



Speaker • Author • Consultant • Fraud Examiner

## Let No Background Ever Go Unchecked

By: Susan Gunn

### Looking to Hire a Great Employee? Don't Forget This Crucial Step.

Imagine hiring an employee only to discover down the road that they are stealing from your practice. Now imagine discovering that the same employee has a criminal record for which you were completely unaware of. Not just one or two convictions, but four.

This exact scenario happened to a recent client of mine, and one of these convictions would have exempted the employee from being hired. Breach of Trust with Fraudulent Intent, Fraudulent Checks, Grand Larceny, Bad Checks, and even a fugitive warrant will do that. Thankfully, this criminal had only been employed for a little over a year before the next theft was discovered.

One client hired front desk help on the recommendation of the office manager. It was the office manager's sister who had just recently moved back to town. The fact that the recent move was due to being released from prison, however, was only revealed AFTER the embezzlement was discovered.

Another client had a bad CPA. In all fairness, those are the ones I see the results from the most. Their path of destruction and devastation can be wide. When I did an online search for the CPA's name, I found that their husband had swindled money from an elderly couple. This was the third couple he had managed to steal from. And now they had their eyes set on dental accounting. Changing their ways, or simply changing their targets?

In 2003, the US Department of Labor estimated that one in three adults had a criminal record history, which "often consists of an arrest that did not lead to conviction, a conviction for which the person was not sentenced to a term of incarceration, or a conviction for a non-violent crime." Translated, it means the term "criminal record" could mean convictions and/or arrests.

The FBI still supports the one in three adults claim. With a population of 326,971,407, that means 100,053,250 have a criminal record.

And yet, background checks on potential employees are the most flagrantly ignored step in the hiring process, even knowing they will handle patient payments. This month, I identified and reached out to three background companies referred to me by outside sources: PreCheck, GoodHire and HireRight.

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I connected straight away with the sales department at PreCheck. I had to be vetted for the depth of my questions with GoodHire. And HireRight evaded my calls. The first time I called, I was directed to an answering machine to leave a message. I was not called back. On my second attempt, the phone was answered, only to have a message taken for a product specialist, whom I never heard from.

Apparently, most of this highly competitive business is now conducted solely through the internet. I am always a bit astonished at a company that wants business, but cannot answer their phone. HireRight's information looked great on the website, and though it had a Healthcare section, it primarily targeted larger corporations, rather than smaller healthcare practices. There was no information about what to order or the costs involved.

PreCheck provided elaborate information regarding their background searches, and the representative I spoke with supplied a detailed summary on how the background checks are performed. Their system of charging, however, is complex and has potential for quite a few additional costs. Most of their background checks are performed using the credit bureau headers. By searching the potential employee's credit history for who has run a credit check on them, the company is supplied with a county area to search for any prior criminal history. They will include up to three counties lived in within the previous six years.

GoodHire was pretty funny. I told the first person that answered the phone that I was trying to get information on their company to know whether to recommend them for background checks. Apparently, this market is extremely competitive and price checking on the competitors is a common occurrence. The representative forwarded my call to someone else, who, through a series of emails, finally determined it was okay for someone to speak with me and arranged a conference call. Though there was a comical amount of hoop-jumping, I actually got the most information from them. Here is what I learned:

**All background companies should be able to:**

- Verify education and licenses
- Search the National Criminal Database, verifying county and statewide information
- Run Social Security traces, used for matching identifiers with locations
- Scan Watch Lists – sex offender, OIG search and abuse registries
- Conduct a Federal search

**The National Criminal Database** includes only state or county prosecuted offenses for which the defendant was found guilty. It does not report charges – only convictions. Unfortunately, it is not a repository of all counties or state information. Some states do not report to either the state or national database. Alaska, for instance, is not well tracked. Some states dictate what data is for sale and its cost for purchase. Some report older offenses, while leaving off newer offenses.

GoodHire stated that because some entities do report older offenses, they access the specific source of the information by contacting the court to verify its accuracy. This is where the pass-through fees come in, as it costs to do these verifications.

All Federal criminal prosecutions come from Pacer.gov. They maintain the database of *federal* prosecuted cases only.

I would suggest doing a search in both databases to ensure you are covering all aspects of criminal prosecution. You can also specify the number of counties or parishes to search surrounding your area, depending on areas where the potential hire lived and worked.

**Social Security Number Trace**, or a person search, will verify aliases associated with a social security number, provide known addresses along with the SS number's date and location issued. Be aware that if there is ever a name change, a new social security number is issued. Some people change their names in attempts to hide their pasts. If it is a newly issued social security number, there are a few additional questions to consider asking prior to hiring.

**Additional Considerations.** HireRight does offer civil court searches. The cost is substantially greater, though, due to the necessary fact checking at the courts. When a background report is ordered, a good screener will be able to tell you where the information gaps (state/county) will be prior to ordering. Many attorneys will recommend filing a civil court case when clear cut evidence of embezzlement is unavailable. In a civil court, the defendant must prove they did *not* do it. In criminal court, the burden of proof is on the prosecution.

Does the potential employee state they served in the military? Then request a copy of the individual's DD-214 (Certificate of Release or Discharge from Active Duty), and do an "employee" verification with the government. Sadly, there are more than a few applicants that claim service duty without ever being in the service.

All three of the background check companies mentioned are available online, but you must first establish an account, including a confirmation process, prior to ordering a background search. This ensures you are the business you state you are, while also making sure the employee is the employee they say they will be!

**Four things to keep in mind:**

1. Never assume someone is telling you the truth, or that the application/resume is accurate. All information *must* be verified. If there is one untruth, move on.
2. If your gut is telling you something is amiss, move on.
3. If anything questionable is returned in a background search, move on.
4. Consider a drug screening.

### What should you order in a background check?

1. Social Security Number Trace
2. National Criminal Database search (includes state & county)
3. Federal Criminal Database search
4. Watch List Search (sex offender, OIG, Abuse Registry, etc.)
5. Education verification
6. If available, Civil Court search.

My professional organization, The Association of Certified Fraud Examiners, states that the typical organization loses five percent of their annual revenues to fraud. **If you are a million-dollar practice, you are on track to lose an average of fifty thousand to embezzlement annually.** The 2016 Report to the Nations also stated victim organizations that lacked anti-fraud controls suffered greater median losses – in fact, they suffered twice as much.

Many of you receiving this newsletter have attended my course on embezzlement. At the course, you were given several systems and controls to implement for best overseeing your practice. How long has it now been since you last deep cleaned your practice? Have you wondered if all is safe and secure?

If you think it may be time to reassess your practice financial safety, I have a two-hour conference call called [Ask The Expert](#). From finance to ethics and fraud, the call is yours to conduct. Our time together reviews those systems and controls discussed in the course, one of them being background checks.

Remember, a brazen embezzler will look and act like your next best employee. They will say all the right things in the interview and make all the right moves once hired. You may be so excited to have finally found The One that matches your practice software experience, or The One that had previously worked in your industry; they may seem like such a great fit that you are blinded from any red flags.

**STOP.** While all that may be true, a background check may reveal hidden experience of the criminal variety. Be wise when it comes to your practice. This is not the time to scrimp. A little extra money spent can go a long way in preventing a bad hire.