

Ban the Box Stipulation Becomes L.A. Law

EMPLOYMENT: For criminal history, liability goes beyond just job applications.

If you ever applied for a job that required you to fill out an application, you may have seen a checkbox next to the question "Have you ever been convicted of a felony?"

This year, a new regulation in the city of Los Angeles requires employers to remove that box along with the question about the applicant's criminal history.

LAW

Iris Lee

July marked the start of enforcement of the Fair Chance Initiative for Hiring Ordinance, otherwise

known as Ban the Box.

While no fines have been charged to any employers yet, the city has confirmed that "several investigations are in process due to complaints alleging violations."

The ordinance does more than simply ask employers to ban the box from their applications. It bans them from considering the criminal history of an applicant (i.e., background check), until after a conditional job offer is made. Once a conditional offer is made and an employer discovers a criminal conviction, to rescind the offer, the employer must present a written statement to the applicant with their reason.

Richard Rosenberg, partner at the law firm **Ballard Rosenberg Golper & Savitt** in Encino, said as with any regulation, this one is full of exceptions and details that may confuse employers. For example, if an employer is

mandated by law to obtain information regarding conviction, such as for jobs that require handling of fire arms, they will be exempt from the regulation.

But for most employers that would like to be exempt, they must apply for an exemption status with the Bureau of Contract Administration, which is part of the city's Department of Public Works.

Rosenberg advised that employers sit down with a labor attorney to discuss how this will affect their business practices.

"If you consider criminal records, you have to know about the obstacles and review policies and practices to make sure they are in compliance," said Rosenberg. "If you are going to consider (criminal history), you have to make sure it's carefully tailored. You can't automatically reject an applicant."

Rosenberg added that complex regulations like these can become an administrative burden. However, they are rooted in providing equal opportunity.

"At the core, these cases are about the protected class," said Rosenberg. "The regulation is designed to grapple with the realization that certain portions of the population have more chance of being incarcerated."

The ordinance is based on proven research that certain minority groups are more likely to be arrested, charged and convicted of a crime than other groups who commit the same crime. Therefore, if an employer refuses to hire someone because of the person's criminal record, that employer may be discriminating against that class of minorities. Although not intentional, the employer's hiring policy is discriminatory, Rosenberg explained.

While the new ordinance may seem like

an invitation for frivolous lawsuits, **Kim Fitzpatrick**, division manager for Office of Wage Standards, said there are tools in place to help employers. For example, the ordinance requires that a violation be reported to the city office before any lawsuits are pursued. For now, the ordinance is mainly enforced by following up on complaints that have been submitted.

"We have solicited feedback from the business community," said Fitzpatrick. "We are also providing additional guidance for businesses that are looking for support."



Counsel: Richard Rosenberg says Ban the Box is based on equal opportunity.

Past Depositions

Recent corruption charges against Palmdale Mayor **Jim Ledford** have brought to light how an unrelated past deposition can become the starting point for a criminal investigation.

In June, Ledford was charged by the Los Angeles County District Attorney's Office with conspiracy. The charge alleged that Ledford received money from local consultants and failed to disclose them.

Following the charge, Los Angeles Times reported that "issues raised in the (past) deposition have become part of a public corruption investigation into Ledford."

That past deposition was when Ledford was deposed following a suit filed against the city of Palmdale. The suit, which Palmdale eventually lost, alleged that the city violated the California Voter Rights Act. The deposition was led by litigation attorney and Lancaster Mayor **Rex Parris**, and included questions regarding Ledford's source of income.

Attorney **Tamiko Herron**, at **Owen Patterson & Owen** said in general, depositions carry the same weight as a court testimony.

"Deposition testimony is testimony under oath," said Herron. "The fact that you are in a conference room setting doesn't negate that."

Herron added that it is standard practice for admonition, or the ground rules, to be given to the defendant and counsel at the beginning of the deposition so they are fully informed.

Ledford appeared in court July 26 for arraignment. However, the judge agreed to push back the arraignment to Oct. 19, following a request from the defense attorneys.

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Satisfied Customers Inspire FloQast Investors

SOFTWARE: Funding round of \$25 million will finance international expansion.

Accounting software developer **FloQast Inc.** received \$25 million in a second funding round. The money will be used to beef up sales, marketing and customer support and for international expansion.



TECHNOLOGY

Mark R. Madler

Insight Venture Partners in New York led the investment round for the Sherman Oaks startup. It was joined by current FloQast investors **Toba Capital** in San Francisco and **Polaris Partners** in Boston. The new funding brings FloQast's total capital raised to date to

\$33 million. **Harley Miller**, vice president of Insight, will join FloQast's board.

Chief Executive **Mike Whitmire** said the additional money will allow expansion overseas, starting with an office in London.

England was targeted as the first foreign location because of no cultural or language barriers and the buyer persona is similar to that found in the U.S.

"If London goes well we'd start to look into other countries to expand into from there," Whitmire said.

Founded in 2013, FloQast offers a software application that allows finance professionals to collaborate, organize documents and automate some tasks, such as closing out financial books and reconciling accounts to make sure the amount of money coming in matches the money spent.

A big part of why FloQast has been able to

raise money is due to high customer satisfaction ratings.

For the current funding round the investors did a Net Promoter Score, an internal industry benchmark based on customer loyalty that asked customers if they would recommend a company's product or service to others. More than two-thirds of Fortune 1000 companies have adopted the measurement.

FloQast earned a score of 76, which Whitmire said was considerably higher than the average scores of 20 to 40. **Apple Inc.**, by comparison, has a score of 60, he added.

"Not many investors see an enterprise company with that high level of customer satisfaction," Whitmire said.

FloQast, too, has been aggressive with its hiring with a total headcount of 70 employees. About 50 workers are in the Valley, another dozen at a sales office near Columbus, Ohio that opened early this year, and several employees working remotely.

The Sherman Oaks office with about 6,000 square feet of space is under some constraints which is why the company will move later this year to a 20,000-square-foot building in Van Nuys.

"We found this cool old warehouse that the landlord is converting over to creative lofts. We actually get the whole building over there," Whitmire said.

Glendale's Tech Week

The city of Glendale is gearing up for its second Tech Week taking place Oct. 9 to 13 at multiple venues downtown.

An outgrowth of a technology strategy adopted by the Glendale City Council in January, Tech Week features speakers and panels, a



Glendale Tech Week: Left, Alex Theatre will host events to promote digital industry; right, panels will continue last year's format discussing cybersecurity and other topics.



pitch fest where startups compete for a \$20,000 prize package, a hackathon for students, receptions and other events.

Jennifer McClain, principal economic development officer, said last year's inaugural week drew about 1,000 people and started conversations between the city and tech companies about what more could be done to create a tech community.

"It is always a scary thing to have government knocking on businesses' doors saying, 'We want to help,'" McClain said. "For us the activities during Tech Week helped break down those barriers and forged some of those relationships."

Changes for this year include bringing in an event management company, **Innovate Marketing**, in Pasadena, and the **Valley Economic Alliance** hosting a hackathon on Oct. 13.

Alex Theatre, Americana at Brand, the downtown Glendale library and commercial real estate firm **CBRE Group Inc.** are providing space for a variety of events on Oct. 11 and 12.

These events include exhibitor displays, panels on innovations in health care, women in tech, cybersecurity and other topics, virtual reality and robotics demonstrations and opportunities to meet potential investors.

Speakers include representatives from **Expert Dojo**, a small business accelerator from Santa Monica; **Stripe**, a payment processing firm from San Francisco; **Fair.com**, an automotive financial technology company in Los Angeles; and **Spokeo**, an information-gathering website in Pasadena.

Local companies participating include **Age of Learning Inc.**, an education company that has developed the digital learning product ABCMouse.com; and **ServiceTitan Inc.**, a developer of management software for home service companies.

"Between the two of them, they are the largest startups that we have seen in the city," McClain said. "Age of Learning now has 590 employees, and Service Titan is another up-and-coming company."

The city is also seeking tech companies that may want to host a pop up event. For example, on Oct. 9 the DJ school **Beat Junkie Institute of Sound** is having a reception at its location at 5130 San Fernando Road.

"If local companies want to host a fieldtrip or site visit to their location, we are encouraging that," McClain said.

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