

9.10.92 WST
PRIVACY B1

Equifax Agrees To Alter Tactics In Job Inquiries

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 In a sign of the tough new legal standards for fairness in hiring, Equifax Inc. agreed to major changes in its little-known but sprawling business of making background checks on job applicants at its client companies.

The Atlanta consumer investigation giant bowed to pressure from a New York state inquiry into its widely used service of interviewing "personal references" listed on job applications. State prosecutors charged that Equifax routinely asked such references questions about physical and psychological disabilities, violating New York anti-discrimination laws.

New York state attorneys cited several questions that they considered illegal on an Equifax internal "Reference Source Interview Guide" for its nationwide network of investigators:

"Are you aware of any physical problems or disabilities? If yes, provide details."

"Are you aware of any psychological problems or disabilities?"

"Are you aware of any arrests?"

Equifax on Friday said that it signed an agreement with New York's attorney general to stop asking questions about an applicant's physical or psychological problems, drug and alcohol abuse, arrest record and certain club memberships. While no other state charged the company with wrongdoing, Equifax said that it would adopt the changes nationwide.

Equifax has also recently come under fire for its big role in the credit-reporting industry, which has been charged with widespread inaccuracies and injuries to consumers. Also the nation's biggest applicant-checking concern, Equifax has agents in all 50 states conducting investigations for some 14,000 corporations. The company markets the business aggressively by warning of the dire consequences of hiring an insufficiently investigated applicant.

"What You Don't Know Can Hurt You," admonishes an Equifax brochure. "Facts the applicant doesn't reveal [such as] debt overload, medical problems... can come back to haunt an uninformed employer."

But on Friday, New York Attorney General Robert Abrams said that Equifax's investigations of applicants' lives had gone too far. "Job seekers should not have their private lives subjected to scrutiny in areas unrelated to the jobs they seek," he said.

New York state attorneys said that
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Equifax's questions about psychological and physical problems and drug and alcohol abuse ran afoul of the state's tough human-rights laws, which forbid asking job applicants about disabilities. Several other states have similar laws, and the new federal Americans with Disabilities Act, which went into effect in July, imposes a similar ban.

New York's case against Equifax was triggered by a wave of complaints last year against Delta Air Lines, which had hired Equifax to check out Pan American World Airways employees it was considering hiring after taking over Pan Am routes.

In civil complaints with the New York City Human Rights Commission, Delta applicants charged the airline itself with asking questions about sexual preferences, birth control and abortions. Delta said it never asked any inappropriate or discriminatory questions.

Applicants also complained to regulators about Equifax's questions. "They called a friend of mine and they asked him: 'Did he know me to have any financial difficulties, had I ever written any bad checks, had I ever filed for bankruptcy, did I belong to any clubs, did he know me to have any drug or alcohol problems, did I own or rent my home?'" said Aline Brac, flight attendant who was turned down for a Delta job.

"I thought it was rather invasive," she says. "These things have absolutely no relation to your job."

Many employment lawyers counsel companies to take pains to avoid exactly the kind of questions Equifax was asking. "It is unlawful to make any inquiry about a disability," says Gregory Rasin, a New York lawyer who advises corporations on how to conduct job interviews. He tells clients to limit questions to "whether or not he or she can perform the essential functions of the job."

Mr. Rasin also advises against asking about drugs and alcoholism, since both can be considered disabilities. "Recovering drug addicts and recovering alcoholics are protected by the law," he says.

New York law also bars job interviewers from asking applicants about their membership in organizations. The state fears that such questions could be roundabout ways of checking on an applicant's religion, or interfering with his or her freedom of association.

Equifax's interview guide instructed the company's agents to ask, "Is he/she active in any community service organizations? If yes, describe activities." On Friday, Equifax said it would "limit questions about memberships to business or professional clubs/organizations."

Equifax didn't admit to any wrongdoing, but agreed to pay New York \$10,000 for the cost of the inquiry. It also agreed to furnish copies of investigative reports and interview worksheets to job applicants who request them. New York state attorneys said Equifax had previously given applicants their reports, but not the worksheets used by the company's investigators.

Equifax had argued that the New York law only covers the companies that are doing the hiring — not outside companies retained to help them. But New York officials suggested that retaining another company to ask illegal questions was also a violation of state law.