

March 2010

## Federal Trade Commission Enters Into Settlement with Tenant Screener for Alleged Violations of the Fair Credit Reporting Act

In February 2010, the Federal Trade Commission (“FTC”) entered into a settlement with First Advantage SafeRent, Inc. (“SafeRent”) stemming from allegations that SafeRent violated the Fair Credit Reporting Act (“FCRA”) by failing to provide renters with proper access to their files. SafeRent compiles reports for landlords on prospective tenants, which include eviction history, lease and payment information, and the results of criminal background checks.

Under FCRA, SafeRent is required to make certain information available to consumers and to enable them to dispute and correct that information in a timely manner. SafeRent, however, refused to accept consumers’ faxed requests for files or to update information. Instead, upon receipt of a faxed request, SafeRent allegedly rejected the faxed requests and directed the consumer to mail in a new request, thus imposing delay into the record process, and potentially preventing consumers from obtaining their desired rental property.

The FTC alleged that SafeRent’s practices violated FCRA and constituted an unfair and deceptive trade practice under the FTC Act. SafeRent settled the dispute with the FTC, agreeing to pay a \$100,000 civil penalty. Under the settlement, SafeRent also is required to disclose the contents of a tenant’s file upon the consumer’s request and to investigate all reports when the tenant disputes their accuracy.

The FTC’s recent action demonstrates its continued enforcement of consumer protection requirements. Companies subject to FCRA should examine their practices for updating consumer information, and ensure that such practices enable consumers to obtain information and correct misinformation in a timely manner.

### Contact Information

If you have any questions regarding these issues, please contact [Jennifer Kashatus](mailto:JKashatus@wcsr.com) at (202) 857-4506 or [JKashatus@wcsr.com](mailto:JKashatus@wcsr.com), or [Pamela Rothenberg](mailto:PROthenberg@wcsr.com) at (202) 857-4422 or [PROthenberg@wcsr.com](mailto:PROthenberg@wcsr.com), or any of our [Privacy](#) or [Multifamily Real Estate](#) attorneys.

Womble Carlyle client alerts are intended to provide general information about significant legal developments and should not be construed as legal advice regarding any specific facts and circumstances, nor should they be construed as advertisements for legal services.

**IRS CIRCULAR 230 NOTICE:** *To ensure compliance with requirements imposed by the IRS, we inform you that any U.S. tax advice contained in this communication (or in any attachment) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed in this communication (or in any attachment).*