

**COORDINATION PROCEEDING SPECIAL TITLE RULE 3.550 FIRST
STUDENT, INC.**

S229428

Supreme Court of California

September 21, 2015

Reporter

2015 CA S. Ct. Briefs LEXIS 2409

COORDINATION PROCEEDING SPECIAL TITLE (RULE 3.550) FIRST STUDENT, INC. CASES

Type: Petition for Appeal

Prior History: After a Decision by the Court of Appeal, Second Appellate District. Case No. B256075.

Counsel

[*1] RONALD A. PETERS, Bar No. 169895, BENJAMIN A. EMMERT, Bar No. 212157, LITTLER MENDELSON, A Professional Corporation, San Jose, CA, Attorneys for Defendants and Appellees FIRST STUDENT, INC. and FIRST TRANSIT, INC.

Title

Petition for Review

Text

CERTIFICATE OF INTERESTED ENTITIES OR PERSONS

The following entities or persons have either (1) an ownership interest of 10 percent or more in the party or parties filing this certificate (Cal. Rules of Court, rule 8.208(e)(1)), or (2) a financial or other interest in the outcome of the proceeding that the justices should consider in determining whether to disqualify themselves (Cal. Rules of Court, rule 8.208(e)(2)):

Name of Interested Entity or Person Nature of Interest

1. First Student, Inc/First Transit, Inc. Petitioners
2. FirstGroup PLC, FGA America, Inc. Petitioners' Parent Companies.

Dated: September 21, 2015

/s/ [Signature]

RONALD A. PETERS

BENJAMIN A. EMMERT

LITTLER MENDELSON

Attorneys for Defendants and Appellees

FIRST STUDENT, INC. and FIRST TRANSIT, INC.

I. PETITION FOR REVIEW

To the Honorable Chief Justice Tani Cantil-Sakauye and the Honorable Associate Justices of the Supreme Court of California:

First Student, Inc. and First Transit, Inc. (collectively referred to as "First") hereby respectfully petition this Court for review of a published decision of the California Court of Appeal, Second Appellate District, filed August 12, 2015, that reversed the trial court's order granting First's motion for summary judgment as to Plaintiff Eileen Connor's causes of action based on an alleged violation of California's Investigative Consumer Reporting Agencies Act ("ICRAA"). Cal. Civ. Code §§ 1786.1 *et seq.* A true and correct copy of this decision is attached hereto as Exhibit A.

The Second District's decision has created an actual conflict between it and the Fourth Appellate District on a commonly reoccurring important point of law - whether the ICRAA is unconstitutionally vague as [*2] applied to consumer reports that are simultaneously subject to the separate and distinct statute, California's Consumer Credit Reporting Agencies Act ("CCRAA") result of its 1998 amendment that expanded the ICRAA's scope and reach. Compare [*Connor v. First Student, Inc. \(2d Dist. 2015\) 239 Cal.App.4th 526, 538-539*](#) with [*Ortiz v. Lyon Management Group, Inc. \(4th Dist. 2007\) 157 Cal.App.4th 604, 619.*](#)

The Fourth Appellate District in *Ortiz* held the ICRAA's 1998 amendments caused it to be unconstitutionally vague and unenforceable as to the consumer reports at issue in this case because it "fail[ed] to provide adequate notice to persons who compile or request [consumer reports] that may contain information" simultaneously subject to the CCRAA and the ICRAA. [*Ortiz, 157 Cal.App.4th at 619.*](#) In reversing the trial court's grant of summary judgment in favor of First, the Second Appellate District in *Connor* disagreed with the *Ortiz*' Court's reasoning finding ICRAA was not unconstitutionally vague as applied to the subject consumer reports because it believed there were "no 'positive repugnancy' between the two laws." [*Connor, 239 Cal.App.4th at 538.*](#) [*3]

This conflict between the Second and Fourth Appellate Districts has created significant uncertainty how other Appellant Courts in California, as well as Federal Courts applying California law, will decide the same issue. See [*Auto Equity Sales, Inc. v. Superior Court \(Hesenflow\) \(1962\) 57 Cal.2d 450.*](#)

Additionally, in ruling the way they did, the Second Appellate District failed to consider what effect the breadth of the 1998 amendment to ICRAA would have on the ICRAA's express exclusion of reports containing information pertaining to a "consumer's credit record". In fact, by ruling the ICRAA overlaps with the CCRAA but is not unconstitutionally vague, the Second Appellate District essentially eviscerated the CCRAA. This is because every modern credit report, after 1998, regardless of its purpose, would necessarily contain information subject to ICRAA and therefore, according to the Second Appellate District, would require compliance with the ICRAA's overlapping but wholly different provisions. The Second Appellate District's decision could therefore fundamentally change the way California's credit and financial institutions do business in a way that is at odds with [*4] the express intentions of both the CCRAA and the ICRAA. This could have dire consequences for California.

Accordingly, review should be granted to resolve this conflict and secure uniformity of decision and settle this important question of law.

II. ISSUE PRESENTED FOR REVIEW

1. Whether the Second Appellant District correctly concluded that, contrary to the Fourth Appellant District's conclusion on the same issue, the California Legislature's 1998 amendment to the ICRAA, as applied in this action, provided adequate notice that it and not the CCRAA applied to the consumer reports regarding Ms. Connor.

III. HOW THE CASE PRESENTS A GROUND FOR REVIEW

California Rule of Court 8.500(a) states, in pertinent part, "[a] party may file a petition in the Supreme Court for review of any decision of the Court of Appeal." The California Supreme Court may also grant review of a Court of Appeal decision "[w]hen necessary to secure uniformity of decision or to settle an important question of law." Cal. Rule of Ct. 8.500(b)(1).

Review is appropriate in this action to secure uniformity between California's Appellate Courts on an important question of law - whether California's ICRAA [*5] is unconstitutionally vague as applied to consumer reports obtained by employers on applicants, prospective employees, and employees used for the purpose of evaluating an individual for employment, promotion, reassignment, or retention as an employee when the same reports are also simultaneously subject to the CCRAA.

As a result of the Second Appellate District published decision in this action, that the ICRAA is not unconstitutionally vague and does not unconstitutionally overlap with the CCRAA, there exists an actual conflict between Second Appellate District and the Fourth Appellate District on this important matter. Specifically, in [*Ortiz v. Lyon Management Group, Inc.* \(2007\) 157 Cal.App.4th 604](#) and [*Trujillo v. First American Registry, Inc.* \(2007\) 157 Cal.App.4th 628](#), the Fourth Appellate District held "[t]he 1998 amendment rendered the ICRAA unconstitutional" to the extent it covers consumer reports that are concurrently subject to the CCRAA. [*Ortiz*, 157 Cal.App.4th at 619](#); [*Trujillo*, 157 Cal.App.4th at 640](#). Federal Courts that have considered this same issue have all followed *Ortiz* and *Trujillo*. See [*6] [*Roe v. LexisNexis Risk Solutions, Inc.* \(C.D. Cal. 2013\) 2013 U.S. Dist. LEXIS 88936](#),*14-18; [*Moran v. The Screening Pros.* \(C.D. Cal. 2012\) 2012 U.S. Dist. LEXIS 158598](#),*15-22.

In this action, the Second Appellate District disagreed with the Fourth Appellate District's reasoning and held the ICRAA is not unconstitutionally vague notwithstanding the fact it does not provide notice that a party requesting a consumer report that is covered by, and in compliance with the CCRAA's requirements, can be subject to the ICRAA's \$ 10,000 penalty if he/she/it fails to also comply with the ICRAA's separate and distinct more stringent requirements. [*Connor*, 239 Cal.App.4th at 530](#).

IV. THIS PETITION FOR REVIEW IS PROPER AND TIMELY

On August 12, 2015, the Appellate Court filed its opinion granting Ms. Connor's appeal and reversing the trial court's order granting First's motion for summary judgment. The Appellate Court's opinion became final on September 11, 2015. Cal. R. Ct. 8.264(b)(1). The deadline for any party to petition this Court for review is September 21, 2015. Cal. R. Ct. 8.500(e)(1). First's Petition is filed on or before September 21, 2015, and [*7] is therefore timely.

V. BACKGROUND CONTEXT NECESSARY TO EXPLAIN HOW CASE PRESENTS A GROUND FOR REVIEW

A. Introduction

Ms. Connor is one of approximately 1400 individuals who filed this mass action against Defendant First. Ms. Connor, and each one of the other similarly situated plaintiffs, allege First violated California's ICRAA when it procured or caused to be prepared a consumer report on her without obtaining her express written consent as required by California's ICRAA. Ms. Connor, as well as each of the other plaintiffs in this action, seek recovery of the ICRAA's \$ 10,000 penalty for each alleged violation of the ICRAA.

B. The Parties

1. First Student, Inc/First Transit, Inc.

First is a subsidiary of FirstGroup America, which is a subsidiary of FirstGroup PLC. First is a leader in providing safe, reliable, and cost-effective transportation services to school districts throughout the United States and Canada. (JA, Vol. I, p. 37.) First provides its services through a fleet of over 54,000 buses that serve approximately 6 million student riders each day. Because First provides transportation services for our most precious cargo, our children, it places [*8] a profound emphasis on making sure its services are conducted as safely as humanly possible. It does this by, *inter alia*, conducting background checks on all of its drivers and others who have contact with its riders to ensure they are properly qualified to safely perform their job duties.

2. HireRight Solutions, Inc.

HireRight Solutions is a consumer reporting agency. (JA, Vol. I, pp. 37-38.) Ms. Connor claims HireRight Solutions is consumer reporting agency that prepared the subject background checks on her. (*Id.*)

3. Eileen Connor.

Plaintiff Eileen Connor is a former First employee on who First requested HireRight Solutions prepare the subject background reports. (JA, Vol. I, pp. 162-163.)

C. FirstGroup PLC, Acquires Laidlaw International, Inc.

In October 2007, FirstGroup PLC acquired Laidlaw Transit (another transportation company) through a stock purchase agreement. (JA, Vol. I, p. 37.) As a result, certain employees who had been employed by Laidlaw became employees of First. (JA, Vol. I, pp. 37-38.) To confirm these Laidlaw employees were properly qualified to work in positions in which they would have contact with First's student passengers, First [*9] ordered background reports on these individuals from HireRight Solutions. (*Id.*)

D. First Requests HireRight Solutions Perform Background Checks On Certain Former Laidlaw Employees Including Appellant.

Beginning in late October 2007, and in conjunction with its efforts to transition the former Laidlaw employees to First and confirm they were properly qualified to work with children, First sent each Laidlaw employee a package of documents called a "Safety Pack." (JA, Vol. I, p. 166.) As pertinent to this action, the Safety Pack included a written notice/disclosure/authorization ("Notice") allowing First to procure or cause to be prepared a consumer report(s) and/or an "investigative consumer report(s)" on the individual. (JA, Vol. I, pp. 37.) The Notice stated, in pertinent part:

In connection with your employment or application for employment (including contract for services), an investigative consumer report and consumer reports, which may contain public record information, may be requested from USIS [HireRight Solutions]. . . . These reports may include the following types of information: names and dates of previous employers, reason for termination of employment, [*10] work experience, accident, academic history, professional credentials, drugs/alcohol use, information relating to your character, general reputation, educational background, or any other information about you which may reflect upon your potential for employment gathered from any individual, organization, entity, agency, or other source which may have knowledge concerning any such items of information. Such reports may contain public record information concerning your driving record, workers' compensation claims, criminal records, etc., from federal, state and other agencies which maintain such records; as well as information from USIS [i.e. HireRight Solutions] concerning previous driving records requests made by others from such state agencies.

(JA, Vol. V, pp. 1072-1073.)

E. Ms. Connor's Employment With Laidlaw/First.

Ms. Connor started working for Laidlaw in about 2000 as a school bus driver's aide. (JA, Vol. I, pp. 185-186, 187-189.) After First acquired Laidlaw in October 2007, it sent her the Safety Pack, which included the Notice. (*Id.* at p. 166.) After it did, First requested HireRight Solutions prepare a background report on her. This report was prepared [*11] by using electronic databases and was based on publically available information and did not contain any information obtained from personal interviews. (JA, Vol. I, pp. 198-206; JA, Vol. II, pp. 951-952.)

Ms. Connor worked as a school bus driver for First until March 2009. (JA, Vol. I, pp. 189-190.) By March 2009, she had been involved in a number of traffic accidents and First contemplated terminating her employment. (*Id.*) Rather than fire her, First allowed Ms. Connor to return to work as a driver's aide. (*Id.*) In connection with returning to work in this position, Ms. Connor was required to fill out an employment application and execute a new Notice. (*Id.*) She filled out these documents on March 16, 2009 (the employment application) and March 18, 2009 (the Notice). (JA, Vol. I, pp. 208-213.)

On March 18, 2009, and in connection with Ms. Connor returning to work as a driver's aide, First requested HireRight Solutions prepare a new background report on her. (JA, Vol. I, pp. 215-228.) As with her initial background report, this report was prepared by using electronic databases and was based on publically available information and contained no information from personal [*12] interviews or from non-public sources. (JA, Vol. IV, pp. 951-952.)

First requested HireRight Solutions perform a new background check on Ms. Connor First requested HireRight Solutions perform a new background check on her on June 1, 2010. (JA, Vol. I, pp. 232-244.) While not required, Ms. Connor signed another Notice in conjunction with this background report. (JA, Vol. I, p. 230.) Again, as with Ms. Connor's prior background reports, this report was prepared by using electronic databases and did not contain any information obtained from non-public sources. (JA, Vol. VI, pp. 951-952.) It is undisputed that she passed the background check and suffered no adverse employment action from First as a result of any information contained in the report. (JA, Vol. I, p. 162.)

F. Statutory History Of The CCRAA And ICRAA Underlying The Parties Dispute.

In 1970, California's Legislature enacted legislation regulating the consumer credit reporting industry, the Consumer Credit Reporting Act (former Civ. Code § 1785.1 et seq.) Stats. 1970, c. 1348, p. 2512, § 1, repealed by Stats. 1975, c. 1271, 0.3377, § 2. The Consumer Credit Reporting Act governed "credit rating reports" it defined [*13] to include a report regarding a consumer's "credit record, credit standing, or capacity."

Later the same year, Congress passed the federal Fair Credit Reporting Act ("FCRA") ([15 U.S.C. § 1681](#) et seq.). The FCRA broadly defined the term "consumer report" to include information bearing on an individual's "credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living." [15 U.S.C. § 1681a](#)(d). The FCRA also differentiated between consumer reports containing information obtained by "personal interviews" (defined by the FCRA as "investigative consumer reports") and consumer reports that did not contain such personal interview information. (*Id.* at § 1681a(e)).

In 1975, California's Legislature repealed the Consumer Credit Reporting Act and separately passed two new separate and distinct laws: the CCRAA and the ICRAA. Stats. 1975, c. 1271, p. 3369, § 1 ("CCRAA"); Stats 1975, c. 1272, p. 3378, § 1 ("ICRAA"). The structure of the CCRAA and the ICRAA varied considerably from the structure of the FCRA, and reflected the Legislature's intent to establish two separate and independent [*14] statutes governing consumer reports regulating only those reports specifically falling within their specific spheres. (*Id.*)

Indeed, while the CCRAA and ICRAA both allowed the preparation and use of consumer reports falling under their respective jurisdictions for "employment purposes," which they both defined as "for the purpose of evaluating a consumer for employment, promotion, reassignment, or retention as an employee," they specifically differentiated between the types of consumer reports subject to their respective provisions by the manner in which the information in the report was obtained. Compare Cal. Civ. Code §§ 1785.3(c), (f), with Cal. Civ. Code §§ 1786.2(c), (f), Stats 1998, c. 988, § 1.

The CCRAA generally applied to all consumer reports, unless they were specifically covered by the ICRAA. Compare Cal. Civ. Code § 1785.3(c) with Cal. Civ. Code § 1786.2(c), Stats 1998, c. 988, § 1. As enacted by Assembly Bill 600, the CCRAA defined a consumer report falling under its provisions, i.e. a "consumer credit report," as one containing any "information bearing on a consumer's credit worthiness, credit standing, or credit capacity." Hist. and Statutory Notes, Civ. Code [*15] § 1785.3(c); see also Cal. Civ. Code § 1785.3(c). Significantly, the CCRAA excluded from its coverage consumer reports that were covered by the ICRAA. It did so by excluding consumer reports:

Containing information solely on a consumer's character, general reputation, personal characteristics, or mode of living which is obtained through personal interviews with neighbors, friends, or associates of the consumer reported on, or others with whom he is acquainted or who may have knowledge concerning those items of information.

Cal. Civ. Code § 1785.3(c).

The ICRAA on the other hand, as originally enacted, was much more limited in scope. It only applied to consumer reports it called "investigative consumer report[s]," which it defined as one "in which the information on a consumer's character, general reputation, personal characteristics, or mode of living is obtained through personal interviews." Cal. Civ. Code § 1786.2(c), Stats 1998, c. 988, § 1.

As the foregoing shows, the ICRAA defined consumer reports falling under its jurisdiction as being those that were specifically excluded from the CCRAA. Compare Cal. Civ. Code § 1785.3(c), with Cal. Civ. Code § 1786.2(c), [*16] Stats

1998, c. 988, § 1. In other words, when enacted, the CCRAA covered all consumer reports, including consumer reports containing information "on a consumer's character, general reputation, personal characteristics, or mode of living" so long as the information was not obtained through personal interviews, while the ICRAA covered consumer reports containing information on a consumer's character obtained through such personal interviews. (*Id.*) This bright line distinction existed until the Legislature amended the ICRAA in 1998.

G. The California Appellant Court Second District's Decision In Cisneros v. U.D. Registry, Inc. (1995) 39 Cal.App.4th 548.

In 1995, California's Court of Appeal, Second District, issued the decision in *Cisneros v. U.D. Registry, Inc. (1995) 39 Cal.App.4th 548*. The *Cisneros* Court interpreted the ICRAA's "personal interview" requirement as meaning, and being limited to, situations where information in an investigative consumer report is obtained from direct communication between two or more persons - *i.e.* "in person interviews" - and did not apply to information gathered in other ways, such as from written [*17] surveys or reports. (*Id. at 569*).

The *Cisneros* plaintiffs alleged the defendant, a company that collected and sold information to landlords regarding potential renters, violated the ICRAA by sending forms to a potential renter's former landlord asking the landlords to report the manner in which a tenant's tenancy ended. (*Id. at 567*). The Court held the defendant's conduct did not violate the ICRAA because its reports were "not 'investigative consumer reports' because the information [in the report] is not obtained through 'personal interviews'" as the ICRAA requires. (*Id. at 569*). Rather, the information was obtained from the forms, which the prior landlord filled out based on their own personal observations - not on "personal interviews." (*Id. at 567-569*).

H. California's Legislature's 1998 Amendments To The ICRAA.

In 1998, California's Legislature amended the ICRAA by revising its definition of an "investigative consumer report." Stats. 1998, c. 998 (S.B. 1454), § 1. It also amended the penalty available for a proven violation. (*Id.*) The amendment changed the ICRAA's definition of an "investigative [*18] consumer report" as being one "whose information is "obtained through personal interviews" to being one whose information is "obtained through any means." See Hist. and Statutory Notes, Civ. Code § 1786.2(c). The amended definition, which was in place at the time period relevant to this action and today, states:

The term "investigative consumer report" means a consumer report in which information on a consumer's character, general reputation, personal characteristics, or mode of living is obtained through any means.

Cal. Civ. Code § 1786.2(c).

Significantly, the Legislature made no corresponding amendments to the CCRAA. Indeed, the CCRAA today still applies to all consumer reports except those:

Containing information solely on a consumer's character, general reputation, personal characteristics, or mode of living, which is obtained through personal interviews ...

Cal. Civ. Code § 1785.3(c)(5).

I. Procedural Requirements To Request A Consumer Report Under The CCRAA And The ICRAA And Penalties For A Proven Violation.

While the CCRAA and the ICRAA both authorize an employer to obtain a consumer report for "employment purposes," the CCRAA and [*19] the ICRAA impose significantly different procedural requirements to do so and provide significantly different penalties for a proven violation.

During the time period relevant to this action, the CCRAA required the requesting party:

1. Inform "the person [in writing] that a report will be used";
2. State "the source of the report"; and
3. Give the subject of the report a form "contain[ing] a box that the person may check off to receive a copy of the [] report."

See Cal. Civ. Code § 1785.20.5(a), Historical and Statutory Notes, Stats. 2011, c. 724.

The ICRAA however, requires the requesting party:

1. Provide the subject of the report a written disclosure:
 - a. Stating an investigative consumer report may be obtained;
 - b. Identifying the permissible purpose of the report;
 - c. Stating the report may include information on the consumer's character, general reputation, personal characteristics, and mode of living;
 - d. Identifying the name, address, and telephone number of the investigative consumer reporting agency preparing the report; and
 - e. Notifying the consumer in writing of the nature and scope of the investigation requested, including a [*20] summary of the provisions of California Civil Code section 1786.22; and
 2. The Consumer authorizes the preparation and procurement of the report in writing.
- Cal. Civ. Code § 1786.16(a).

The CCRAA and the ICRAA also provide significantly different penalties for a proven violation of their provisions. The CCRAA authorizes an aggrieved party to recover:

- . In the case of a negligent violation, actual damages, including court costs, loss of wages, attorneys' fees and, when applicable, pain and suffering; or
- . In the case of a willful violation, actual damages incurred as set forth above and punitive damages of not less than one hundred dollars (\$ 100) nor more than five thousand dollars (\$ 5,000) for each violation as the court deems proper.

Cal. Civ. Code § 1785.31.

The ICRAA states an aggrieved party may recover:

- . Any actual damages sustained by the consumer or ten thousand dollars (\$ 10,000), whichever sum is greater, plus their attorneys' fees and court costs; as well as punitive damages if the defendant's conduct is established to be grossly negligent or willful.

Cal. Civ. Code §§ 1786.50(a), (b).

It is against this backdrop [*21] that Appellant's action against First is brought.

J. Ms. Connor's Lawsuit.

As states above, Ms. Connor is one of appropriately 1400 plaintiffs in this mass action. At the time First filed its motion for summary judgment, Ms. Connor's operative complaint was the Consolidated Fourth Amended Complaint ("CFAC"). The CFAC asserted four causes of action against First for alleged violations of the ICRAA (the First, Second, Sixth, and Seventh Causes of Action). (JA, Vol. I, pp. 34-90.) Each of these causes of action was premised on the same allegations, that First procured or caused to be prepared "investigative consumer reports," as defined in the ICRAA, on her without providing her the requisite disclosures and/or obtaining her written consent. (*Id.* at pp. 36-39.) The only distinction between the causes of action is that the First and Sixth Causes of Action allege Appellant suffered some unidentified emotional distress damages and the Second and Seventh Causes of Action do not. (*Id.* at pp. 41-53.)

K. First's Motion For Summary Judgment

On August 5, 2013, First filed its motion for summary judgment as to Ms. Connor's ICRAA claims. First's motion argued that California's [*22] ICRAA was unconstitutionally vague as applied to Ms. Connor's subject consumer reports because

its 1998 amendment caused it to unconstitutionally overlap with the separate and distinct statute, the CCRAA pursuant to [Ortiz v. Lyon Management Group, Inc. \(2007\) 157 Cal.App.4th 604](#) and [Trujillo v. First American Registry, Inc. \(2007\) 157 Cal.App.4th 628](#) and the federal courts that have considered this issue. See [Roe v. LexisNexis Risk Solutions, Inc. \(C.D. Cal. 2013\) 2013 U.S. Dist. LEXIS 88936](#),*14-18; [Moran v. The Screening Pros. \(CD. Cal. 2012\) 2012 U.S. Dist. LEXIS 158598](#),*15-22.

On December 18, 2013, the trial court granted First's motion finding:

Pursuant to the holdings in [Ortiz v. Lyon Management Group, Inc. \(2007\) 157 Cal.App.4th 604](#) and [Trujillo v. First American Registry, Inc. \(2007\) 157 Cal.App.4th 628](#), the ICRAA is unconstitutionally vague and unenforceable as applied to Plaintiff's claims against First Student, Inc. and First Transit Inc. (JA, Vol. X, p. 2298.)

The trial court based its decision on the fact that Ms. Connor produced no evidence "[t]he background [*23] reports that First Student, Inc. procured and/or caused to be prepared on Plaintiff [contained] information obtained through personal interviews." (*Id.* at p. 2298:24-27.) Accordingly, the trial court correctly found Appellant's subject background reports were simultaneously subject to both the CCRAA and the ICRAA. (*Id.*) Because the CCRAA and the ICRAA contain different procedural requirements before a consumer report can be requested and contain significantly different penalties for a proven violation of their provisions, the trial court correctly found their simultaneous coverage caused the ICRAA to be unconstitutionally vague and unenforceable as applied to this action as a matter of law under [Ortiz, 157 Cal.App.4th at 604](#) and [Trujillo, 157 Cal.App.4th at 628](#).

L. Mr. Connor's Appeal Of The Trial Court's Decision.

Ms. Connor appealed the trial court's granting First's motion for summary judgment on May 7, 2014, to California's Second Appellate District.

M. The Second Appellate District Grant's Ms. Connor's Appeal Reversing The Trial Court's Grant Of First's Motion For Summary Judgment Because It Believed The 1998 Amendment To [*24] The ICRAA Did Not Rendered It Unconstitutionally Vague.

On August 12, 2015, the Second District issued its decision on Ms. Connor's appeal holding that, contrary to the Fourth Appellate District in *Ortiz* and *Trujillo*, the ICRAA was not unconstitutionally vague and did not unconstitutionally overlap with the CCRAA. The *Connor* Court reached this conclusion because, unlike the *Ortiz* and *Trujillo* Courts that found the ICRAA and the CCRAA were meant to be separate and distinct statutes that applied to different types of consumer reports and therefore an individual or entity needed to only comply with the one governing the consumer report they procured or caused to be prepared, the *Connor* Court held an individual or entity was not prevented from complying with both statutes at the same time. In other words, unlike the *Ortiz* and *Trujillo* Courts that sought to continue to give effect to the Legislature's express differentiation between the two statutes, the Second District essentially held the ICRAA's 1998 amendment caused it to swallow the CCRAA in all but certain limited specifically enumerated situations. Accordingly, in the Second District's view, a [*25] defendant can be held liable for violating the ICRAA even though it engaged in perfectly legal conduct that was specifically authorized by the CCRAA.

N. Review Is Necessary To Secure Uniformity Of Decisions Across California's Appellate Courts And To Settle An Important And Reoccurring Question Of Law.

As stated above, review is proper in this action to resolve the conflict between California's Second and Fourth Appellate Districts as well as to resolve the conflict between the Second Appellate District and the federal district court's that have considered the constitutionality of the post-1998 ICRAA in the context of consumer reports procured or caused to be prepared for employment purposes. This issue is of significant importance to California's employers as it will resolve the uncertainty as to whether the CCRAA or the ICRAA applies to consumer reports that are procured or caused to be prepared for employment purposes - such as background reports that are conducted as a condition of an employee's employment.

VI. ARGUMENT

A. The Supreme Court Should Grant Review To Provide Uniformity Between California's Appellate Courts Regarding Whether The ICRAA's 1998 Amendments [*26] Caused It To Be Unconstitutionally Vague And Unenforceable As Applied To Consumer Reports Obtained For Employment Purposes.

It is well-established that a "a statute which either forbids or requires the doing of an act in terms so vague that [persons] of common intelligence must necessarily guess at its meaning and differ as to its application, violates the first essential of due process of law." *Roberts*, 468 U.S. At 629; [Connally v. General Const. Co. \(1926\) 269 U.S. 385, 391](#). A vague statute cannot be upheld because "we insist that laws give the person of ordinary intelligence a reasonable opportunity to know what is prohibited, so that he may act accordingly." [Cranston v. City of Richmond \(1985\) 40 Cal.3d 755, 763](#). "A statute should be sufficiently certain so that a person may know what is prohibited thereby and what may be done without violating its provisions" [Lockheed Aircraft Corp. v. Superior Court \(1946\) 28 Cal.2d 481, 484](#). The "void-for-vagueness doctrine" represents "the underlying concern [that a statute comply with] the core due process requirement of adequate notice." [People ex rel. Gallo v. Acuna \(1997\) 14 Cal.4th 1090, 1115](#). [*27]

1. California's Fourth Appellate District Has Held The Post-1998 ICRAA Is Unconstitutionally Vague And Unenforceable As A Matter Of Law.

In *Ortiz* and *Trujillo*, California's Fourth Appellate District held the ICRAA's 1998 amendment, which removed the limitation it only applied to consumer reports containing information bearing on an individual's "character, general reputation, personal characteristics, or mode of living . . . obtained through personal interviews," caused it to be unconstitutionally vague, at least as to consumer reports that could simultaneously be subject to the separate and distinct statute, the CCRAA. Federal district courts that have considered the constitutionality of the overlap between the CCRAA and the ICRAA have applied *Ortiz* and *Trujillo* to likewise find the post 1998 ICRAA is unconstitutionally vague for the same reasons. See [Roe, 2013 U.S. Dist. LEXIS 88936](#),*14-18; [Moran v. The Screening Pros. \(CD. Cal. 2012\) 2012 U.S. Dist. LEXIS 158598](#),*15-22. Indeed, the Second Appellate District in *Connor* is the first court to reject the *Ortiz* and *Trujillo* Court's reasoning and holding.

The *Ortiz*, [*28] *Trujillo* and the federal courts that have considered the constitutionality of the post 1998 ICRAA as to consumer reports that are arguably covered by both the CCRAA and the ICRAA reached the conclusion that the ICRAA was unconstitutionally vague based on the fact that California's Legislature intended the CCRAA and the ICRAA to operate as separate and distinct statutes. Indeed, from their inception, these two statutes were intended to govern different specific types of consumer reports.

Prior to 1998 the CCRAA and the ICRAA did not overlap because each statute expressly excluded reports governed by the other. Compare Cal. Civ. Code § 1785.3(c) with Cal. Civ. Code § 1786.2(c), Stats 1998, c. 988, § 1; [Ortiz, 157 Cal.App.4th at 614](#). Moreover, prior to 1998, a party requesting a consumer report could easily determine which statute applied by simply looking at the manner by which the information in the report was obtained. Compare Cal. Civ. Code § 1785.3(c) with Cal. Civ. Code § 1786.2(c), Stats 1998, c. 988, § 1; [Ortiz, 157 Cal.App.4th at 614-615](#) ("[t]his statutory scheme - two separate statutes governing two kinds of [consumer] reports depending [*29] on the type of information they contain - indicates a legislative intent to distinguish between creditworthiness information and character information").

This intentional differentiation is further evidenced by the fact the CCRAA and the ICRAA "impose different obligations on persons compiling or requiring [consumer] reports, depending on whether the information therein pertains to creditworthiness or character." [Ortiz, 157 Cal.App.4th at 614](#). Indeed, "[n]othing in the statutes suggests any one item of information may constitute both creditworthiness and character information such that it alone subjects a [consumer] report to both statutes" at the same time. ([Id. at 615](#).)

As pertinent to this action, the *Ortiz* and *Trujillo* Courts found that, prior to the ICRAA's 1998 amendments, an individual could determine whether a consumer report was subject to the CCRAA or the ICRAA by looking at the manner by which the information was obtained. [Ortiz, 157 Cal.App.4th at 616](#). Specifically, prior to 1998, the ICRAA applied to consumer reports that contained "information on a consumer's character, general reputation, personal characteristics, [*30] or mode of living . . . obtained through personal interviews" while the CCRAA expressly excluded reports containing such

information from its ambit. [*Ortiz*, 157 Cal.App.4th at 616](#); see also Cal. Civ. Code § 1785.3(c) (“Consumer credit report . . . does not include . . . (5) any report containing information solely on a consumer’s character, general reputation, personal characteristics, or mode of living . . . obtained through personal interviews”).

California’s Legislature removed this differentiation by its 1998 amendment to the ICRAA and obliterated the distinction between consumer reports subject to the CCRAA and those subject to the ICRAA. Cal. Civ. Code §§ 1786.2(c), (f), Stats 1998, c. 988, § 1. By doing so, it rendered the ICRAA unconstitutionally vague, at least as to reports that were simultaneously subject to both statutes. [*Ortiz*, 157 Cal.App.4th at 617, 619](#).

Specifically, the 1998 Amendment significantly broadened the ICRAA’s definition of “investigative consumer reports” from being limited only to those reports containing information on an individual’s character obtained only through “personal interviews,” to include all reports containing [*31] such character information “obtained through any means.” Cal. Civ. Code § 1786.2(c); Cal. Civ. Code §§ 1786.2(c), (f), Stats 1998, c. 988, § 1. Whether the CCRAA or the ICRAA now applies to a specific consumer report depends on the type of information contained in the report, not on the method by which the information was collected. However, as the *Ortiz*, *Trujillo*, *Roe*, and *Moran* Courts have each found, this is a false distinction.

Even Ms. Connor admits the same information, or the same types of information, can simultaneously fit equally well within the rubric of information bearing on an individual’s character as well as their credit worthiness. Because the post amendment ICRAA and the CCRAA simultaneously apply to consumer reports containing such information obtained through any means other than through personal interviews, there is no longer any functional distinction between reports subject to one statute versus the other. [*Ortiz*, 157 Cal.App.4th at 617, 619](#). Indeed, unless a consumer report is specifically excluded by the CCRAA or the ICRAA, and therefore necessarily falls under the coverage of the other, it is now impossible for persons of ordinary [*32] intelligence to determine whether the CCRAA or the ICRAA apply to consumer reports containing information bearing on their character. [*Ortiz*, 157 Cal.App.4th at 619](#).

Accordingly, as *Ortiz*, *Trujillo*, *Roe* and *Moran* Courts held, since 1998 the ICRAA no longer complies with the due process requirements to give adequate notice of whether or not it applies to a given consumer report. Rather, since the 1998 amendment, an individual requesting a consumer report covered by the CCRAA could comply with that statute but nevertheless be found to have violated the ICRAA and be subjected to its \$ 10,000 penalty. In other words, a defendant can be found liable for the ICRAA’s civil penalty for engaging in completely legal conduct. In fact, that is exactly what Ms. Connor is attempting to do in this action.

a. The Undisputed Evidence Established First Requested The Subject Consumer Reports On Ms. Connor In Compliance With California’s CCRAA.

Even Ms. Connor does not dispute that First complied with the CCRAA when it requested the consumer reports on her. Appellant admits the CCRAA applies to consumer reports obtained for an “employment purpose.” Cal Civ. Code § 1785.3(f). [*33] The term “employment purpose” under the CCRAA, like the ICRAA is defined as when a report is “used for the purpose of evaluating a consumer for employment, promotion, reassignment, or retention as an employee.” Cal Civ. Code § 1785.3(f); Cal. Civ. Code. § 1786.2(f); see also Cal. Civ. Code § 1785.18(b) (stating consumer reports covered by the CCRAA include reports obtained for employment purposes), Cal. Civ. Code § 1875.20.5(a) (identifying the pre-request disclosure requirements an employer must comply with before requesting a consumer report covered by the CCRAA for employment purposes).

Ms. Connor also admits First requested and used the background reports on her to “in making decisions about Plaintiff’s employment,” *i.e.* it used it for an employment purpose. (JA, p. 36:1-3.) Accordingly, Ms. Connor admits that First requested the subject background reports for a purpose specifically authorized by the CCRAA. Cal Civ. Code § 1785.3(f).

Ms. Connor also admits that First complied with the CCRAA’s requirements before requesting the subject consumer reports. At the time First requested Ms. Connor’s consumer reports, the CCRAA required an employer “provide [her] written notice” [*34] that:

1. Informed her "that a report will be used";
2. Stated "the source of the report"; and
3. "[C]ontain[ed] a box that [she] may check off to receive a copy of the [] report."

See Cal. Civ. Code § 1785.20.5(a), Historical and Statutory Notes, Stats.2011, c. 724. It is undisputed that First complied with these requirements.

Ms. Connor admits First gave her the Notice. (JA, Vol. I, p. 166.) She also admits that the Notice stated a "consumer report" may be prepared on her "[i]n connection with [her] employment or application for employment." (JA, Vol. I, pp. 213, 230.) She further admits that the Notice identified the source(s) of the report, by identifying the sources of the information on which the report would be based and the name of the company preparing the report. (*Id.*) She also admits that the Notice included a box Appellant could check to request a copy of the report. (*Id.*)

First's compliance with the CCRAA is further established by Ms. Connor's admission that none of the subject background reports contained information obtained by personal interviews - *i.e.* they contained no information expressly excluded by the CCRAA. (JA, Vol. [*35] IV, p. 951-952); Cal. Civ. Code § 1785.3(c). Indeed, the trial court specifically found her background reports did not contain any such prohibited information. (JA, Vol. X, p. 2298:14-18.) Accordingly, it cannot be disputed that First requested the subject background reports in a manner specifically authorized by the CCRAA.

Despite the fact First complied with the ICRAA, Ms. Connor argued, and California's Second Appellate District held "the ICRAA applies to the background checks at issue in this case, and the fact the CCRAA might also apply to those same background checks does not render the ICRAA void for vagueness." [Connor, 239 Cal.App.4th at 532.](#)

2. California's Second Appellate District Has Held The Post-1998 ICRAA Is Not Unconstitutionally Vague And Unenforceable In Contrast To The Fourth Appellate District.

Unlike the *Ortiz*, *Trujillo*, *Roe*, and *Moran* Courts, the *Connor* Court found the CCRAA and the ICRAA were not meant to be separate and distinct statutes that were intended to govern separate and distinct consumer reports. Indeed, unlike these prior courts, the *Connor* Court held "any one item of information [need not] be classified [*36] as either creditworthiness or character information, but not both, because a single report could be governed by either the CCRAA or the ICRAA." [Connor, 239 Cal.App.4th at 537.](#) The *Connor* Court disagreed with the *Ortiz* Court's decision because, in its view, "[t]he *Ortiz* court's statement . . . that a consumer report cannot be subject to both acts (*Ortiz, supra, 157 Cal.App.4th at 617*) simply is not supported by the language of the acts as now amended." [Connor, 239 Cal.App.4th at 538.](#) The *Connor* Court held individuals and entities that request consumer reports that are simultaneously subject to both the CCRAA and the ICRAA must comply with the ICRAA, "regardless whether [they] complied with the CCRAA." *Connor*, Cal.App.4th at 539. By this decision, the *Connor* Court held First, as well as any other individual or entity that requests a consumer report that is governed by the CCRAA and in complete compliance with that statute's procedural requirements, can nevertheless potentially be held liable for the ICRAA's \$ 10,000 penalty if the consumer report is potentially also covered by the ICRAA. In other words, the [*37] *Connor* Court held a defendant can be potentially assessed a \$ 10,000.00 penalty for engaging in completely legal conduct.

3. California's Second Appellate District's Decision Has Created A Split Between The Districts That Must Be Resolved.

As a result of the *Connor* Court's decision, there currently exists a split between the Second and Fourth Appellate District regarding the constitutionality of the post 1998 ICRAA. This split will cause the trial courts in these districts to rule differently even if confronted with the same factual situations. It has also created uncertainty as to how the trial courts in other districts will rule when confronted with this issue. [Auto Equity Sales, 57 Cal.2d at 450.](#) Given numerous employers use consumer reports for employment purposes, whether a background report is subject to the CCRAA or the ICRAA is an important issue of law that should be resolved by this Court.

VII. CONCLUSION

For the foregoing reasons, it is respectfully submitted that review of the Second Appellate District's opinion is warranted and should be granted.

Dated: September 21, 2015

/s/ [Signature]

RONALD A. PETERS

BENJAMIN [*38] A. EMMERT, LITTLER MENDELSON

Attorneys for Defendants and Appellees FIRST STUDENT, INC. and FIRST TRANSIT, INC.

CERTIFICATE OF WORD COUNT

(Cal Rules of Ct. Rule 8.504(d)(1))

Pursuant to California Rule of Court 8.204(c) and 8.486(a)(6), the text of this petition, including footnotes and excluding the cover information, Certificate of Interested Entities or Persons, table of contexts and table of authorities, signature blocks and the certification, consists of 6,590 words in 13-point New Times Roman types as counted by the Microsoft Word word-processing program used to generate the text.

Dated: September 21, 2015

/s/ [Signature]

RONALD A. PETERS

BENJAMIN A. EMMERT

LITTLER MENDELSON

Attorneys for Defendants and Appellees FIRST STUDENT, INC. AND FIRST TRANSIT, INC.

PROOF OF SERVICE

I am a resident of the State of California, over the age of eighteen years, and not a party to the within action. My business address is 50 W. San Fernando, 15th Floor, San Jose, California 95113.2303. On September 21, 2015, I served the within document(s):

PETITION FOR REVIEW

X by depositing a true copy of the same enclosed in a sealed envelope, with delivery [*39] fees provided for, in an overnight delivery service pick up box or office designated for overnight delivery, and addressed as set forth below.

X by personally delivering a copy of the document(s) listed above to the person(s) at the address(es) set forth below.

SENT VIA OVERNIGHT MAIL

Clerk of the Court of Appeals
Second Appellate District, Division 4
300 South Spring Street, 2nd Floor,
North Tower
Los Angeles, CA 90013

SENT VIA OVERNIGHT MAIL

Los Angeles County Superior Court
600 Commonwealth Ave.
Los Angeles, CA 90005

SENT VIA PERSONAL DELIVERY COUNTY LEGAL

Hunter Pyle, Esq.
Sundeen, Salinas & Pyle
428 13th Street, 8th Floor
Oakland, CA 94612

SENT VIA OVERNIGHT MAIL

Todd F. Jackson, Esq.

Catha Worthman, Esq.

Lewis, Feinberg, Lee, Renaker & Jackson, P.C.

476 9th Street

Oakland, CA 94607

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I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

Executed on September 21, 2015, at San Jose, California.

/s/ [Signature]

Pauline R. Lopez

[SEE EXHIBIT A IN ORIGINAL]

[SEE EXHIBIT A IN ORIGINAL]