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Judge certifies class action over TransUnion terrorist alerts

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(Reuters) - TransUnion, a leading U.S. consumer reporting agency, must face a class action accusing it of violating federal law by mistakenly reporting that thousands of individuals were on a government list of potential terrorists, a federal judge ruled.

In an order on Friday, U.S. Magistrate Judge Laurel Beeler said the sheer number of consumers reported as potential terrorists makes it likely that a significant number were inaccurately tagged. The consumers are represented by lawyers at Francis & Mailman and the Evans Law Firm.

A spokesman for TransUnion declined to comment.

Filed last year, the lawsuit said TransUnion violated the U.S. Fair Credit Reporting Act (FCRA) by selling consumer reports that included government terrorist alerts without disclosing the alerts in files provided to the consumers.

TransUnion also did not take reasonable precautions to make sure the terrorist alerts were accurate, the lawsuit said.

The lawsuit was filed on behalf of Monterey, California resident Amit Patel, who said his application to rent an apartment was rejected after a TransUnion Rental Screening Solutions background check falsely stated that he was on a terrorist watch list and had 17 criminal records.

When Patel disputed the information and asked for a copy of his file, the file he received did not include information about the criminal records or the terrorist alert, the lawsuit said.

FCRA requires credit reporting agencies to give consumers access to information sold about them and an opportunity to review and dispute any inaccuracies in their files.

"Friday's class certification ruling is a recognition by the court that what happened to Mr Patel was no accident and stems from long-standing unlawful practices at TransUnion," plaintiffs' lead attorney Jim Francis said in a statement.

In court filings, lawyers for TransUnion argued that TransUnion Rental Screening Solutions, which provides background reports to landlords, operates as a separate company from the parent, a provider of traditional credit reports.

Lawyers for TransUnion had also argued that the case could not proceed as a class because evidence would have to be weighed for each consumer to know whether the alerts were inaccurate.

Beeler rejected that argument. TransUnion has reported alerts for about 11,000 consumers and it is reasonable to assume that a significant portion of them were not terrorists, she said in Thursday's order.

Beeler's order allows the lawsuit to proceed on behalf of all U.S. consumers who were subjects of a TransUnion Rental Screening Solutions report and tagged as being on the government's alert list.

The case is Amit Patel et al v. TransUnion et al, U.S. District Court, Northern District of California, No. 14-0522.

For the plaintiffs: James Francis and John Soumilas at Francis & Mailman, and Ingrid Evans and Elliot Wong at the Evans Law Firm

For the defendants: Karen Braje, Michael O'Neil and Albert Hartmann at Reed Smith

**---- Index References ----**

Company: TRANSUNION RENTAL SCREENING SOLUTIONS INC

News Subject: (Business Lawsuits & Settlements (1BU19); Class Actions (1CL03); Consumer Protection (1CO43); International Terrorism (1IN37); Judicial Cases & Rulings (1JU36); Legal (1LE33); Top World News (1WO62))

Industry: (Banking (1BA20); Credit (1CR60); Financial Services (1FI37); Retail Banking Services (1RE38))

Region: (Americas (1AM92); California (1CA98); North America (1NO39); U.S. West Region (1WE46); USA (1US73))

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