part and, if so, correct or delete the information. If not, the reseller must send the dispute to the source CRA for reinvestigation. When any CRA notifies the reseller of the results of an investigation, the reseller must immediately convey the information to the consumer.

C. Fraud Alerts and Resellers

Section 605A(f) requires resellers who receive fraud alerts or active duty alerts from another consumer reporting agency to include these in their reports.

IX. LIABILITY FOR VIOLATIONS OF THE FCRA

Failure to comply with the FCRA can result in state government or federal government enforcement actions, as well as private lawsuits. Sections 616, 617, and 621. In addition, any person who knowingly and willfully obtains a consumer report under false pretenses may face criminal prosecution. Section 619.

The CFPB's website, www.consumerfinance.gov/learnmore, has more information about the FCRA, including publications for businesses and the full text of the FCRA.

Citations for FCRA sections in the U.S. Code, 15 U.S.C. § 1681 et seq.:

Section 602

Section 603

15 U.S.C. 1681

15 U.S.C. 1681a

Section 604 15 U.S.C. 1681b

Section 605 15 U.S.C. 1681c

Section 605A 15 U.S.C. 1681c-A

Section 605B 15 U.S.C. 1681c-B

Section 606 15 U.S.C. 1681d

Section 607 15 U.S.C. 1681e

Section 608 15 U.S.C. 1681f

Section 609 15 U.S.C. 1681g

Section 610 15 U.S.C. 1681h

Section 611 15 U.S.C. 1681i

Section 612 15 U.S.C. 1681j

Section 613 15 U.S.C. 1681k

Section 614 15 U.S.C. 1681l

Section 615 15 U.S.C. 1681m

Section 616 15 U.S.C. 1681n

Section 617 15 U.S.C. 1681o

Section 618 15 U.S.C. 1681p

Section 619 15 U.S.C. 1681q

Section 620 15 U.S.C. 1681r

Section 621 15 U.S.C. 1681s

Section 622 15 U.S.C. 1681s-1

Section 623 15 U.S.C. 1681s-2

Section 624 15 U.S.C. 1681t

Section 625 15 U.S.C. 1681u

Section 626 15 U.S.C. 1681v

Section 627 15 U.S.C. 1681w

Section 628 15 U.S.C. 1681x

Section 629 15 U.S.C. 1681y