

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MINNESOTA

)
)
UNITED STATES OF

persons subject thereto except to the extent that enforcement specifically is committed to some other governmental agency, irrespective of whether the person is engaged in commerce or meets any other jurisdictional tests set forth by the FTC Act.

9. RRS is in the business of selling tenant screening reports, which are used by landlords and others for consumer eligibility determinations, such as whether to rent an apartment to a given individual. The tenant screening reports that RRS provides to third parties are consumer reports as defined in section 603(d) of the FCRA, 15 U.S.C. §1681a(d). That section defines a “consumer report” as

any written, oral, or other communication of any information by a consumer reporting agency bearing on a consumer’s credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living which is used or expected to be used or collected in whole or in part for the purpose of serving as a factor in establishing the consumer’s eligibility for (A) credit or insurance to be used primarily for personal, family, or household purposes; (B) employment purposes; or (C) any other purpose authorized under section 604.

RRS’s tenant screening reports are communicated to third parties; bear on the consumer’s credit standing, mode of living, and/or other attributes listed in section 603(d); and are used as a factor in determining the consumer’s elig

its clients.

further information and approves the application. Once approved, the customer is e-mailed login and password information and may purchase an unlimited number of RRS consumer reports from www.rentalresearch.com. The approval process is a one-time event, and once approved a customer is not subjected to any further screening by RRS.

14. RRS claims to request documentation from some applicants, which documentation may include personal identification,~~rx~~

16. On January 31, 2006, a consumer contacted RRS after he noticed the notation of an inquiry by RRS on his consumer report and believed his identity had been stolen. RRS personnel told the consumer that C.N. had requested a copy of his consumer report, and the consumer advised RRS personnel that he had not authorized C.N. to access his report. RRS took no further action regarding C.N.'s account at that time. On February 6, 2006, a second consumer contacted RRS stating that his consumer report had been impermissibly accessed. When RRS discovered that this consumer's report also had been requested by C.N., it sought but was unable to obtain an explanation from the individual purporting to be C.N. Accordingly, RRS disabled C.N.'s account, preventing access to any more consumer reports.

17. Defendants failed to prevent the disclosure of consumer reports to identity thieves because Defendants' practices and procedures, taken together, do not constitute reasonable procedures to verify or authenticate the identities and qualifications of prospective subscribers. Among other things, Defendants failed to: establish procedures to determine whether and when to require supporting documentation from applicants to verify their identities and their certified permissible purposes for obtaining consumer reports; take reasonable steps to verify information provided by RRS's applicants and follow up to address any inconsistencies, such as by requiring information from applicants that is not simply available in public resources (and could, therefore, be readily obtained by an identity thief); and monitor users' ongoing activities in order to limit the furnishing of consumer reports to the purposes listed under section 604 of the FCRA, such as by failing to detect a high volume of requests that was inconsistent with the information provided by the identity thieves in their application for access.

VIOLATIONS OF THE FCRA

COUNT I

18. Section 604 of the FCRA, 15 U.S.C. § 1681b, prohibits a consumer reporting agency from furnishing a consumer report except for specified “permissible purposes.”

19. As described in Paragraphs 7 through 17, in at least 318 instances, Defendants furnished consumer reports to persons that did not have a permissible purpose to obtain a consumer report.

20. By and through the acts and practices described in Paragraph 19, Defendants have violated Section 604 of the FCRA, 15 U.S.C. § 1681b.

COUNT II

21. Section 607(a) of the FCRA, 15 U.S.C. § 1681e(a), requires every consumer reporting agency to maintain reasonable procedures to limit the furnishing of consumer reports to the purposes listed under Section 604 of the FCRA, 15 U.S.C. § 1681b, including making reasonable efforts to verify the identity of each new prospective user of consumer report information and the uses certified by each prospective user prior to furnishing such user a consumer report.

22. As described in Paragraphs 7 through 17, Defendants have failed to maintain reasonable procedures to limit the furnishing of consumer reports to the purposes listed under Section 604 of the FCRA, have failed to make reasonable efforts to verify the identity of each new prospective new user of consumer report information, and have failed to make reasonable efforts to verify the uses certified by each prospective user prior to furnishing such user a consumer report.

23. By and through the acts and practices described in Paragraph 22, Defendants have violated Section 607(a) of the FCRA, 15 U.S.C. § 1681e(a).

COUNT III

consumers that is not offset by countervailing benefits to consumers or competition and is not reasonably avoidable by consumers. This practice was, and is, an unfair act or practice in or affecting commerce

(3) Enter a permanent injunction to prevent future violations of the FCRA and the FTC

Act by Defendants;

(4) Order Defendants to pay the costs of this ~~3880~~ ³⁸⁸⁰ 0.0000 TD(e)Tj5.1600 ~~0~~ ⁰ 0.0000 TD(n)Tj5.8800 0

OF COUNSEL:

JOEL WINSTON
Associate Director
Division of Privacy and Identity Protection

REBECCA E. KUEHN
Assistant Director
Division of Privacy and Identity Protection

SANDRA MCCARTHY
Attorney
Division of Privacy and Identity Protection

MOLLY CRAWFORD
Attorney
Division of Privacy and Identity Protection
Federal Trade Commission
Washington, D.C. 20580

**FOR THE PLAINTIFF
UNITED STATES OF AMERICA:**

MICHAEL F. HERTZ
Acting Assistant Attorney General
Civil Division
United States Department of Justice

FRANK J. MAGILL JR.
United States Attorney
District of Minnesota

Assistant United States Attorney
600 U. S. Courthouse
300 South Fourth Street
Minneapolis, MN 55415
612-664-5600
612-664-5787 (fax)

EUGENE M. THIROLF
Director
Office of Consumer Litigation

KENNETH L. JOST
Deputy Director
Office of Consumer Litigation

DANIEL K. CRANE-HIRSCH
Trial Attorney
Office of Consumer Litigation
U.S. Department of Justice
PO Box 386
Washington, D.C. 20044
202-616-8242
202-514-8742 (fax)

[Daniel.Crane-Hirsch@DOJ.gov](#) 1.00000 0.0025.5200 TD0.0600 Tc()TjET