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TECHNOLOGY

# Uber's System for Screening Drivers Draws Scrutiny

By MIKE ISAAC DEC. 9, 2014

Uber champions its “industry-leading standards” for vetting its drivers. On its website, it describes its background checks as “often more rigorous” than those in the traditional taxi industry.

But in statehouses across the country, Uber has fought against legislation requiring background checks as strong as those demanded of traditional taxis. Other ride-sharing companies like Lyft and Sidecar, Uber's chief rivals, have also pushed against the laws, but supporters of stronger background checks say Uber has been by far the most aggressive.

In Colorado, the company helped persuade lawmakers to ease drivers' background checks in a bill that legalized ride-sharing companies. In Illinois, after a lobbying push, Gov. Pat Quinn vetoed a bill that would have forced Uber to strengthen those checks.

And in California, Uber and other companies like it helped kill a law that would have required drivers to undergo a background check by the state's Justice Department, as is required of taxi drivers.

At the same time, the rigor of Uber's checks has come into question. On Monday, Uber was banned in New Delhi after a driver was accused of raping a customer; New Delhi authorities said the driver, who was previously accused of raping another female passenger in 2011, was not properly vetted by Uber.

"We don't know if their background checks are good, bad or indifferent," said Max Tyler, a Colorado state representative who is critical of Uber's approach to rider safety. "In Colorado, the bill did not have an F.B.I. background check, no fingerprint check, none of the things taxi drivers must go through."

"Maybe Uber is doing a good job vetting drivers, maybe not," he added.

Uber vigorously defended its process.

"Uber is on track to complete more than two million background checks in 2014," said Lane Kasselmann, an Uber spokesman. "It's a responsibility we take seriously."

Erin Simpson, a Lyft spokeswoman, said that safety was Lyft's "top priority" and that its checks "far exceed what's required for taxis and limos in nearly every municipality across the country."

Uber, a five-year-old company that has raised about \$2.7 billion in cash and is valued by investors at over \$40 billion, is in the limelight these days. It is expanding at breakneck speed, hiring thousands of drivers in more than 250 cities worldwide, with rumors of an eventual public offering. It has vast ambitions — to become a delivery service replacing not just taxis but couriers like the United Parcel Service, and grocery and restaurant delivery services.

At the same time, though, it is facing scrutiny. Attention intensified last month, after an Uber executive said the company should dig up dirt on reporters critical of its business. Senator Al Franken, Democrat of Minnesota, has demanded that the company explain its privacy policies.

On Monday, a Dutch court barred UberPop, the company's low-cost service, from operating in the Netherlands; that same day, the city of Portland, Ore., sued Uber, saying it was operating an "illegal, unregulated transportation service." In

Spain on Tuesday, a judge issued a temporary ban against Uber's operations after protests from the country's taxi associations.

Background checks have become a hot point of debate, with the New Delhi case just the most recent to raise the issue.

This year, an Uber driver who had been convicted of reckless driving in Florida was arrested in San Francisco in the death of a 6-year-old girl. The child's family filed a wrongful-death suit. On Monday, the driver was charged with misdemeanor vehicular manslaughter.

Last year, an Uber driver was accused of assaulting a passenger in San Francisco; he was previously convicted of a felony drug charge, an offense that should have disqualified him from working for Uber under its own procedures.

The push in state capitals against background checks is a reflection of how Travis C. Kalanick, Uber's founder and chief executive, has made it a top priority to navigate laws that he says are outdated and protected by the taxi industry, and that would slow Uber's growth. In August, he hired David Plouffe, who helped President Obama win the presidency, because, he said, "we are in the middle of a political campaign and it turns out the candidate is Uber."

But lawmakers say that in the rush to add drivers, Uber and Lyft are choosing speed over quality in background checks.

Uber uses Hirease, a private company that says it has an average turnaround time of "less than 36 hours." Sterling, Lyft's private background check service, says its turnaround time averages two business days.

Both services do drug and alcohol testing, but neither does fingerprint testing. And they rely primarily on publicly available information.

Although state background checks for taxi drivers vary by jurisdiction, lawmakers say they are generally more rigorous than either of these services. They usually include searches of private databases like F.B.I. records, gaining consent from prospective drivers for those searches, said Adrin Nazarian, a California assemblyman who has pushed for stronger vetting laws.

In February, Mr. Nazarian sponsored a bill to require companies like Uber to put their drivers through the same process facing traditional taxi drivers. In California, those drivers must undergo checks by the state's Justice Department, including fingerprint scanning, drug and alcohol testing, and searches of private databases. A check can take as little as three days, but as long as eight weeks.

"No private background check can compete with state-run background checks," Mr. Nazarian said. "I don't see how anyone can fight with a straight face about not wanting to have the best background check."

Mr. Kasselmann, the Uber spokesman, said the private services procured better data because in reviewing the local, state and federal backgrounds of drivers, they go to "the source of the records rather than relying on databases that may not always be up-to-date."

He added that a continuing external audit of Uber's procedures had found that the company's methodology was an improvement over traditional taxi background checks. The audit is being performed by Giuliani Partners, the consulting firm founded by Rudolph W. Giuliani, the former mayor of New York.

The taxi and limousine industry backed the bill, and various transportation interests spent more than \$1.3 million to support it, assembly records show. Transportation industry interests have also contributed to the campaigns of more than 20 members of the California Assembly, including Mr. Nazarian.

Uber and Lyft hired lobbyists and organized a public relations campaign. Uber, which has spent over \$650,000 lobbying on California transportation issues, characterized the bill as little more than "a flagrant attempt to stymie innovation and competition by an antiquated industry." In the summer, nearly 100 drivers and passengers protested the bill on the Assembly steps.

The bill died.

In Colorado, Uber spent about \$60,000 on lobbyists to support legislation that in June made the state one of the first to legalize companies like Uber and Lyft. That

law does not require such drivers to undergo the same strict fingerprint checks required of taxi and limousine drivers.

In May, Illinois legislators passed two bills, supported by the taxi industry, that more heavily regulated ride-sharing services, including requiring state-conducted background checks for drivers.

After the bills were passed, Uber hired lobbyists, including Jack Lavin, the former chief of staff of Governor Quinn. In August, the governor vetoed the bills, saying the industry “is best regulated at the local level.”

His office did not respond to a request for further comment; Mr. Lavin did not respond either.

A new version of the legislation that would loosen background check restrictions on Uber drivers, as the Colorado law does, recently passed the Illinois House and Senate.

On Tuesday, the district attorney of San Francisco, George Gascón, announced that he had filed a civil suit against Uber, saying the company had misled consumers about its background checks. Lyft settled similar claims with the district attorney.

“You are not using an ‘industry-leading’ background check process if you are not fingerprinting your drivers,” Mr. Gascón said at a news conference.

Conor Dougherty contributed reporting.

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