

NYC Mayor Signs Law Banning Credit Checks

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Yesterday, NYC Mayor Bill DeBlasio signed a bill ([Int. 0261-2014](#)) that amends the City's Human Rights Law to prohibit most employers from inquiring into or considering a prospective or current employee's credit history when making employment decisions. The law will take effect on September 3, 2015.

As we detailed in our prior [post](#), NYC's new law is among the broadest bans in the nation and will effectively eliminate the use of credit history for many employers in the City. The law expansively defines credit history to include not only a consumer credit report or credit score, but information directly obtained from the applicant or employee regarding his or her (i) prior bankruptcies, judgments, or liens, or (ii) number of credit accounts, late or missed payments, charged-off debts, items in collections, credit limit, or prior credit report inquiries.

The ban will not apply to:

- positions with (i) signatory authority over third party funds or assets valued at \$10,000 or more, or (ii) authority to enter into financial agreements valued at \$10,000 or more on behalf of the employer;
- positions with regular duties allowing an employee to modify digital security systems designed to prevent the unauthorized use of the employer's or client's networks or databases;
- non-clerical positions with regular access to trade secrets or national security/intelligence information;
- employers required to consider credit history for employment purposes under state or federal law/regulations or by a self-regulatory organization (as defined by the Securities Exchange Act of 1934);
- various public safety positions (i.e., certain police officers, peace officers, Department of Investigation personnel, and other individuals subject to a background investigation by the Department);
- positions requiring bonding under federal, state, or city law (e.g., certain positions in finance); and
- positions requiring security clearance under federal or any state law.

To ensure compliance with the new law, NYC employers should start to review their background

check procedures/policies and make any necessary changes. The price for non-compliance is steep, as the law affords aggrieved applicants and employees a private right of action with the promise of generous remedies.

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