

BACKGROUND SCREENING REPORT
ABC COMPANY
KARL CAPER
Confidential

OUR REF:	31210-001		
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SUBJECT PARTICULARS

SURNAME:	Caper
GIVEN NAME:	Karl
DATE OF BIRTH:	Verified
SOCIAL SECURITY NUMBER:	Verified
ADDRESS:	Verified

CRIMINAL RECORD SEARCH

Statewide felony and misdemeanor searches using the subject's name and date of birth were conducted in the State of Pennsylvania. The searches did not reveal any negative information regarding the subject.

County-level felony and misdemeanor searches using the subject's name and date of birth were conducted in Montgomery County, Pennsylvania (back to 1992). The searches did not surface any information relating to the subject. We conducted the same search for Philadelphia County, Pennsylvania (back to 1992). The results were similarly returned clear.

CREDIT HISTORY

A credit bureau report was requested for the subject using the details provided. The report shows one judgment in the amount of \$9,000 dated February 1999. There are no collection matters. There are a total of nineteen credit lines which are rated at or near the highest level.

CIVIL LITIGATION SEARCH

A nationwide search using the subject's name was conducted of the records of the US Federal civil courts, including Bankruptcy Court. This search did not surface any records relating to the subject within the past 7 years, although his former company, American Rehab, Inc., has filed a Chapter 11 petition in bankruptcy. The subject is not listed as a party to that action.

A nationwide search using the name Karl Caper was conducted of the records of the US Federal civil courts. This search surfaced two records relating to the subject:

The first is an October 2002 civil action in the United States District Court for the Eastern District of Pennsylvania by Allstate Insurance Company against the subject, US Rehab Inc., Max Wiler, and Michelle Mooge. The plaintiffs alleged the subject fraudulently billed for medical services, among other things. The case was tried by jury and on March 3, 2004, judgment was entered in favor of the plaintiffs in the amount of \$366,748.00. Thereafter, on August 6, 2004, upon plaintiffs' motion to amend the judgment to treble the damages awarded by the jury, the court granted the request and entered an amended judgment against the subject and the other defendants in the amount of \$1,100,244.00. As of July 1, 2009, the judgment remains unpaid.

The second is an October 2003 civil action in the United States District Court for the Eastern District of Pennsylvania by State Farm Mutual Auto Insurance Company against the subject. The complaint alleges common law fraud, violations of the Corporate Practice of Medicine Doctrine, the Pennsylvania Insurance Fraud Statute and various other common law causes of action. The principal factual allegation is as follows:

During the relevant period, the subject and his agents and employees without the knowledge and consent of State Farm, agreed and conspired together to devise and participate in a scheme to defraud State Farm by means of false and fraudulent representations, including performing unnecessary testing and consults and producing and submitting fraudulent medical reports, bills and other documents, which were intended to obtain payment from State Farm for medical treatment allegedly provided to individuals insured by State Farm.

The matter is still pending and a settlement conference is scheduled with the Court for August 17, 2012 at 10:00 a.m.

A search using the subject's name was conducted of the records of the Pennsylvania Courts of Common Pleas, the District Justice Offices of all Pennsylvania Counties (other than Philadelphia) which include small claim civil suits under \$8,000 and landlord/tenant matters, the Municipal Court of Philadelphia, which includes small claim civil judgments, code enforcement judgments, and landlord tenant judgments, and the Prothonotary offices in all counties, which includes tax liens filed by the IRS and agencies of Pennsylvania. These searches did not surface any records relating to the subject.



MEDIA SEARCHES

Searches were conducted of a number of databases containing full text news articles from over 11,000 sources in 22 languages worldwide. Sources include local, national and international newspapers, business magazines, trade publications and newswires. These searches, conducted using the name Karl Caper and variations, coupled with proprietary search methodologies, surfaced two negative records relating to the subject. Both articles discuss the lawsuit against the subject filed by Allstate Insurance Company. The articles are included at the end of this report.

EDUCATION VERIFICATION

We verified the subject was graduated from Temple University in August 1982 with a Bachelor of Arts Degree in Journalism. The subject attended from September 1979 to August 1982.

We verified the subject obtained an Associate's Degree in Letters Arts and Sciences from Pennsylvania State University on May 26, 1979.

SUMMARY AND CONCLUSION

We are concerned that the subject is liable for a judgment in excess of \$1 million and is currently a defendant in another federal court fraud case. Since the judgment is for fraud, it cannot be discharged in bankruptcy. Moreover, the pending litigation will likely take him out of the office for depositions and trial in the event the case is not settled. We are also troubled by the fact that the fraud was committed in the medical field and your firm is deeply connected with the hospital system in Connecticut.

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This consumer report is derived from information provided to Maragell by you and the subject as well as from databases and records that have been created and maintained by various government agencies, private companies, and other contributors that are not under the control of Maragell. Maragell represents it has accurately recorded and reported the information obtained, but responsibility for the accuracy of the information presented to Maragell and contained in the databases and records rests solely in the contributor and not Maragell. Searches conducted in connection with civil litigation are limited to on-line information only and such records may only be available from a certain date forward. Records older than 1993 may not have been searched.

Background checks are only one pre-employment screening tool and many others are available to you when considering an applicant for employment. Maragell does not express an opinion, positive or negative, regarding the suitability of this candidate for employment with your company. The decision to hire an applicant is solely within your discretion and you agree not to hold Maragell liable for any damages, including but not limited to personal injuries or financial or reputational losses, suffered by you or your employees as a result of your decision to hire an applicant screened by Maragell.



Our report is given as of the date hereof and is based upon (i) inquiries made to the specific federal, state or county databases requested to be searched by the addressee and (ii) the information contained in such databases (and such other databases identified above) as it exists as of this date. Unless requested to do so, we assume no obligation to update or supplement this report to reflect any data or information which may hereafter come to our attention. The report is intended only for the benefit of the party to whom it is addressed and may not be reproduced without our express written consent. It is our understanding that the addressee will use the information contained in this report in compliance with the terms of the Fair Credit Reporting Act, 15 U.S.C. 1681-1681u ("FCRA") and that this report will not be delivered or disclosed to, or relied upon by, any individual or entity other than the addressee or the subject except as permitted by the FCRA.

