

VI

It is further ordered that Equifax shall notify the ADE at least thirty (30) days prior to any proposed change in Equifax that might affect compliance obligations arising out of this order such as dissolution, assignment, sale resulting in the emergence of a successor corporation, or the creation or dissolution of subsidiaries.

VII

It is further ordered that Equifax shall, within one hundred eighty (180) days of service of this order, deliver to the ADE a report, in writing, setting forth the manner and form in which it has complied with this order as of that date. The Commission shall keep such report and its contents, or any report, document, or other information provided under Sections II, III, or IV above, or any notification provided under Section VI above, strictly confidential, in accordance with the Commission's Rules of Practice.

VIII

It is further ordered that if the FCRA is amended (or other similar federal legislation enacted) or the Commission issues any interpretation of the FCRA, relating to any obligation imposed on Equifax herein, which creates any new requirement for compliance with the FCRA that directly conflicts with any obligation imposed on Equifax by this order, Equifax may conform the manner in which it conducts its business as a Consumer Reporting Agency or its use of Credit Information to the requirements of such statutory provision or interpretation; provided, however, that Equifax shall notify the ADE promptly if it intends to change its conduct as provided for in this Section, and provided further that nothing in this provision shall limit the right of the FTC to challenge any determination of direct conflict of Equifax hereunder and to seek enforcement of Equifax's obligations under this order to the extent such determination is erroneous. For purposes of this order, and by way of example only, a "direct conflict" between this order and a new statutory amendment or interpretation shall include a requirement in any such amendment or interpretation that a Consumer Reporting Agency complete a task or obligation addressed in this order in a greater period of time than is specified in the order.

IX

This order does not address the issue of disclosure under Section 609 of Credit Information (whether or not separately maintained in any File),

including but not limited to Credit Information utilized for fraud alert or similar application verification services, which categorizes the identifiers on the Consumer or categorizes any other data on the Consumer and is susceptible of being furnished to a Subscriber, and the order does not in any way limit the right of the Commission to take any appropriate action after entry of this order relating to this issue, nor does it limit in any way Equifax's defenses to any such action.

Analysis of Proposed Consent Order to Aid Public Comment

The Federal Trade Commission has accepted, subject to final approval, an agreement containing a consent order from Equifax Credit Information Services, Inc., a corporation ("the respondent"). This agreement, among other requirements, requires the respondent to cease and desist from failing to follow reasonable procedures to assure maximum possible accuracy when preparing consumer reports and cease and desist from failing to maintain reasonable procedures to limit the furnishing of consumer reports to subscribers that have permissible purposes to receive them, such as purposes encompassing credit transactions involving the consumer, employment and the underwriting of insurance.

The proposed consent order has been placed on the public record for sixty (60) days for receipt of comments by interested persons. Comments received during this period will become part of the public record. After sixty (60) days, the Commission will again review the agreement and the comments received and will decide whether it should withdraw from the agreement and take other appropriate action, or make final the proposed order contained in the agreement.

According to the complaint, the respondent failed to take reasonable steps to reduce the incidence of inaccuracies and obsolete items of information in the consumer reports it furnished and failed to maintain and follow reasonable procedures to assure maximum possible accuracy of the information contained in its consumer reports.

The complaint also alleges that respondent failed to limit the furnishing of consumer reports to only those who possessed a permissible purpose to receive consumer reports. The complaint further alleges that the respondent failed adequately to give disclosures of the nature and substance of all information (except medical information) when consumers properly

requested disclosure of the information in their own files. The complaint additionally alleges that the respondent failed to properly reinvestigate disputed items of information in consumer reports.

The complaint alleges that by its failures to comply with the Fair Credit Reporting Act and pursuant to Section 621(a) of the Fair Credit Reporting Act, respondent has engaged in unfair and deceptive acts or practices in or affecting commerce in violation of Section 5(a)(1) of the Federal Trade Commission Act.

The consent order contains provisions designed to ensure that the respondent does not engage in similar allegedly illegal acts and practices in the future. Specifically, Part I of the Order requires the respondent to maintain reasonable procedures to assure that information placed in a consumer's file belongs to the consumer in question and is also accurate, complete and up-to-date without obsolete information. Further, the Order requires respondent to reinvestigate disputed items of information in a consumer's file in a timely and reasonable manner, generally within 30 days.

The consent order also contains provisions requiring respondent to maintain reasonable procedures to limit the furnishing of consumer reports (and specifically consumer reports in the form of identification reports containing employment information) to only those with permissible purposes to receive consumer reports. Further, the consent order provides that respondent disclose the nature and substance of all information (except medical information) in its files on a consumer in response to a proper request for disclosure from the consumer who is the subject of the file.

Part II of the Order requires the respondent to submit to the Commission for approval a methodology by which changes to the respondent's computer system will be measured. The incidence of consumer reports containing information of other consumers, not the subject of the report, will be measured against a baseline established by the methodology to determine the efficacy of the computer changes. These measurements will be submitted for five (5) years to the Commission in the form of annual reports.

Part III of the Order requires the respondent to annually for five (5) years submit to the Commission information concerning the numbers of disclosures provided and disputes received by the respondent.

Part IV of the Order requires the respondent for a period of five years to