

IN THE MATTER OF
TRANS UNION CREDIT INFORMATION COMPANY

CONSENT ORDER IN REGARD TO ALLEGED VIOLATION OF THE FEDERAL
TRADE COMMISSION AND FAIR CREDIT REPORTING ACTS

Docket C-3114. Complaint, Aug. 25, 1983—Decision, Aug. 25, 1983

This consent order requires a Chicago-based computerized consumer credit reporting agency and its credit bureaus, among other things, to review its credit reporting system to detect and remedy, where feasible, significant inaccuracies in information maintained or reported by the system. The company is prohibited from furnishing reports to investigative agencies, government law enforcement agencies and others who are not properly certified, or to those whom respondent has reason to believe would use the information for impermissible purposes. The company must advise users of the reports that anyone obtaining credit information under false pretenses is subject to a fine and/or imprisonment under federal law. In making file disclosures to properly identified consumers, respondent must disclose the nature and substance of all information retained on the consumer, however recorded. The company must also reinvestigate disputed credit information; advise the consumer of the results of its reinvestigation; and record corrected information within a reasonable period of time. Reports must also contain clear and accurate dispute statements or summaries of such statements filed by consumers. Further, when responding to a telephonic request for information, respondent must read the dispute statement prior to disclosing the challenged information. Additionally, respondent is prohibited from purging any consumer file containing credit account information that is solely non-derogatory and whose most recent date of activity is less than five years old, unless it advises users of the reports that such purges are performed periodically.

Appearances

For the Commission: *David Federbush, Marie A. Meyer and C. Lee Peeler.*

For the respondent: *Oscar Marquis*, in-house counsel, Chicago, Ill. and *Elroy Wolff, Sidley & Austin*, Washington, D.C.

COMPLAINT

The Federal Trade Commission, hereinafter referred to as the "Commission," pursuant to the provisions of the Federal Trade Commission Act, 15 U.S.C. 41, *et seq.*, as amended, the Fair Credit Reporting Act, Public Law 91-508, 15 U.S.C. 1681 *et seq.*, and by virtue of the authority vested in it by said Acts, having reason to believe that Trans Union Credit Information Company, hereinafter referred to as "respondent," has violated the provisions of said Acts, and believing that

a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges as follows:

Definitions

For the purposes of this complaint and Order, the terms *consumer*, *consumer report*, *consumer reporting agency*, and *person* are defined as set forth in Section 603 of the Fair Credit Reporting Act, Public Law 91-508, 15 U.S.C. 1681a (1980). The term *consumer file* or *file* refers to a record owned and maintained by respondent in its data base to store information on a designated consumer, and all information contained in that record. The data base may contain no, one, or more than one, consumer file on a given consumer. The information in no, one, or more than one, consumer file may be furnished to a user requesting a consumer report on a designated consumer.

Derogatory information refers to public record information and to credit accounts containing manner of payment ratings of 3 (pays (or paid) in more than 60 days, but not more than 90 days, or two payments past due); 4 (pays (or paid) in more than 90 days, but not more than 120 days, or three or more payments past due); 5 (pays (or paid) in 120 days or more); 7 (making regular payments under wage earner plan or similar arrangement); 08 (repossession); 8A (voluntary repossession); 8D (legal repossession); 09 (bad debt; placed for collection); 9B (collection account); and RJ (rejected).

Display algorithm means the automated matching rule used by respondent's system to compare personal identifiers contained in inquiries with those contained in consumer files in the data base for the purpose of determining whether the files should be reported in response to inquiries.

Merge algorithm means the automated matching rule used by respondent's system to compare personal identifiers contained in account information furnished by subscribers, or files contained in the data base, with identifying information contained in (other) files in the data base for the purpose of determining whether the account information should be merged into, or the other files merged together with, specific files in the data base.

PARAGRAPH 1. Respondent Trans Union Credit Information Company ("Trans Union") is a corporation organized, existing and doing business by virtue of the laws of the State of Delaware, with its principal place of business located at 111 West Jackson Boulevard, Chicago, Illinois. Respondent owns a number of credit bureaus located in a number of states and manages, directs and controls their activities. For the purpose of this complaint and Order, a reference to respondent includes its owned bureaus. This complaint and Order

apply only to Trans Union Credit Information Company and its owned bureaus.

PAR. 2. Respondent, Trans Union in the ordinary course and conduct of its business, is and has regularly been engaged in the practice of assembling information bearing on consumers' creditworthiness, credit standing, and credit capacity for the purpose of furnishing, for monetary fees, consumer reports to third parties. These reports contain information including but not limited to credit account payment information obtained from credit grantors, banks, and other consumer reporting agencies, as well as public record information. Credit grantors and others use the information contained in these reports for the purpose of evaluating the consumer's eligibility for credit, employment, insurance, and other transactions entered into by the consumer primarily for personal, family, or household purposes. Respondent is thus a consumer reporting agency, as defined in Section 603(f) of the Fair Credit Reporting Act.

PAR. 3. Respondent, from its owned bureaus located in approximately thirteen states, causes consumer reports to be distributed through the mail, by telephone and by teleprinter machine to its customers located throughout the United States, and in the ordinary course and conduct of its business regularly sends and receives substantial numbers of communications including consumer reports across state lines through the means and facilities of interstate commerce. Respondent thus maintains a substantial course of trade in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act. The Commission therefore has jurisdiction over the subject matter of this proceeding and over respondent, as provided by Section 621 of the Fair Credit Reporting Act and as provided by Section 5 of the Federal Trade Commission Act.

PAR. 4. All of the acts and practices alleged herein took place or are taking place in the ordinary course and conduct of respondent's business and have occurred subsequent to April 25, 1971, the effective date of the Fair Credit Reporting Act. A reference to an act, practice or violation occurring at the present time may include acts, practices or violations which occurred in the past but were discontinued subsequent to the initiation of the Commission's investigation of computerized consumer reporting agencies.

COUNT I

Alleging violations of the Fair Credit Reporting Act, the allegations of Paragraphs One through Four are incorporated by reference.

PAR. 5. Respondent has accepted a number of private investigative and detective agencies as subscribers to its consumer reporting services.

PAR. 6. In a number of instances, consumer reports obtained by the subscribers referred to in Paragraph Five have been used for purposes other than those permitted by Section 604(3) of the Fair Credit Reporting Act.

PAR. 7. With respect to a number of subscribers referred to in Paragraph Five, respondent has not had such subscribers identify the nature of their businesses or certify the purposes for which they sought respondent's reports before respondent furnished reports to them.

PAR. 8. By and through the acts and practices alleged in Paragraphs Five, Six, and Seven, respondent has violated Section 607(a) of the Fair Credit Reporting Act by failing to require prospective users of its reports to identify themselves, certify the purposes for which the information is sought, and certify that the information will be used for no other purpose.

PAR. 9. Respondent has furnished consumer reports to a number of subscribers referred to in Paragraph Five which have identified the nature of their businesses and the purposes for which they sought respondent's reports, without having first made a reasonable effort to verify the nature of their businesses and the purposes certified.

PAR. 10. By and through the acts and practices alleged in Paragraphs Five, Six, and Nine, respondent has violated Section 607(a) of the Fair Credit Reporting Act by failing to make a reasonable effort to verify the identity of a new prospective user and the uses certified by such prospective user prior to furnishing such user a consumer report.

PAR. 11. With respect to a number of the subscribers referred to in Paragraph Five, respondent knew that the subscriber was a detective or private investigative agency and thus had reasonable grounds for believing that the nature of the subscriber's detective or private investigative activities provides many instances in which the information in a consumer report could be used by the subscriber for purposes other than those listed in Section 604 of the Fair Credit Reporting Act. Respondent furnished consumer reports to such subscribers without obtaining from them, at the time of each request for a consumer report, a written or oral certification of the specific purpose(s) for which the report was sought and that the report would be used for no other purpose(s).

PAR. 12. By and through the acts and practices alleged in Paragraphs Five, Six, and Eleven, respondent has violated Section 607(a) of the Fair Credit Reporting Act by furnishing consumer reports to persons it had reasonable grounds for believing would not use such reports for purposes listed in Section 604 of the Act.

PAR. 13. By and through the acts and practices alleged in Para-

graphs Five, Six, and Eleven, respondent has violated Section 607(a) of the Fair Credit Reporting Act by failing to follow reasonable procedures designed to limit the furnishing of consumer reports to purposes listed in Section 604 of the Act.

COUNT II

Alleging violations of the Fair Credit Reporting Act, the allegations of Paragraphs One through Four are incorporated by reference.

PAR. 14. Respondent has granted membership, as subscribers to its consumer reporting services, to a number of government law enforcement agencies.

PAR. 15. In a number of instances, consumer reports containing more information than each consumer's name, address, former addresses, places of employment and former places of employment have been furnished by respondent to the government law enforcement agencies referred to in Paragraph Fourteen, and have been used by such agencies for law enforcement or other purposes not permitted by Section 604 of the Fair Credit Reporting Act.

PAR. 16. Respondent has furnished consumer reports to a number of the agencies referred to in Paragraph Fourteen without having first made a reasonable effort to verify the nature of their businesses and the purposes they certified for seeking respondent's reports.

PAR. 17. By and through the acts and practices alleged in Paragraphs Fourteen, Fifteen, and Sixteen, respondent has violated Section 607(a) of the Fair Credit Reporting Act by failing to make a reasonable effort to verify the identity of a new prospective user and the uses certified by such prospective user prior to furnishing such user a consumer report.

PAR. 18. With respect to a number of the government agencies referred to in Paragraph Fourteen, respondent had reasonable grounds for believing that the nature of the agencies' law enforcement activities provide many instances in which the information in consumer reports could be used by the agencies for purposes other than those permitted by Section 604 of the Fair Credit Reporting Act.

PAR. 19. Despite the circumstances described in Paragraph Eighteen, respondent has furnished consumer reports containing information in excess of a consumer's name, address, former addresses, places of employment and former places of employment to such government law enforcement agencies without obtaining from the agencies, at the time of each request for a consumer report, a written or oral certification of the specific purpose(s) for which the report is being sought and that the report will be used for no other purpose(s).

PAR. 20. By and through the acts and practices alleged in Paragraphs Fourteen, Fifteen, Eighteen and Nineteen, respondent has

violated Section 607(a) of the Fair Credit Reporting Act by furnishing consumer reports to persons it had reasonable grounds for believing would not use such reports for purposes listed in Section 604 of the Act.

PAR. 21. By and through the acts and practices alleged in Paragraphs Fourteen, Fifteen, Eighteen and Nineteen, respondent has violated Section 607(a) of the Fair Credit Reporting Act by failing to follow reasonable procedures designed to limit the furnishing of consumer reports to purposes listed under Section 604 of the Act.

PAR. 22. In several instances, respondent has furnished consumer reports containing information in excess of a consumer's name, address, former addresses, places of employment and former places of employment to government investigative agencies which have certified to respondent that the purposes for which they would use such reports would be investigative.

PAR. 23. By and through the acts and practices alleged in Paragraphs Fourteen, Fifteen, Eighteen, and Twenty-Two, respondent has failed to comply with Section 607(a) of the Fair Credit Reporting Act by furnishing consumer reports to persons whom it had reasonable grounds for believing would not use the reports for a purpose listed in Section 604.

PAR. 24. By and through the acts and practices alleged in Paragraphs Fourteen, Fifteen, Sixteen, and Twenty-Two, respondent has failed to comply with Section 604 of the Fair Credit Reporting Act by furnishing consumer reports to persons which it does not have reason to believe intend to use the information for a purpose listed in Section 604(3) of the Act.

COUNT III

Alleging violations of the Fair Credit Reporting Act, the allegations of Paragraphs One through Four are incorporated by reference.

PAR. 25. Respondent has purged derogatory credit account information, concerning accounts placed for collection or accounts charged to profit and loss, from its data base within seven years from the date the account was indicated closed by the credit grantor or the date the account's status was last verified, whichever is earlier. Certain credit grantors have not indicated the dates such accounts were actually closed but have periodically submitted to respondent information verifying the status of such accounts as charged to profit and loss or placed for collection.

PAR. 26. Prior to September, 1978, respondent took no independent action to fix in consumer files the dates such accounts were first reported to respondent as placed for collection or charged to profit and loss or to otherwise ensure that the dates used by its system as purge

dates for such accounts were not advanced to later dates each time such credit grantors submitted information verifying the status of such accounts. As a result, in a number of instances, respondent failed to purge items from consumer files either within seven years from the dates such accounts were actually charged to profit and loss or placed for collection, or within seven years from the date that credit grantors first submitted to respondent information indicating such accounts had reached the indicated derogatory status.

PAR. 27. By and through the acts and practices described in Paragraphs Twenty-Five and Twenty-Six, respondent has violated Section 607(a) of the Fair Credit Reporting Act by failing to maintain reasonable procedures designed to avoid violations of Section 605.

PAR. 28. Subsequent to September, 1978, respondent modified its procedures to assign in consumer files, as the purge date for newly submitted accounts charged to profit and loss or placed for collection but bearing no date closed supplied by the credit grantor, the first date information indicating that such accounts were charged to profit and loss or placed for collection is submitted to respondent. With respect to information concerning such accounts already contained in the data base but bearing no date closed supplied by the credit grantor, respondent in the latter half of 1978 or early 1979 assigned as a purge date the most recent date verified reflected in the file. Respondent thus assigned purge dates for information concerning a number of accounts charged to profit and loss or placed for collection which were subsequent to either the actual dates such accounts were charged to profit and loss or placed for collection or the dates that credit grantors first submitted to respondent information indicating that such accounts had reached the indicated derogatory status.

PAR. 29. By and through respondent's assignment of purge dates to accounts placed for collection or charged to profit and loss which respondent knew or reasonably should have known were incorrect, respondent failed to follow reasonable procedures to avoid violations of Section 605 of the Fair Credit Reporting Act and therefore violated Section 607(a) of the Fair Credit Reporting Act.

PAR. 30. Respondent has reported accounts charged to profit and loss or placed for collection, through the circumstances referred to in Paragraph Twenty-Six, more than seven years from the dates the accounts were actually placed for collection or charged to profit and loss or from the dates the information that the accounts were placed for collection or charged to profit and loss were first submitted to respondent.

PAR. 31. By and through the acts and practices referred to in Paragraph Thirty, respondent has violated Section 605 of the Fair Credit

Reporting Act by reporting accounts placed for collection or charged to profit and loss which antedate the report by more than seven years.

COUNT IV

Alleging violations of the Fair Credit Reporting Act, the allegations of Paragraphs One through Four are incorporated by reference.

PAR. 32. Respondent, in some of its owned bureaus, uses teleprinter terminals to provide consumers disclosures of the contents of files maintained in respondent's data base concerning them in response to requests made pursuant to Section 609 of the Fair Credit Reporting Act. These same bureaus also furnish a substantial number of consumer reports to subscribers by use of cathode ray tube ("CRT") terminals operated by employees of respondent. The display algorithm point score threshold for making consumer disclosures by teleprinter terminal is a number of points higher than the threshold for display of files accessed through a CRT terminal. Furthermore, for individual inquiries, a teleprinter will display only the two highest scoring files at or above the threshold while a CRT operator can choose to report to the inquirer zero, one, or two of the six highest scoring files at or above the threshold. Thus, when making disclosure to consumers by teleprinter terminal respondent does not disclose to the consumer information on the consumer contained in: (a) files which score at or above the threshold for display on a CRT terminal but below the threshold for display on a teleprinter terminal; and (b) files which score at or above the threshold for display on a teleprinter terminal but which are not among the two highest scoring files retrieved in response to the inquiry.

PAR. 33. By and through the acts and practices described in Paragraph Thirty-Two, respondent has violated Section 609 of the Fair Credit Reporting Act by failing to disclose to any consumer upon request and proper identification the nature and substance of all information recorded and retained on that consumer regardless of how the information is stored.

COUNT V

Alleging violations of the Fair Credit Reporting Act, the allegations of Paragraphs One through Four are incorporated by reference.

PAR. 34. Respondent has issued to inquirers teleprinter reports containing information on a consumer for which a dispute statement has been filed by the consumer pursuant to Section 611(b) of the Fair Credit Reporting Act, but which do not contain that statement but rather an instruction to the inquirer to contact the bureau to obtain the statement. If the inquirer does not on its own initiative contact

the bureau and request the dispute statement, respondent does not supply it to the inquiror.

PAR. 35. By and through the acts and practices alleged in Paragraph Thirty-Four respondent, in a number of instances in which it has furnished consumer reports containing information for which the consumer has filed a dispute statement, has violated Section 611(c) of the Fair Credit Reporting Act by failing to clearly note that such information is disputed by the consumer and provide either the consumer's dispute statement or a clear and accurate codification or summary thereof.

PAR. 36. In a number of instances in which respondent has codified or summarized the consumer's dispute statement, the codification or summary is not clear and accurate.

PAR. 37. By and through the acts and practices described in Paragraph Thirty-Six, respondent has violated Section 611(c) of the Fair Credit Reporting Act by failing, when a dispute statement is filed, to clearly note in any subsequent consumer report containing the information in question, that the information is disputed by the consumer and provide either the consumer's dispute statement or a clear and accurate codification or summary thereof.

COUNT VI

Alleging violations of the Fair Credit Reporting Act and Section 5 of the Federal Trade Commission Act, the allegations of Paragraphs One through Four are incorporated by reference.

PAR. 38. Respondent represents in its contracts with credit grantors who supply consumer information on computer tapes that, with respect to maintenance of the data base, respondent will cause its owned bureaus to maintain the credit information supplied by said bureaus in the data base.

PAR. 39. Respondent from time to time, at the request of its owned bureaus, purges significant numbers of entire consumer files meeting criteria specified by the bureau from that portion of respondent's data base pertaining to that bureau. Pursuant to this procedure, respondent has in the past purged from portions of its data base consumer files which contain only identifying information on the consumer, non-derogatory credit account information with most recent date of verification exceeding a specified age (frequently no greater than one year), and no inquiries recorded within a recent specified time period. The effect of such purges is to remove from respondent's data base substantial numbers of consumer files containing credit account information that is non-derogatory but which pertain to accounts which have been inactive during a recent time period, frequently no greater than one year.

PAR. 40. Respondent fails to disclose to actual or prospective users either that it purges the categories of consumer files described in Paragraph Thirty-Nine from its data base or the criteria used in making such deletions from the data base.

PAR. 41. Credit grantors normally give positive consideration to non-derogatory accounts reported on a consumer. Respondent's practice of intentionally deleting from the data base a substantial number of consumer files containing non-derogatory information is material to: a) credit grantors' decisions to purchase respondent's reports; and b) the manner in which credit grantors interpret respondent's reports in making credit evaluation decisions on consumers.

PAR. 42. The acts or practices discussed in Paragraphs Thirty-Eight, Thirty-Nine, Forty, and Forty-One have the tendency to mislead such users and therefore constitute unfair or deceptive acts or practices in or affecting commerce and therefore violate Section 5 of the Federal Trade Commission Act.

PAR. 43. Respondent, by purging from its data base non-derogatory information it receives from its subscribers on consumers without notifying its users that it follows the acts and practices described in Paragraph Thirty-Nine, issues consumer reports that misrepresent the extent of the non-derogatory account information on consumers submitted to it by its subscribers. Respondent thereby violates Section 607(b) of the Fair Credit Reporting Act by failing to follow reasonable procedures to assure maximum possible accuracy of the information concerning the individual about whom the report relates.

COUNT VII

Alleging violations of the Fair Credit Reporting Act, the allegations of Paragraphs One through Four are incorporated by reference.

PAR. 44. Numerous consumers have communicated directly to respondent, pursuant to Section 611 of the Fair Credit Reporting Act, disputes which were not frivolous or irrelevant concerning the accuracy or completeness of information contained in consumer files. In a number of instances, respondent's bureaus have failed to reinvestigate the disputed information and record its current status within a reasonable period of time from receipt of the consumer's dispute or, when finding such information to be inaccurate or no longer verifiable, have failed to delete the information within a reasonable period of time from receipt of the consumer's dispute.

PAR. 45. By and through the acts or practices alleged in Paragraph Forty-Four respondent has violated Section 611(a) of the Fair Credit Reporting Act.

COUNT VIII

Alleging violations of the Fair Credit Reporting Act, the allegations of Paragraphs One through Four are incorporated by reference.

PAR. 46. Respondent has issued to subscribers significant numbers of consumer reports containing one or more files on individuals other than the individual on whom the subscriber inquired.

PAR. 47. Respondent has been made aware by its owned bureaus, or its own research, of certain types of instances of files being issued on the wrong person or of information which gave it reason to believe that significant numbers of files were being issued on the wrong person. The types of errors include: reporting files on parents in response to inquiries on their children living at the same address; reporting files on seniors in response to inquiries on juniors and vice versa; reporting files on consumers living in different cities or at addresses bearing different zip codes from the consumers inquired on; reporting files on consumers with different social security numbers from the ones inquired upon; and issuing reports containing two files that pertain to different individuals.

PAR. 48. Respondent knew or reasonably should have known that there were measures it could take, such as modifying elements of its display algorithm, that might reduce the occurrence of the types of errors described in Paragraph Forty-Seven.

PAR. 49. Respondent has failed to take reasonable steps to attempt to reduce the number of errors of the types described in Paragraph Forty-Seven.

PAR. 50. By and through the acts and practices described in Paragraphs Forty-Seven, Forty-Eight, and Forty-Nine, respondent has violated Section 607(b) of the Fair Credit Reporting Act by failing to follow reasonable procedures to assure maximum possible accuracy of the information concerning the individual about whom the report relates.

PAR. 51. By and through the acts and practices described in Paragraphs Forty-Seven, Forty-Eight, and Forty-Nine, respondent has violated Section 607(a) of the Fair Credit Reporting Act by failing to follow reasonable procedures designed to limit the furnishing of consumer reports to purposes listed under Section 604 of the Act.

PAR. 52. Respondent has issued to subscribers significant numbers of consumer files containing information about an individual other than the one the subscriber inquired on as well as information about the consumer inquired on.

PAR. 53. Respondent is aware that consumers have communicated to respondent's owned bureaus, in the exercise of their disclosure, reinvestigation and dispute rights under Section 611(a)(c) of the Fair

Credit Reporting Act, allegations that files maintained on them by respondent or furnished to subscribers making inquiries on them contained, in addition to information about them, information that was not about them. Respondent has also been made aware by its own research of significant numbers of instances in which it has reported a file containing mixed information about two consumers.

PAR. 54. Respondent knew or reasonably should have known of measures it could take, such as modifying elements of its merge algorithms, that might reduce the occurrence of the type of error described in Paragraph Fifty-Three.

PAR. 55. Respondent has failed to take reasonable steps to attempt to reduce the number of errors of the type described in Paragraph Fifty-Three.

PAR. 56. By and through the acts and practices described in Paragraphs Fifty-Two, Fifty-Three, Fifty-Four and Fifty-Five, respondent has violated Section 607(b) of the Fair Credit Reporting Act by failing to follow reasonable procedures to assure maximum possible accuracy of information concerning the individual about whom the report relates.

COUNT IX

Alleging violations of the Fair Credit Reporting Act, the allegations of Paragraphs One through Four are incorporated by reference.

PAR. 57. Respondent obtains most of its information on consumers on computer tapes supplied by credit grantors. Respondent processes the information on those tapes into its data base by means of a special computer program designed for the individual credit grantor. As a result of processing the credit grantor tapes through such programs, respondent's system prints out separate sets of statistics for the credit grantors. For most credit grantors, these statistics include an itemization of the number of accounts supplied bearing each of the manner of payment codes used by the credit grantor to rate the consumer's timeliness in making payments on his or her credit account.

PAR. 58. Respondent has been made aware that a significant amount of consumer account information containing erroneous or possibly erroneous manner of payment codes has been supplied by credit grantors or processed into respondent's data base.

PAR. 59. Respondent knew or reasonably should have known that regular review by respondent of the manner of payment code statistics described in Paragraph Fifty-Seven could identify actual or possible systematic errors in manner of payment codes as submitted to respondent by credit grantors or as generated by respondent's procedures for processing the information contained in credit grantors' computer tapes into the data base, thereby permitting respondent to

reduce the amount of incorrect manner of payment codes being processed into its data base or take reasonable steps to correct erroneous manner of payment codes that have been incorporated in the data base and that could be identified by such regular review.

PAR. 60. Respondent has not regularly reviewed and taken remedial action based on the manner of payment code statistics mentioned in Paragraph Fifty-Seven or followed alternative regular procedures for identifying and remedying actual or possible systematic errors in manner of payment codes submitted to respondent by credit grantors or generated by respondent's procedures for processing the information contained in credit grantors' tapes into the data base.

PAR. 61. By and through the acts and practices described in Paragraphs Fifty-Eight, Fifty-Nine, and Sixty, respondent has violated Section 607(b) of the Fair Credit Reporting Act by failing to follow reasonable procedures to assure maximum possible accuracy of information concerning the individual about whom the report relates.

PAR. 62. The acts and practices set forth in this complaint as violations of the Fair Credit Reporting Act constitute unfair and deceptive acts and practices in or affecting commerce in violation of Section 5 of the Federal Trade Commission Act pursuant to Section 621(a) of the Fair Credit Reporting Act.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of the Fair Credit Reporting Act and Federal Trade Commission Act; and

The respondent, its attorneys, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the facts as alleged in the complaint are true or that any law has been violated as alleged in such complaint, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the said Acts, and the complaint should issue stating its

charge in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

1. Respondent Trans Union Credit Information Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 111 West Jackson Boulevard, in the City of Chicago, State of Illinois.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

It is hereby ordered, That respondent Trans Union Credit Information Company ("Trans Union" or "respondent"), a corporation, its successors and assigns, and its officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division or other device, in connection with the furnishing of consumer reports by its owned bureaus derived from consumer files owned by Trans Union, in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, shall forthwith cease and desist from:

I. Failing to maintain reasonable procedures designed to limit the furnishing to private investigative or detective agencies of consumer reports to the purposes listed under Section 604 of the Fair Credit Reporting Act ("FCRA"). For the purpose of this Order such procedures consist of:

A. Requiring all users to certify in writing, before respondent furnishes any consumer reports to such users, the nature of their businesses, the purpose(s) for which they will use respondent's consumer reports and that the consumer reports will be used for no other purpose. For current users for which respondent does not possess such certifications, respondent shall obtain such certifications within six months of the date this Order becomes effective.

B. Making reasonable efforts to verify the identity of a prospective user, the nature of its business and its proposed uses of respondent's reports prior to furnishing consumer reports to such user.

C. Requiring private investigative agencies and detective agencies

to certify in writing or orally at the time of each request for a consumer report:

1. The specific purpose or purposes for which each consumer report is sought;
2. That the information will be used for no other purpose; and
3. That the user understands that Federal law provides that a person who obtains information from a consumer reporting agency under false pretenses shall be fined no more than \$5,000 or imprisoned not more than one year or both.

If the user's certification is oral rather than in writing, respondent shall either (1) request the user to confirm the certification in writing within ten business days after such request or (2) maintain a written record of the identity of the requestor, the date of the request, the identity of the consumer (name and address) on whom the consumer report was requested and the purpose(s) certified for the request. For any such user for which respondent requests subsequent written certification rather than maintains a written record, respondent may not furnish additional consumer reports if it does not receive such certification within the ten day period. In such cases, additional consumer reports may be furnished after the written certification is received.

Private investigative agencies and detective agencies do not, for the purpose of this provision, include credit bureaus that prepare or issue investigative consumer reports, as that term is defined in Section 603(e) of the FCRA.

D. 1. With respect to each prospective user, after six months from the date this Order becomes effective, either (1) consulting the current telephone yellow pages for the geographical areas in which respondent sells consumer reports for a listing of all detective agencies, private investigative agencies, investigators, and security services, or (2) conducting an on-site inspection of the premises of such user, in order to determine whether it is a detective agency or private investigative agency, and is thus a user from which the certification described in (C) above must be obtained.

2. With respect to current users, within six months from the effective date of this Order, either (1) consulting the current yellow pages for the geographical areas in which respondent sells consumer reports and determining whether any of the businesses listed therein as detective agencies, private investigative agencies, investigators, or security services are current subscribers, or (2) conducting on-site inspections of the premises of such current users, in order to determine, for each current user, whether it is a detective agency or a private investigative agency and is thus a user from which the certification described in (C) above must be obtained.

E. Furnishing a consumer report to any detective agency or private investigative agency when that agency has not certified a specific permissible purpose for obtaining that consumer report or when respondent has otherwise received notice that such agency is seeking to obtain the consumer report for a purpose that is not permissible under Section 604 of the FCRA. For the purpose of this provision, certifications of specific permissible purposes include, but are not limited to, certifications of one of the purposes listed in Section 604(3)(A)-(D) of the FCRA.

II. Failing to maintain reasonable procedures designed to limit the furnishing of consumer reports to government agencies, or departments of government agencies, which have as a principal function the enforcement of civil or criminal laws and which do not in the ordinary course of business regularly extend credit or insurance for personal, family or household use or evaluate consumers' eligibility for licenses or government benefits for which the agency is required by law to consider the applicant's financial responsibility or status, to the purposes listed under Section 604 of the FCRA. For the purpose of this Section respondent is required to cease and desist from:

A. Failing to require such agencies or departments to certify either in writing or orally at the time of each request for a consumer report:

1. The specific purpose or purposes for which each consumer report is sought;
2. That the information will be used for no other purpose; and
3. That the user understands that Federal law provides that a person who obtains information from a consumer reporting agency under false pretenses shall be fined no more than \$5,000 or imprisoned not more than one year or both.

If the user's certification is oral rather than in writing, respondent shall either: (1) request the user to confirm the certification in writing within ten business days after such request; or (2) maintain a written record of the identity of the requestor, the date of the request, the identity of the consumer (name and address) on whom the consumer report was requested and the purpose(s) certified for the request. For any such user for which respondent requests subsequent written certification rather than maintains a written record of the certification, respondent may not furnish additional consumer reports if it does not receive such certification within the ten day period. In such cases additional consumer reports may be furnished after the written certification is received.

The requirements of Section II of this Order do not apply to requests by government agencies for information limited to the consumer's

name, address, former addresses, places of employment and former places of employment.

B. Furnishing a consumer report to any such government agency or department when it has not certified a specific permissible purpose for obtaining that consumer report or when respondent has otherwise received notice that such agency or department is seeking to obtain the consumer report for a purpose that is not permissible under Section 604 of the FCRA.

For the purpose of this provision, certifications of specific permissible purposes include, but are not limited to, certifications of one of the purposes listed in Section 604(3)(A)-(D) of the FCRA.

III. A. Failing to follow reasonable procedures to avoid issuing any consumer report, except as authorized by Section 605(b) of the FCRA, containing any account placed for collection or repossession or charged to profit and loss whose date (month and year) so placed or charged, or if not available whose date (month and year) first furnished to or received by respondent, antedates the report by more than seven years.

B. 1. Failing to follow reasonable procedures designed to assure that, for each account placed for collection or repossession or charged to profit and loss entered into the data base, the date (month and year) the item first reached the indicated status or, if not supplied, the date (month and year) the item was first furnished to or received by respondent, is inserted into the data base as the purge date for such item.

2. Failing to follow reasonable procedures designed to assure that such purge dates are not advanced by the submission by credit grantors or collection agencies of subsequent information about the accounts in question.

C. 1. Within one hundred eighty (180) days of the effective date of this Order, respondent shall:

(a) produce a computer dump of all accounts with the corresponding names and addresses of the consumers in whose files they are maintained in the data base bearing a manner of payment code "08", "8A", "8D", "09", or "9B" and bearing purge dates of July 1978 through March 1979;

(b) mail, to each credit grantor or collection agency for which account information meeting the criteria described in (a) above exists in respondent's data base, a completed copy of the form letter included as Exhibit A to this Order, requesting that the recipient review or permit respondent to review the actual dates closed or placed for collection or repossession of accounts held by the recipient and meeting the criteria described in (a) above. The letter shall contain an

estimate of the number of credit grantor's or collection agency's accounts to be reviewed.

If the credit grantor or collection agency has not replied to the letter within forty-five (45) days of the date it was mailed respondent shall, within fifteen (15) days of the expiration of that 45 day period, send a follow-up letter again requesting that the recipient perform the review or permit respondent to perform the review.

If the recipient replies that it will perform this review, respondent shall deliver to it, within two weeks of receipt of that reply, that portion of the computer dump described in (a) above that pertains to accounts held or handled by the recipient. If the credit grantor or collection agency replies that it will permit respondent to perform this review, respondent shall commence such review within sixty (60) days of receipt of the credit grantor's or collection agency's reply.

2. (a) For those accounts for which the credit grantor or collection agency responds, or respondent determines, upon performing the review, as having an earlier date on which the indicated status was reached or the item was first furnished to respondent than the purge date contained in the data base, respondent shall replace the purge date contained in the data base with such earlier date.

(b) For accounts held by those credit grantors or collection agencies which do not respond to either of the letters described in 1(b) above, or respond that they will not perform the review or permit respondent to perform the review, respondent may maintain the purge dates contained in the data base, except as respondent is otherwise required to change or delete such date pursuant to the consumer dispute and reinvestigation procedures of Section 611 of the FCRA.

D. For any of respondent's bureaus, with respect to that portion of the data base pertaining to such bureau or any part of that portion of the data base, respondent may, as an alternative to performing the procedures described in (C) above, purge all accounts bearing one of the above-mentioned manner of payment codes and a purge date falling within the above-designated period.

IV. A. 1. Failing, upon request and proper identification of any consumer, to clearly and accurately disclose to the consumer the nature, substance and source of all information on that consumer recorded and retained by respondent regardless of how the information is stored.

2. Failing, in any bureau that furnishes any consumer report(s) to a user or users by means of a cathode ray tube (CRT) terminal, to make disclosure to consumers as required by (A)(1) above by CRT terminal using the same point score threshold, and allowing for display of the same number of files whose score equals or exceeds that

threshold, as the CRT terminal(s) used for furnishing consumer reports to users.

V. Failing, when issuing a consumer report containing information with respect to which the consumer has filed a dispute statement pursuant to Section 611(b) of the FCRA, to clearly note in any subsequent consumer report containing the information in question that such information is disputed by the consumer and provide to the user either the consumer's statement or a clear and accurate codification or summary thereof, and in particular:

A. Failing, for each written or printed consumer report issued containing information with respect to which the consumer has filed a dispute statement, to provide in the consumer report itself the dispute statement or a clear and accurate codification or summary thereof.

B. Failing, in each consumer report issued by telephone containing information with respect to which the consumer has filed a dispute statement, to read to the inquiror the contents of the dispute statement, or a clear and accurate codification or summary thereof, before reading the disputed information, and to refuse to read the disputed information if the inquiror does not permit the dispute statement or the codification or summary thereof to be so read.

C. Failing, for each consumer report issued by telephone concerning a consumer who has filed a dispute statement, to maintain a record of the identity of the consumer, the identity of the inquiror and the date the dispute statement or codification or summary thereof was supplied to the inquiror, unless respondent previously incorporated such dispute statement or codification or summary thereof in the consumer's file in the data base.

VI. Purging from the data base or any portion thereof, after one hundred eighty (180) days from the date this Order becomes effective, consumer files containing credit account information that is solely nonderogatory and whose most recent date(s) of activity is (are) less than five years old, unless respondent:

A. Delivers, by first class mail or in person, a separate printed notification to the user's (other than another credit bureau) personnel listed below. This notification shall state that respondent's bureaus from time to time perform such purges and that respondent will, upon written request, disclose in writing the dates and criteria of any purges performed within the past two years on the portion(s) of respondent's data base pertaining to the bureau(s) from which the user principally purchases respondent's reports, as well as any other bureau for which the user requests such information. This notification shall also contain a recommendation that the information contained in it be transmitted to the user's employee in charge of developing

consumer credit or benefit evaluation criteria and employee who supervises the consumer credit application or benefit evaluation process.

1. Any individual who is to execute a subscriber contract or agreement with respondent on behalf of any person, business, or government agency.

The notification may be delivered to this person together with the contract or agreement form to be signed.

2. Within thirty days after the execution of such contract for any prospective user, and within one hundred eighty (180) days after the effective date of this Order for any user authorized to obtain consumer reports from respondent, such user's individual in charge of consumer credit or benefit operations. For any previous user not authorized, as of the effective date of this Order, to obtain consumer reports from respondent, respondent need not deliver the notification until thirty (30) days after that user is reauthorized to obtain consumer reports.

The notification shall not be delivered to this person together with any billing invoice.

B. Upon written request from an existing or prospective user (other than another credit bureau), makes the disclosure specified in (A) above, with the exception that respondent need not make the disclosure for such purges as may have been performed prior to the effective date of this Order, and for which, as of that date, it was not in possession of records. In the case of that exception, respondent need only disclose instead that there may have been purges performed prior to that date, for which it no longer has the exact dates or criteria.

C. Inserts into the consumer's file (including, when necessary, reestablishing a file on the consumer), upon the consumer's request, any item of account information when a consumer, disputing the completeness of his or her file, indicates he or she has such account under his or her name, and when that account is held by a subscriber to respondent's consumer reporting services and is verifiable.

Section VI of this Order does not apply to purges of files on consumers whose current addresses, as reflected in the file, do not fall within the geographic area covered by the portion of the data base in which the files are maintained. It does not apply to purges of files performed as part of a purge by respondent of all files in a portion of the data base pertaining to a specific geographic area. It does not apply to purges of files performed at the request of consumers to whom those files pertain, and it also does not apply to purges of trade line information performed at the specific request of a subscriber to which it pertains.

VII. Failing, when the completeness or accuracy of any item of

information contained in his or her file (as defined in Section 603(g) of the FCRA) is disputed by a consumer and that dispute is directly conveyed to respondent by the consumer, to:

A. Reinvestigate and record the current status of that information within a reasonable period of time after the dispute is directly conveyed, unless respondent has reasonable grounds to believe the dispute is frivolous or irrelevant;

B. Inform the consumer of the results of the reinvestigation, orally or by placing the results in first class mail, within a reasonable period of time after the completion of the reinvestigation.

It is further ordered, That respondent shall:

VIII. A. Have its management, and the staff of its Cronus Support, Quality Control and Systems and Programming Departments, continue to review its credit reporting system. Such review will include the detection and remedying of significant inaccuracies in information maintained or reported by the system. During the period from thirty-six (36) months to five (5) years from the effective date of this Order, respondent will document the procedures it uses for such review, the results of such review, and measures it takes to increase accuracy.

B. 1. Review the display algorithm of its credit reporting system with respect to its functions of distinguishing between seniors and juniors; consumers with the same last name and first initial living at the same address; consumers with the same last name, first initial and house number and living at different addresses; consumers with the same last name and first initial and having different social security numbers; and preventing display of "B" files that pertain to different consumers than the "A" files displayed. Respondent shall also review the merge algorithms of its credit reporting system with respect to their functions of preventing mixing in the same file of information on juniors and seniors or individuals otherwise having the same last name.

2. Determine, for each of the functions mentioned in (B)(1), whether the measures specified in the initial compliance report filed concurrently with this Order are feasible and effective in increasing the accuracy of respondent's computerized credit reporting system. Such determination shall be made on the basis of a documented cost-benefit analysis (*i.e.* dollar expenditures or decrease in reporting information pertaining to the consumer inquired on versus decrease in reporting information not pertaining to the consumer inquired on).

3. Compliance with the cost-benefit analyses referred to in (B)(2) with respect to display algorithm changes (aside from ascertaining dollar expenditures) shall be made by conducting empirical studies employing methodology similar to that used by respondent in the

empirical studies it previously conducted [(a) through (d) below describe that methodology] to determine whether a display algorithm change would result in retrieval of additional files in response to inquiries. Compliance with the cost-benefit analyses with respect to merge algorithm changes shall be made by conducting similar empirical studies to determine whether such changes could reduce merger into individual files of information pertaining to different consumers below that occurring presently without reducing to an undue extent the merger into individual files of information that pertains to the same consumer.

The methodology for the display algorithm cost-benefit analyses includes:

(a) compiling a sample of captured inquiries actually made by users and inquiries devised by respondent that adequately addresses the relevant variables and is large enough to provide a basis for determining the effect of the measure(s) over the general population of inquiries and data base files;

(b) processing these inquiries against the data base using the existing display algorithm;

(c) examining the files retrieved from the data base to determine which do and which do not pertain to the consumer inquired on and analyzing what changes in the display algorithm would result in retrieval of fewer files not pertaining to the consumers inquired on;

(d) devising modified display algorithm(s) and testing them to determine if they reduce retrieval of files not pertaining to the consumer inquired on, without reducing to an undue extent retrieval of files pertaining to the consumer inquired on.

4. For each function, if respondent determines pursuant to (B)(2) and (B)(3) above that the measure(s) specified in the initial compliance report are feasible and effective in increasing accuracy, respondent shall implement such measure(s) or alternative measure(s) that respondent determines, pursuant to the above-described type of cost-benefit analysis, are as or more effective in increasing accuracy as the measure(s) specified in the initial compliance report.

5. If respondent determines that any of the measures listed in the initial compliance report, after performing the relevant cost-benefit analysis, is not effective in increasing accuracy beyond that produced by respondent's current algorithms, respondent need not make that change.

6. For each function described in (B)(1), multiple measures need not be implemented if they have only substantially identical, and not supplemental, effects on accuracy.

Any actions required under Section VIII (B) of this Order shall be

completed within eighteen (18) months of the effective date of this Order.

C. 1. During the period from eighteen (18) months to twenty-four (24) months from the effective date of this Order, and on a one-time basis only, take reasonable steps to identify other types of significant inaccuracies that may be occurring concerning reporting information pertaining to consumers other than the ones inquired on, other than those inaccuracies which are caused by a credit grantor's isolated and non-systematic errors in recording information concerning a consumer's account, or which involve a disagreement between the consumer and the credit grantor over the time or amounts of payments made by the consumer on the account, or which involve disputes over the quality of goods or services purchased. These steps include (a) having the managers of respondent's bureaus document the types of such inaccuracies reported to those bureaus by credit grantors or other users of respondent's reports during that period and (b) examining, for each of respondent's bureaus, the consumer relations files established for the first, third, and fifth months of that six month period.

The bureaus shall prepare and forward to respondent's Computer Division written summaries of the types of such inaccuracies identified pursuant to (a) or (b). The bureaus shall also attach actual examples of reports containing those types of inaccuracies.

2. Devise measure(s) that can reduce the occurrence of the types of inaccuracies identified pursuant to (C)(1) above.

3. Implement those of the measures devised pursuant to (C)(2) above that respondent determines to be feasible and effective in decreasing the occurrence of the types of inaccuracies identified pursuant to (C)(1) above on the basis of documented cost-benefit analyses, as described in Section (B) above.

For each type of inaccuracy identified pursuant to (C)(1) above, multiple measures need not be implemented if they have only substantially identical, and not supplemental, effects on accuracy.

Any actions required under Order Section VIII (C)(2) and (3) shall be completed within the period of twenty-four (24) to thirty-six (36) months from the effective date of this Order.

It is further ordered, That respondent shall:

IX. A. 1. Immediately, upon the date this Order becomes effective, begin to develop systematic procedures, whether performed by computer or otherwise, to perform the functions described in (2) below.

2. After eighteen (18) months from the effective date of this Order, ascertain, each time a credit grantor computer tape is processed and for each manner of payment code contained in the account informa-

tion submitted, the number of accounts bearing that code, and to review those statistics and compare them to previous months' statistics for that credit grantor as a means of detecting likely systematically erroneous codes submitted by the credit grantor or otherwise inserted into the data base.

If the above-mentioned comparison process is automated, respondent shall within eighteen (18) months of the effective date of this Order provide to the Commission the criteria employed in such comparison.

3. After eighteen (18) months from the effective date of this Order, provide the credit grantor printed copies of the statistics described in (A)(1) above following any significant change in the computer program used to process the credit grantor's account information into the data base or whenever respondent determines that the statistics for that credit grantor are, in respondent's good faith judgment based upon its experience gained pursuant to its obligations under Section IX (A)(1) of this Order, significantly different from previous statistics.

4. After eighteen (18) months from the effective date of this Order, if respondent has reasonable grounds for believing, based on the review described in (A)(2) above or otherwise, that any credit grantor is supplying systematically erroneous manner of payment codes or that systematically erroneous manner of payment codes are being produced by respondent's procedures for processing the information on credit grantor tapes into the data base, take reasonable steps to correct the erroneous codes entered into the data base and take reasonable steps to assure that:

(a) subsequent tapes submitted by that credit grantor do not contain systematic transcription or formatting errors that cause erroneous manner of payment codes to be processed into the data base; and

(b) respondent's credit grantor tape translation programs or other procedures for processing information into the data base do not by themselves, or in conjunction with the types of problems described in (a) above, generate erroneous manner of payment codes.

With respect to any tapes submitted to respondent which contain account information pertaining to more than one credit grantor and whose processing results in the printing out of aggregate manner of payment code statistics rather than statistics for each credit grantor, the requirements contained in (A) (1)-(4) above with respect to individual credit grantors shall apply instead to the supplier of the tape. With respect to any credit grantor that furnishes more than one tape to respondent in any month, respondent is not required to aggregate all monthly statistics for that credit grantor but shall rather treat the statistics generated from each tape separately.

B. Alternatively, respondent may satisfy its obligations under Section IX of this Order by instituting other reasonable procedures to detect and correct systematic errors in manner of payment codes as submitted by credit grantors or otherwise processed into respondent's data base.

Respondent may institute alternative procedures only if it determines after reasonable documented inquiry that the alternative procedures will be substantially as effective as the procedures described in (A) above.

It is further ordered, That respondent shall submit to the Commission, within seven (7) months after the date of service of this Order, a compliance report detailing the actions respondent has already taken and intends to take to comply with each of the provisions of the Order. Respondent shall also maintain for a period of five (5) years from the effective date of this Order, unless a shorter time period is specified, and make available upon written request made by Commission staff:

1. A printout of respondent's computer maintained subscriber listing, current as of the date of receipt of Commission staff's request.

2. The written certifications and records called for by Sections (I)(A) and (C) and II(A) of this Order, for the most recent twenty-four (24) month period.

3. The records specified in Section V(C) of this Order, for the most recent twelve (12) month period.

4. Such written requests as are received from users pursuant to Section VI(B) of this Order, for a period of twelve (12) months from the date received.

5. Documentation required by Section VIII(A) of this Order and documentation generated for the purpose of, in the course of conducting, or as a result of any of the analyses, determinations, reviews, identifications, examinations, implementations, information gathering and other actions called for by Section VIII(B) and (C) of this Order.

6. With respect to the monthly statistics mentioned in Section IX(A) of this Order, respondent shall maintain records of such statistics for six months after their generation. Upon written request made by Commission staff, respondent shall prepare with respect to each individual subscriber tape (or with respect to each tape containing information from multiple credit grantors whose processing produces only aggregate statistics) and for the designated month(s) a summary form indicating the percentage change, positive or negative, in the number of accounts processed into the data base under each manner of payment code. Respondent shall, for each summary form, designate the

subscriber (or tape supplier) by a consistently used identifying number rather than by name. Respondent shall make a special indication on the form when it pertains to a tape that produces only aggregate statistics for multiple credit grantors.

This provision does not require respondent to supply any documents or information to the Commission that would identify the subscriber to which the above mentioned statistics or reports pertain.

7. The documented inquiry called for by Section IX(B) of this Order, if Section (B) is followed as an alternative to Section (A).

8. Any and all written or printed materials used by respondent to make any of the disclosures or notifications mentioned in provisions of this Order, except those required by Order Section VII and except that with respect to Order Section III, respondent shall, for twelve (12) months after completion of its obligations under that section, maintain and make available upon written request by Commission staff: the number of credit grantors, and the number of accounts, contained in the computer dump produced pursuant to Section III(C)(1)(a); the number of letters sent to credit grantors; and the number of credit grantors or collection agencies that responded to the letters under III (C)(1)(b); the number of credit grantors or collection agencies that performed the review themselves; the number of credit grantors or collection agencies for which respondent performed the review; which bureaus, if any, determined to purge all or some of the relevant accounts rather than contact the credit grantors or collection agencies; and the number of accounts entirely purged and the number of accounts for which changed purge dates were inserted in the data base.

It is further ordered, That respondent shall maintain, for a period of five (5) years from the effective date of this Order, the computer dump required under Order Section III(C)(1)(a), copies of the letters sent to credit grantors or collection agencies, and written responses received and respondent's records of oral responses received pursuant to Order Section III(C)(1)(b).

It is further ordered, That respondent's obligations under Section VI of this Order shall terminate five (5) years from the date this Order becomes effective. Respondent's obligations under Section IX of this Order shall terminate five (5) years from the date respondent completes implementation of the procedures required by Section IX(A)(1)-(4), or Section IX(B), of this Order.

It is further ordered, That respondent notify the Commission at least thirty (30) days prior to any proposed change in its corporate structure such as dissolution, assignment or sale resulting in the emergence of successor corporations, the creation or dissolution of

1109

Decision and Order

subsidiaries or any other changes in the corporation which may affect compliance obligations arising out of this Order.

It is further ordered, That the respondent shall forthwith distribute a copy of this Order to each of its management personnel and to each of the management personnel of each of its owned bureaus.

EXHIBIT A

Trans Union Credit Information Company

Dear (Credit Grantor/ Collection Agency name)

We are contacting you to request your assistance in verifying dates for certain consumer account information that (name) has supplied to Trans Union Credit Information Company as a subscriber to Trans Union's credit reporting services. As you know, Trans Union's computerized credit reporting system is designed to purge itself of most adverse information on consumers within seven years from the date the item reached the indicated adverse status. To perform this function, the system fixes a date in the data base for each item of adverse information (the "purge date"). In the latter part of 1978 and early 1979, Trans Union instituted new procedures for fixing the purge date for accounts that are rated "08", "8A", or "8D" (reposessions), "09" (bad debt; placed for collection) or "9B" (collection account). Trans Union currently is reviewing all accounts in its data base that have one of the above manner of payment ratings and purge dates falling between July 1978 and March 1979 in an effort to assure that such purge dates are correct.

Our own research indicates that there are (number) such accounts reported by (name) currently maintained in our data base. To verify the correctness of the purge dates we have fixed for these accounts, and make any required changes, it will be necessary to review your records concerning these accounts to determine the dates on which the accounts actually reached the indicated status. We have a listing of accounts you have supplied to us which meet the criteria described above which we will provide to you. We request that you then review your records and inform us, for each of these accounts, of the month and year on which each such account first reached the indicated status, if different from the date contained in the listing. We also request that you inform us as to which accounts (if any) you cannot, from your records, determine the applicable date. Alternatively, if (name) would prefer that Trans Union perform this review of your records, we would be willing to supply Trans Union personnel to do so.

We request that you advise us within 30 days whether this information is available and, if so, whether (name) would be willing to participate in this review. Upon your affirmative response we will forward you the listing of accounts to be reviewed or arrange date(s) on which our personnel will review your records. Your cooperation would be most appreciated. If you have any questions, please contact (name of Trans Union contact person) at (phone number).

Sincerely,

Modifying Order

102 F.T.C.

IN THE MATTER OF

RSR CORPORATION

MODIFYING ORDER IN REGARD TO ALLEGED VIOLATION OF
SEC. 7 OF THE CLAYTON ACT*Docket 8959. Final Order, Dec. 2, 1976—Modifying Order, Sept. 12, 1983*

This order reopens the matter in Docket 8959 and modifies the Commission's order issued on Dec. 2, 1976 (88 F.T.C. 800), *modified*, Nov. 13, 1981 (98 F.T.C. 872), to provide for the appointment of a trustee who shall effect divestiture of all assets (with certain specified exceptions) constituting the lead-recycling plants in Dallas, Tex. and Seattle, Wash. The order also renumbers Paragraphs V, VI, VIII, Paragraphs XVII, XVIII and XIX, respectively.

DECISION AND ORDER MODIFYING CEASE AND DESIST
ORDER IN DOCKET NO. 8959

On December 2, 1976, the Federal Trade Commission, pursuant to Section 11 of the Clayton Act, issued the order in this case against RSR Corporation requiring, among other things, that RSR Corporation divest itself of certain assets. On November 16, 1981, the Commission modified its order to provide that the assets to be divested shall be RSR Corporation's Dallas, Texas, and Seattle, Washington, lead-recycling plants. These plants were to have been divested on or before November 16, 1982, to an acquirer or acquirers approved by the Commission. As of the date of this order, neither plant has been divested by RSR Corporation.

After full consideration of the record and of information provided to it by RSR Corporation and others, the Commission has determined that further modification of the order is in the public interest because, under the circumstances, it will provide an expeditious means of achieving the purpose of its order in this matter, namely, the restoration of competition in the secondary-lead market. The Commission believes that divestiture of the plants was not accomplished within the prescribed period largely because RSR Corporation failed to make a good-faith effort to achieve divestiture. The Commission further believes that entrusting the divestiture to a trustee will ensure that such an effort is made. Moreover, respondent has agreed to a proposed Final Judgment providing for payment of civil penalties in settlement of a complaint alleging that respondent failed to divest the Dallas and Seattle plants by November 16, 1982. The Commission has forwarded the complaint and proposed Final Judgment to the Department of Justice for filing. Accordingly, the Commission on this date has issued