

Court Approves Settlement of Claim that Employer Unlawfully Used Criminal Background Reports

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An Ohio court recently approved a settlement between Midwest Logistic Systems, Ltd. and a plaintiff who brought a class action suit alleging that Midwest violated the Fair Credit Reporting Act by making a criminal background check a precondition for employment. For purposes of the settlement, the court approved a class including job applicants and employees of Midwest for whom Midwest obtained a report, as well as a sub-class of applicants who were denied employment based on information in the report. Under the settlement agreement, Midwest will pay \$452,380 to members of the class, in addition to attorneys' fees and costs of 33% of the settlement (\$149,285.40). The named plaintiff received an incentive award of \$12,500.

TIP: Employers should be aware of the FCRA and similar state laws when obtaining consumer reports or background checks on job applicants or employees. For a previous briefing on the FCRA requirements, please click [here](#). In addition to the FCRA requirements, employers should note that the EEOC has brought several lawsuits recently against employers using criminal background checks, alleging that this disproportionately screens out minority applicants and employees. As a result, employers may want to consider reexamining or revising their policies on background checks.

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