

## Mobile App Companies Settle FCRA Charges with FTC

JANUARY 22, 2013

Two mobile app companies, as well as their owner and sole corporate officer, recently settled charges with the FTC over alleged violations of the Fair Credit Reporting Act ("FCRA"). The companies, Filiquarian Publishing LLC and Choice Level LLC, market and sell apps that allow consumers to conduct a criminal background check on potential employees. The FTC was concerned that the company was essentially operating as a credit reporting agency, which is defined as an entity that assembles consumer information into reports about a people's reputation, personal characteristics, and the like, which reports are given to third parties. According to the FTC, this is exactly what the apps did, despite the companies' representations to the contrary in disclaimers on its website. Indeed, marketing for the apps said things like "Are you hiring somebody and wanting to quickly find out if they have a record? Then Texas Criminal Record Search is the perfect application for you." Since the apps were consumer reporting agencies, the FTC alleged that the companies were regulated by the FCRA. Under the Act, companies need to take protection measures, something that these entities did not do. In particular, the complaint alleged three key FCRA violations: (1) failure to ensure the information sold was accurate; (2) failure to institute procedures to verify that the information they sold would be used only for permissible purposes under the FCRA; and (3) failure to provide notices to users of the reports about their obligations under the FCRA. Under the proposed consent agreement, the respondents must take reasonable steps to ensure the accuracy of information in its reports, provide report users with information about their obligations under the FCRA, and not furnish consumer reports to anyone the companies have reason to believe do not have a "permissible purpose" under the FCRA to use the report. This is the first FCRA case involving mobile apps.

**TIP: Putting information into a disclosure does not, by itself, make it true. This case is a reminder for companies providing consumer reports that if they believe the reports are used for employment or other FCRA-purposes, the company should take steps to ensure compliance with the FCRA.**

*This tip has been created for information and planning purposes. They are not intended to be, nor should they be substituted for, legal advice, which turns on specific facts.*

2 Min Read

---

Related Topics

Workplace Privacy

Financial Privacy

Mobile Privacy

## Related Capabilities

Privacy & Data Security

*This entry has been created for information and planning purposes. It is not intended to be, nor should it be substituted for, legal advice, which turns on specific facts.*