



## EMPLOYERSCHOICEONLINE.COM CLIENT SERVICE AGREEMENT

**THIS CLIENT SERVICE AGREEMENT** (this "Agreement") is made and entered into by and between **EMPLOYERSCHOICEONLINE.COM**, ("ECO"), a division of Diversified Risk Management, Inc. and the undersigned ("Client") \_\_\_\_\_ (*initial*). This Agreement shall be effective at such time as ECO has sent written notification, whether via facsimile, e-mail, or otherwise (the "Notification"), to Client indicating its acceptance of the terms and conditions of this Agreement (the "Effective Date").

The parties agree as follows:

1. **ECO** is a consumer reporting agency which provides, among other things, consumer reports and investigative consumer reports ("Background Reports") for employment purposes, as such terms are defined in the Fair Credit Reporting Act, 15 U.S.C. § 1681 *et seq.* ("FCRA"). Background Reports may include employment history, credit reports, criminal record services, motor vehicle checks (when available), educational history and (in the case of investigative consumer reports) personal references, collected and processed by ECO through various channels of information. ECO will not obtain or provide information regarding arrests that do not result in conviction. Subject to the terms and conditions of this Agreement, ECO agrees to furnish to Client upon Client's request Background Reports in connection with the hiring of job applicants ("Applicant"). \_\_\_\_\_ (*initial*).
2. **CONDITIONS PRECEDENT** Client shall provide ECO with all identifying information as to itself, owners and officers and submit the information to ECO for approval. Following Client's acceptance of this Agreement by manually signing and faxing an executed copy of this Agreement to ECO, and upon ECO's determination in its sole discretion that Client has met ECO's criteria for performing consumer reporting services, ECO will issue Client a unique Client identifier ("Client ID"). Issuance of a Client ID is a condition precedent to ECO's obligation to furnish any information to Client. This Client ID must be referenced on each request (whether paper-based, electronic, or otherwise) for information. In the event that Client avails itself of ECO's interactive on-line computer capabilities, ECO will also issue an identifying user name and password to Client. \_\_\_\_\_ (*initial*).
3. **INFORMATION SECURITY** Client acknowledges and understands its obligation to maintain the confidentiality and integrity of any information and Client identification numbers and passwords requested or received from or through ECO. Client further acknowledges and understands that misrepresentation, improper use of information or access to the information by unauthorized personnel whether intentionally or due to carelessness, may subject it to criminal and civil liability under the FCRA and other applicable federal and state laws. \_\_\_\_\_ (*initial*).
4. **CLIENTS GENERAL OBLIGATIONS:**
  - a. **The Client** will occasionally engage ECO to obtain consumer reports for employment purposes. In compiling such consumer reports, **The Client** certifies it will:
    - i. Provide the disclosures required by federal and state law to the consumer stating that a consumer report may be requested;
    - ii. Obtain a written authorization from the consumer to order a consumer report;
    - iii. Comply with the requirements governing the taking of an adverse action against the consumer based on a consumer report;
    - iv. Not use the information contained in the consumer report in violation of any applicable federal or state equal opportunity or regulation.
  - v. Using the Background Report provided by ECO only for employment purposes as defined by the FCRA, and not using any information in the Background Report in Rev 020220 2 violation of any applicable Federal or State equal employment opportunity law or regulation. A copy of the entire text of the FCRA has been made available through the Federal Trade Commission web site, <http://www.ftc.gov/os/statutes/fcra.htm>.
  - b. Assume responsibility for the final verification of the Applicant's identity;
  - c. Base all hiring decisions and actions on its own policies and procedures and acknowledge that ECO's employees are not allowed to render any opinions regarding the Background Report;
  - d. Promptly pay for all services rendered hereunder and acknowledge that fees may be revised at any time upon 60 days prior written notice;
  - e. If all payments due are not received by ECO within thirty (30) days after the date of the billing statement, at ECO's option, pay interest charges of 1½ % per month and/or relinquish Client's access privileges and release ECO from any obligation to perform any further services; and
  - f. Acknowledge that title, ownership rights and intellectual property rights in and to the ECO system of products and services shall remain in ECO and/or its suppliers. Client further acknowledges that all content contained in any Background Report is the property of the applicable content owner and may be protected by applicable contract and/or copyright law. \_\_\_\_\_ (*initial*).
5. **ACCESS SECURITY OBLIGATIONS** In order to protect against the unauthorized access and improper use of consumer credit information, Client agrees:
  - a. The Client ID shall be publicized only to personnel on a need to know basis. At no time or place shall the Client ID be posted or otherwise publicly displayed;
  - b. The Client log-on and password shall be provided only to the specific individual designated by Client as the principal account administrator. The principal account administrator shall be responsible for authorizing and issuing user passwords to each individual entitled to access the system;
  - c. The number of persons having the ability to access the Background Reports shall be strictly limited;
  - d. Each request for information through the ECO system must specifically identify the person requesting the information; and
  - e. The hard copies of Background Reports are to be securely stored and protected against release or disclosure to unauthorized personnel. \_\_\_\_\_ (*initial*).
6. **MOTOR VEHICLE RECORDS INFORMATION OBLIGATIONS** If motor vehicle records ("MVR") are requested to be included in the Background Report with respect to any Applicant, Client agrees that it:

- a. Shall use the MVR only for "employment purposes" as contemplated by the FCRA and any applicable state law;
- b. Is qualified to do business and validly holds all licenses required to operate Client's business in all states where Client conducts business and/or has employees;
- c. Will comply with the provisions of the Drivers' Privacy Protection Act found at 18 U.S.C. Section 2721 et seq. ("DPPA");
- d. Will comply with all applicable federal and state laws related to the use and review of MVRs;
- e. Will execute and deliver all forms requested by ECO in connection with the delivery of any MVR;
- f. Will not use the MVR to build its own database or copy or otherwise reproduce the MVR except in connection with the review of the Applicant. \_\_\_\_\_ (initial).

**7. ECO OBLIGATIONS:**

- a. ECO is aware of federal and state laws governing consumer credit reporting and employment practices, including the federal Fair Credit Reporting Act, the California Consumer Credit Reporting Agencies Act, and the California Investigative Consumer Reporting Agencies Act.
- b. ECO has established procedures to comply with relevant employment and consumer laws. These procedures include but are not limited to (1) obtaining the relevant authorizations from applicants and employees, and (2) disclosing to applicants their rights to access their files.
- c. ECO certifies it has complied with the above-cited federal and California laws in any investigation concerning applicants for employment with **The Client** or employees of **The Client**.
- d. ECO will re-verify at no cost any disputed report when either the Client or the Applicant makes a request in accordance with applicable law. ECO shall respond in writing on a timely basis;
- e. ECO will maintain consumer report information and transaction details for a minimum of two (2) years and upon written request by an Applicant to inform the Applicant of the substance of the report and information contained in the Background Report delivered to Client; and
- f. ECO will maintain the confidentiality of its data acquisition and verification methodology. \_\_\_\_\_ (initial).

- 8. LIMITATION OF LIABILITY** ECO and Client agree that unless ECO has committed gross negligence or engaged in intentional wrongdoing in the preparation and transmission of the Background Report, ECO's total liability to Client shall be limited to the return of the fees paid to ECO for the Background Report and then only to the extent that the information contained in the Background Report is found to be the primary basis upon which Client incurred injury or damage resulting from the furnishing of the Background Report by ECO. ECO and Client agree that ECO shall not be liable to Client for any other damages, costs or expenses whatsoever except as expressly agreed to above or pursuant to Section 9(b) hereof, and that neither party shall be liable to the other party for punitive, exemplary or consequential damages. \_\_\_\_\_ (initial).

- 9. INDEMNIFICATION** (a) Client shall indemnify, defend and hold harmless ECO, its officers, directors, employees, agents, and subcontractors against any and all claims, demands, costs, expenses and liabilities of any kind or nature whatsoever, including, without limitation, reasonable attorneys' fees and costs, which may be incurred by ECO based upon the illegal or wrongful use by Client of the Background Report, the negligence or intentional wrongdoing by Client, its officers, directors, employees, agents, or subcontractors, or the failure of Client, or any of its officers, directors, employees, agents, or subcontractors in connection with the use of the Background Report, or Client's failure to comply with

its obligations under the FCRA or other applicable laws in connection with the procurement or use of the Background Report. (b) ECO shall indemnify, defend and hold harmless Client, its officers, directors, employees, agents, and subcontractors from and against any and all claims, demands, costs, expenses and liabilities of any kind or nature whatsoever, including, without limitation, reasonable attorneys' fees and costs, which may be incurred by Client to a third party, based upon the gross negligence or intentional wrongdoing by ECO, its officers, directors, employees, agents, and subcontractors in preparing and transmitting the Background Report. \_\_\_\_\_ (initial).

- 10. TERM** The term of this Agreement shall continue in force without any fixed date of termination, but either party may terminate the Agreement for any reason upon thirty (30) days prior written notice to the other. \_\_\_\_\_ (initial).
- 11. NO WARRANTIES** ECO will use its best efforts to fulfill its obligations under this agreement. However, ECO does not guarantee or warrant and hereby disclaims any warranty that the information provided to client is correct, complete, current, merchantable or fit for a particular purpose, or that the information will be available or delivered to client at any specific time. \_\_\_\_\_ (initial).
- 12. WAIVER**, Waiver by either party of any breach or default by the other party shall not be deemed a waiver of any future breach or default. \_\_\_\_\_ (initial).
- 13. HEADINGS** Paragraph headings are for convenience only and shall in no way modify or affect the intent of any provision or be given any legal effect. \_\_\_\_\_ (initial).
- 14. NOTICES** All notices, requests or other communications shall be deemed to have been duly given upon confirmation of receipt of any fax, e-mail or first class letter sent or mailed to ECO at 5042 Wilshire Blvd., #569, Los Angeles, CA 90036, telephone number (800) 424-7011 facsimile telephone number (323) 934-2734, or email address CustomerService@EmployersChoiceOnline.com and to Client at the address and facsimile telephone number set forth on the Client Application or such other facsimile telephone number or address that may from time to time be provided in writing. \_\_\_\_\_ (initial).
- 15. CONTRACT IN ENTIRETY; NO ORAL MODIFICATIONS** This Agreement sets forth the entire understanding and agreement between ECO and Client with respect to Applicant and supersedes any prior or contemporaneous oral or written agreements or representations. Only a writing executed by both ECO and Client may modify this Agreement. \_\_\_\_\_ (initial).
- 16. DISPUTE RESOLUTION** In the event of any dispute in connection with this Agreement or as to the services provided, the dispute shall be resolved by binding arbitration pursuant to the rules of the American Arbitration Association, the forum of which shall be the County of Los Angeles, State of California. The aforementioned choice of venue is intended by the parties to be mandatory and not permissive in nature, thereby precluding the possibility of litigation between the parties with respect to or arising out of this Agreement in any jurisdiction other than that specified in this paragraph. Further, the prevailing party shall be entitled to recover from the other party all reasonable legal fees, costs and expert witness fees incurred. \_\_\_\_\_ (initial).
- 17. SEVERABILITY** If any term or provision of this Agreement is determined to be illegal, unenforceable, or invalid in whole or in part for any reason, such illegal, unenforceable, or invalid provisions or part shall be stricken from this Agreement, and such provision or part shall not affect the legality, enforceability, or validity of the remainder of this Agreement. Such stricken provisions shall be replaced, to the extent possible, with a legal, enforceable, and valid provision that is as similar in tenor to the stricken provision as is legally possible. \_\_\_\_\_ (initial).

## BUSINESS/PERSONAL INFORMATION

Authorized Representative:		Title:	
Company Name:			
Address 1:			
City:		State:	Postal Code:
Telephone:	Ext:	Facsimile:	
E-Mail:		Website:	
Number of Employees:	Anticipated Hires Next Two Months:	Anticipated Hires Next Twelve Months:	

## BILLING INFORMATION

<b>Credit Card Info:</b>		<b>Card Type: (circle one)</b>		<b>Visa / Master Card</b>	
Name on Card:					
Account Number:				SVC # (3-digit number located on back of card):	
Billing Address for Card (If Different from Address Above):				Expiration Date (MM/YY):	
Address 1:					
City:		State:	Postal Code:		
E-Mail:			Fax:		

## SIGNATURES

<b>AGREED</b>	<b>CLIENT</b>
Authorized Representative:	
Title:	
Signature:	
Date:	
<b>AGREED</b>	<b>EmployersChoiceOnline.com</b>
Authorized Representative:	
Title:	
Signature:	
Date Approved:	