

VALCO TRADING

EMPLOYEE BACKGROUND CHECK

(INDIA)

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Employee Background check

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Introduction

In alignment with the increased security requirements and stringent financial regulations in the United States, Valco Trading has instituted a rigorous process for selecting individuals who can manage the company's and customer's confidential information and financial assets. This policy ensures that the company knows the identity and background of its potential hires, maintaining high standards of security and compliance.

Purpose

The purpose of this policy is to outline the procedures Valco Trading follows to conduct background checks on applicants, evaluate their eligibility for employment, and ensure compliance with all relevant regulations throughout the screening process. This approach minimizes risks associated with theft, fraud, or other financial crimes.

MAJOR FACTS

- Financial services background checks are essential for maintaining regulatory compliance and protecting sensitive consumer and financial organization data.
- Given the access financial services employees have to sensitive information, financial background checks are generally more comprehensive than employment screenings in other industries.

- Poor hiring decisions can expose financial service companies to significant risks, including internal theft, embezzlement, fraud, and negligent hiring liability.
- Employers in this industry must understand the relevant laws and regulations when making hiring decisions.

Understanding the Importance of Financial Services Background Checks

Valco Trading ensures that its candidates are trustworthy, honest, and safe. The company also verifies that new hires possess the necessary qualifications and experience for their roles. Valco Trading's specialized Compliance team regularly accesses sensitive information about its employees and customers, as well as managing company funds.

Failing to conduct a financial services background check could lead to losses from embezzlement, identity theft, and negligent hiring liability. These checks are crucial for enhancing the integrity and trust of the organization and its employees. Due to regulatory requirements, financial services background checks are often more rigorous than those in other industries.

Conducting employee background checks provides several benefits:

- Maintenance of regulatory compliance
- Protection of customers' privacy
- Reduction of crime risk
- Improved workplace safety
- Increased employee morale
- Protection of the organization's brand

Criminal Background Check

If an applicant has a criminal record, Valco Trading's Compliance team reviews the following details

from the criminal background check:

- Offense date
- Nature of the offense
- Offense severity (felony/misdemeanor)
- Disposition
- Date of the disposition
- Sentence information, if reported

Expunged or sealed records are also generally reported.

Education and Employment Verification

Valco Trading verifies applicants' claimed education to ensure they have the necessary qualifications for their jobs. Education verification reports include the following details about an applicant's educational history:

- Name, address, and location of each attended institution
- Attendance dates
- Degrees, certifications, or diplomas conferred

Employment verification reveals the following information about each of an applicant's past jobs:

- Employer's name and address
- Employment dates
- Titles/positions held

International Background Check

Candidates who have lived and worked in other countries should undergo international background checks. Valco Trading's Compliance team conducts a thorough review of the candidate's international work history to ensure there are no disputes or impeachments in their international employment record. Regular domestic background checks may not uncover relevant information about candidates from outside India.

Civil Court Verification

Valco Trading occasionally conducts civil court checks as part of its pre-employment screening process when it suspects unethical, immoral, or dishonest activity by an employee. Certain types of civil lawsuits and judgments may be relevant due to the access employees will have to sensitive customer and institutional data.

Financial Intelligence Unit (FIU) Office's Enforcement List

India's Financial Intelligence Unit (FIU) is an independent agency within the Financial Intelligence Unit—India (FIU-IND) is an organization under the Department of Revenue, Government of India which collects financial intelligence about offenses under the Prevention of Money Laundering Act, 2002 that regulates and supervises Indian banks, federal associations, and both federal and corporate companies. The FIU enforces actions against banks, financial institutions, private companies, and their employees, including directors and officers. An FIU check involves searching the bureau's enforcement action list to identify any bans from working in the government or private service industry.

Disqualifying Grounds for Working in Valco Trading

Generally, if an applicant's background check reveals any financial-related crimes, they are automatically disqualified from working at Valco Trading. Under Section 19 of the Federal Deposit Insurance Act, companies cannot hire individuals convicted of offenses involving "dishonesty, breach of trust, or money laundering," and Valco Trading strictly adheres to this law. Additionally, individuals who have entered a diversion program in connection with such crimes are also disqualified from employment.

By utilizing financial background checks, employers can ensure that applicants meet the FIU background check requirements.

Financial Background Check

Background checks are crucial for all companies, but it is especially vital for companies dealing with financial services, such as Valco Trading, to obtain accurate information on every potential employee. Valco Trading partners with various third-party background screening companies to quickly access comprehensive information.

Procedures to Comply With when Conducting a Background Check

Valco Trading chooses to partner with a third-party background check company to ensure compliance with the Financial Intelligence Unit (FIU), as well as state and local regulations when conducting background checks. Upon receiving the background check report, Valco Trading, as the employer, decides whether to proceed with the hiring process.

If Valco Trading decides not to hire the applicant based on information found in their background check report, it follows the required Adverse Action steps, which include:

1. Providing the applicant with a pre-adverse action letter, explaining why Valco Trading no longer intends to move forward with their application.
2. Allowing a "Reasonable amount of time" (typically around five business days) for the applicant to review and correct any false information in their background check.
3. Making a final decision regarding the applicant's employment status.
4. Providing the applicant with an official adverse action letter if Valco Trading decides not to hire them for the job.

5. Including with each notification a copy of the background report and a document titled "Summary of your rights under the FIU".

Verifying the background of Employees with a Trusted Background Check Provider of Choice

Whenever Valco Trading is looking to hire new employees, it is imperative to conduct a financial services background check on every applicant. By partnering with any Background check provider, Valco Trading receives comprehensive background check services that emphasize security, ensuring the most accurate and up-to-date information.