

**UNITED STATES OF AMERICA  
FEDERAL TRADE COMMISSION**

*In the Matter of*

**FIRST AMERICAN REAL ESTATE SOLUTIONS, LLC,  
a limited liability company.**

**DOCKET NO.**

**COMPLAINT**

The Federal Trade Commission ("Commission"), having reason to believe that certain prior practices of First American CREDCO, Inc., a corporation, violated the provisions of the Fair Credit Reporting Act ("FCRA"), 15 U.S.C. §§ 1681-1681u, as amended, as well as the provisions of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 45-58, as amended, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. First American CREDCO, Inc. is incorporated in the State of Washington and has its principal office or place of business at 5625 Ruffin Road, Suite 200, San Diego, California 92123.
2. As of November 30, 1997, the consumer reporting business of First American CREDCO, Inc. was reorganized as an operating division of First American Real Estate Solutions, LLC ("respondent"). For purposes of this Complaint, "CREDCO" refers to First American CREDCO, Inc., prior to the reorganization, and to respondent after the reorganization.
3. Respondent is a limited liability company organized under the laws of California, with its principal office or place of business at 150 Second Avenue North, Suite 1600, St. Petersburg, Florida, 33701
4. CREDCO is now and has been regularly engaged in the practice of assembling or evaluating consumer credit information. CREDCO assembles or evaluates such information in order to provide "consumer reports," as defined by § 603(d) of the FCRA, 15 U.S.C. § 1681a(d), to third parties. Accordingly, CREDCO is a "consumer reporting agency," as defined by § 603(f) of the FCRA, 15 U.S.C. § 1681a(f).
5. The acts and practices of CREDCO alleged in this complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

**CREDCO'S COURSE OF BUSINESS**

**Instant Merge Reports**

6. One of CREDCO's consumer reporting products is its Instant Merge Report ("IMR").
7. IMRs blend consumer account information from at least two, and often all three, of the national consumer reporting agencies ("repositories"), Trans Union, Equifax, and Experian. When these repositories provide contradictory information for a particular consumer account, CREDCO's reporting system merges this contradictory information into a single, unified trade line. CREDCO does not verify the accuracy of the information contained in its IMRs before delivering the IMRs to its customers.
8. CREDCO sells its IMRs to mortgage lenders, lenders in the automotive and home equity

markets, and landlords and property managers in the residential rental market. The IMRs are produced and delivered electronically via computer directly to the end-user in a matter of seconds. Once an IMR is created, CREDCO's computer system maintains it on file but prevents any corrections from being made to it.

### **Consumer Disputes**

9. CREDCO has not typically reinvestigated information in IMRs when consumers have disputed that information. Instead, CREDCO has referred such consumers to the repository or repositories from which CREDCO received the disputed information, so that the consumers could request that the repository or repositories reinvestigate the disputed information.

10. Even on the rare occasions when CREDCO has reinvestigated disputed information, CREDCO has not corrected or deleted information in its files found to be inaccurate or obsolete.

11. If a reinvestigation has not resolved a consumer's dispute about IMR information and the consumer has submitted a statement setting forth the nature of the dispute, CREDCO has not reported such disputes in future IMRs.

12. When CREDCO has learned through reinvestigation that IMR information is inaccurate or obsolete, CREDCO has not prevented the information from re-appearing in future IMRs.

### **CREDCO'S VIOLATIONS OF THE FCRA AND THE FTC ACT**

13. In connection with its Instant Merge Reports, CREDCO has violated § 611 of the FCRA, 15 U.S.C. § 1681i. CREDCO's violations include, but are not limited to:

- A. failing to reinvestigate disputed information;
- B. failing to correct or delete information in consumers' files that CREDCO has found to be inaccurate or obsolete, or whose accuracy can no longer be verified; and
- C. failing to include in subsequent IMRs a notation that a consumer disputes an item and a statement by the consumer setting forth the nature of the dispute or a codification or summary of that statement.

14. CREDCO has violated § 607(b) of the FCRA, 15 U.S.C. § 1681e(b), by failing to follow reasonable procedures to prevent information that CREDCO has found to be inaccurate or obsolete, or whose accuracy could not be verified, from appearing on subsequent IMRs.

15. The acts and practices set forth in this complaint as violations of the FCRA constitute unfair or deceptive acts or practices in commerce in violation of § 5(a) of the FTC Act, 15 U.S.C. § 45(a), pursuant to § 621(a) of the FCRA, 15 U.S.C. § 1681s(a).

THEREFORE the Federal Trade Commission this \_\_\_\_ day of \_\_\_\_\_ 1998, has issued this complaint against respondent.

By the Commission.

Donald S. Clark  
Secretary

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