



The Union Leader



NEW HAMPSHIRE SUNDAY NEWS

Monday, Feb 14, 2005

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in Education](#)**High debt: high risk for crime?**By **SHAWNE K. WICKHAM**
Sunday News Staff

Does having bad credit make you more likely to steal from your employer?

That question lies at the heart of a new policy at the New Hampshire Liquor Commission to run credit checks on prospective employees who handle money, inventory or lottery tickets.

Craig Bulkley, chief of the administrative services bureau at the commission, said liquor commissioners decided they needed to “beef up” the hiring procedures after “perhaps half a dozen” liquor store employees were caught stealing over the past several years.

He said the new credit checks are only part of the screening process, which also includes criminal background checks.

“It gives us a sense of the individual’s creditworthiness. If we find that somebody is in a situation where they owe a huge amount of money, they may be more susceptible to trying to steal in order to pay back that money.”

Bulkley said the goal is to better protect the public’s money. He noted the state’s 74 liquor stores generated \$377 million in wine and liquor sales during the last fiscal year — and half of that was cash. “And all we’re trying to do is put safeguards in place that make sure that cash gets from the cash register to the general fund.”

Second thoughts

The Governor and Executive Council on Jan. 26 approved a \$7,402 contract with Bearak Reports of Framingham, Mass., “to provide pre-employment credit bureau reports” for the liquor commission. The contract, paid through general funds, runs through June 30, 2007.

But at least one councilor has since had second thoughts.

“I think we really need to revisit this whole issue of whether we’re going to do credit background checks,” Peter Spaulding told the Sunday News last week, after he had time to consider the broader implications of the policy.

“Is this really a valid measure of a prospective employee’s ethical background?” Spaulding asked. “I’m not sure you can measure ethics on



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Personal information

Indeed, the Hopkinton Republican said now that he's given more thought to the issue, “In retrospect I would vote against it.” He said he wants to speak with the liquor commissioners to find out just what they have in mind.

“This is very private, very personal information,” he said.

“It does not really seem to be a legitimate mechanism for hiring state employees.”

“We don't do it for judges and department heads, so why would we do it for classified employees? And who's to determine what is in somebody's credit background or credit information that qualifies or disqualifies them for employment?” Spaulding asked.

Gary Smith, president of the State Employees Association, also has trouble with the policy. “Basically, they're saying if somebody's got poor credit, that's a good indication they're going to be a thief. I think that's a stereotype,” he said.

But he said the union is in no position to do anything about it, since it involves only prospective employees, not union members.

Bulkley said no private bank account information will be in the reports the state will get back on-line. “It simply tells us whether there have been any bankruptcies, or if there are any liens against the individual, any foreclosures,” he said. “It doesn't give us a huge amount of detail.”

Records on file

If someone is hired, the completed credit profile, along with the criminal background check, will be filed in the employee's personnel record. Reports on individuals who are not hired “shall be destroyed by shredding within 60 days of non-selection,” the policy states.

Bulkley said he spent 30 years in the Army's military intelligence ranks, where credit checks were routinely done, “because they could be susceptible to blackmail.”

In a retail store, he said, “If you have somebody who has a substantial amount of personal debt, they may try to make that up by stealing from somebody else, you just don't know.”

“We're trying to make sure that the background of the individual is clean, and is not going to potentially put us in a situation where we're hiring somebody that could have a high chance of turning against us and stealing.”

Brett St. Clair, vice president of the Business and Industry Association, said it makes sense to look at someone's credit history when you're hiring them for a job that deals with money.

“It would lower your risk of somebody doing something inappropriate in



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terms of the money that they're handling," he said. "My sense is it's basically a risk management issue."

Is there a link?

But two of New Hampshire's top privacy advocates have concerns.

State Rep. Marjorie K. Smith, D-Durham, said she finds the liquor commission's rationale "troubling."

"There have to be more accurate and less intrusive ways to assess whether an individual has the characteristics necessary to carry out the job for which they're being considered," she said.

"To me that is not only a violation of privacy, but more significant than that, a misuse of information. That is the same as saying if someone's name ends in a vowel, we have to worry if they're members of the Mafia . . . There's no justifiable relationship between the two."

"I would need to know that we have absolute, clear, irrefutable evidence that if someone has debt, that means that they have low standards of personal integrity, and I do not believe that we have that. There might be someone who has debt and has a low standard of integrity, but I do not see a causal relationship," Smith said. "And to me it's using the wrong test."

Is there evidence?

Likewise, Rep. Neal Kurk said it's not so much privacy that concerns him; it's what statistical evidence was used in deciding to do these credit checks — and spend state money for them.

He noted the Legislature recently amended the law to allow automobile insurance companies to use credit scores in setting premium rates. "They have established some sort of correlation, so they maintained, between people with bad credit and bad driving records, so we allowed them to do this," he said.

He said he would like to see similar data that connects bad credit with stealing before the state starts screening prospective employees this way.

"I would be much more comfortable in this kind of action if there is some statistical data that supports the correlation between bad credit and embezzlement or theft or whatever it might be," he said. "I can understand that intuitively there seems to be some connection between the two, but in my mind that isn't enough, in and of itself, to justify using this information."

Use as a tool

Jason Morris, the incoming co-chairman of the National Association of Professional Background Screeners, said he knows of no studies that show a correlation between bad credit history and propensity to steal. "I don't think there's any data out there to support that," he said.

Morris, the president of Background Information Services in Cleveland, Ohio, said he would advise an employer to consider a pre-employment credit report simply as "a tool." For instance, he said, it could prove the

deciding factor in choosing between two applicants with otherwise equal qualifications.

But he said, "I've never seen it used as the only, sole factor, and I'd be scared if it was being used that way. There are so many people today who have bad credit, and it has nothing to do with their ability to perform a job."

Bulkley stressed credit reports will not be looked at "in a vacuum."

"You could have an individual that has some credit history but you hire anyway because you don't deem it to be relevant. That's where the human process is coming in."

For instance, Bulkley said the state won't rule someone out just because of heavy credit card debt. "These new things are simply new tools we have to assess the appropriateness of hiring an individual. They are by no means the end."

Aside from privacy issues, Spaulding said he is even more concerned about how the policy may be expanded in the future. "Who's going to be next? Are we going to do credit background checks on the toll takers at the tolls?" he asked.

And Neal Kurk has another concern about the new policy: It could keep a whole group of people out of these service jobs.

"How's a person to work out of his problem debt if he can't get a job to do it?" the Weare legislator asked.

Broad brush

Kerry York is executive director of Consumer Credit Counseling Service of NH & VT. He's seen a trend toward more employers conducting credit checks for job applicants.

York said he understands the employers' perspective that doing such checks is part of "due diligence" to protect their business and keep insurance rates down. But he said, "From a consumer perspective, it's going to cause problems for some prospective employees."

According to York, the average amount of credit card debt for an American household is around \$12,000. And the average college student owes \$3,000 to credit card companies.

"People get into financial problems for various reasons," he said. "Medical is one of them, but it could be unemployment, it could be just a lack of budgeting skills, financial skills. There are real hard-working, honest people that have run into some problems."

"And to make that broad brush that everybody that has credit problems is apt to steal is wrong."

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