

ASSEMBLY BILL

No. 2573

Introduced by Assembly Member Runner

February 21, 2002

An act to amend Section 1786.18 of the Civil Code, relating to investigative consumer reporting agencies.

LEGISLATIVE COUNSEL'S DIGEST

AB 2573, as introduced, Runner. Investigative consumer reporting agencies.

Existing law prohibits an investigative consumer reporting agency from including in an investigative consumer report records of arrest, indictment, information, or a misdemeanor complaint if at any time it is learned that a conviction did not result or if there was a conviction that a full pardon was granted.

This bill would revise that provision to authorize investigative consumer reporting agencies, as specified, to include in a report written admissions of theft against any business by the person who is the subject of the report.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 1786.18 of the Civil Code is amended
2 to read:
3 1786.18. (a) Except as authorized under subdivision (b), no
4 investigative consumer reporting agency shall make or furnish any

1 investigative consumer report containing any of the following
2 items of information:

3 (1) Bankruptcies that, from the date of adjudication, antedate
4 the report by more than 10 years.

5 (2) Suits that, from the date of filing, and satisfied judgments
6 that, from the date of entry, antedate the report by more than seven
7 years.

8 (3) Unsatisfied judgments that, from the date of entry, antedate
9 the report by more than seven years.

10 (4) Unlawful detainer actions where the defendant was the
11 prevailing party or where the action is resolved by settlement
12 agreement.

13 (5) Paid tax liens that, from the date of payment, antedate the
14 report by more than seven years.

15 (6) Accounts placed for collection or charged to profit and loss
16 that antedate the report by more than seven years.

17 (7) (A) Records of arrest, indictment, information,
18 misdemeanor complaint, or conviction of a crime that, from the
19 date of disposition, release, or parole, antedate the report by more
20 than seven years. These items of information shall no longer be
21 reported if at any time it is learned that, in the case of a conviction,
22 a full pardon has been granted or, in the case of an arrest,
23 indictment, information, or misdemeanor complaint, a conviction
24 did not result; except that records of arrest, indictment,
25 information, or misdemeanor complaints may be reported pending
26 pronouncement of judgment on the particular subject matter of
27 those records.

28 (B) *Notwithstanding the provisions of subparagraph (A), an*
29 *investigative consumer reporting agency may include in an*
30 *investigative consumer report information that a person has*
31 *committed an act described in Section 484 of the Penal Code*
32 *against any business if the person has voluntarily signed a written*
33 *statement admitting that he or she committed that act and all of the*
34 *following conditions are met:*

35 (i) *The business, prior to transmitting the information to the*
36 *investigative consumer reporting agency, provides to the person*
37 *who is the subject of the report a written notice containing all of*
38 *the following:*

39 (I) *A statement that the information may be furnished to an*
40 *investigative consumer reporting agency, and that the information*



1 may be reported to a person or entity to whom the person has
2 applied for employment or to the current employer of the person
3 if that potential or current employer has signed a written statement
4 stating that the information will be used only for the purpose of
5 making hiring or promotional decisions regarding that person.

6 (II) A statement that the person may request disclosure by the
7 investigative consumer reporting agency of information contained
8 in the investigative consumer report regarding that individual, and
9 that the completeness or accuracy of that information may be
10 disputed by the person who is the subject of the report.

11 (III) The name, address, and telephone number of any
12 investigative consumer reporting agency to whom the information
13 is transmitted.

14 (ii) The information shall be released only to (I) a person or
15 entity to whom the person has applied for employment and who has
16 signed a written statement stating that the information will be used
17 only for the purpose of making hiring decisions regarding the
18 person who is the subject of the report and will not be transmitted
19 to a third party, (II) a current employer of the person who has
20 signed a written statement stating that the information will be used
21 only for the purpose of making promotional decisions regarding
22 the person who is the subject of the report and will not be
23 transmitted to a third party, (III) the person who is the subject of
24 the report, or (IV) in response to an order of a court having
25 jurisdiction to issue the order or in compliance with a lawful
26 subpoena issued by a court of competent jurisdiction.

27 (iii) Any information included in a report pursuant to this
28 subparagraph may not antedate the report by more than seven
29 years.

30 (iv) Any information provided pursuant to this subparagraph
31 shall be verified by the investigative consumer reporting agency
32 prior to dissemination to a prospective or current employer.

33 For purposes of this subparagraph, “business” means a sole
34 proprietorship, partnership, corporation, association, or other
35 group, however organized and whether or not organized to operate
36 at a profit, including a financial institution organized, chartered,
37 or holding a license or authorization certificate under the law of
38 this state, any other state, the United States, or of any other
39 country, or the parent or the subsidiary of a financial institution.



- 1 (8) Any other adverse information that antedates the report by
2 more than seven years.
- 3 (b) The provisions of subdivision (a) are not applicable in the
4 case of any investigative consumer report to be used in the
5 underwriting of life insurance involving, or that may reasonably
6 be expected to involve, an amount of two hundred fifty thousand
7 dollars (\$250,000) or more.
- 8 (c) Except as otherwise provided in Section 1786.28, an
9 investigative consumer reporting agency shall not furnish an
10 investigative consumer report that includes information that is a
11 matter of public record and that relates to an arrest, indictment,
12 conviction, civil judicial action, tax lien, or outstanding judgment,
13 unless the agency has verified the accuracy of the information
14 during the 30-day period ending on the date on which the report
15 is furnished.
- 16 (d) An investigative consumer reporting agency shall not
17 prepare or furnish an investigative consumer report on a consumer
18 that contains information that is adverse to the interest of the
19 consumer and that is obtained through a personal interview with
20 a neighbor, friend, or associate of the consumer or with another
21 person with whom the consumer is acquainted or who has
22 knowledge of the item of information, unless either (1) the
23 investigative consumer reporting agency has followed reasonable
24 procedures to obtain confirmation of the information, from an
25 additional source that has independent and direct knowledge of the
26 information, or (2) the person interviewed is the best possible
27 source of the information.

