Fair Credit Reporting Act: Failing to Comply Can Be Costly

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In a recent consent decree, Imperial Palace, Inc. agreed to pay $325,000 in civil penalties to settle alleged Fair Credit Reporting Act (FCRA) violations brought against two of its casinos by the Federal Trade Commission (FTC). The consent decree also included a permanent injunction that enjoins Imperial Palace from failing to provide the required notices regarding adverse actions under the FCRA.

The FTC alleged that Imperial Palace used consumer reports to evaluate and rank job applicants. According to the complaint, Imperial Palace would then deny employment to some applicants based upon the information contained in the consumer reports. The FTC contended that Imperial Palace had violated the FCRA by using information contained in the consumer reports to deny these applicants employment and then failing to provide the applicants with the required notice.

Employers need to remember that the FCRA requires compliance with notice procedures when taking an adverse action, such as denying a job applicant employment, based either in whole or in part on a consumer report. Before rejecting an otherwise qualified applicant because of information obtained from a consumer report, an employer must supply the applicant with a copy of his or her consumer report and a written description of the applicant's rights under the FCRA. If adverse action has been taken, employers are required to provide the prospective employee additional information including, but not limited to, a notice of the adverse action taken and the name, address and telephone number of the consumer-reporting agency that provided the consumer report.

For additional information on how you can ensure compliance with the Fair Credit Reporting Act, please contact the attorneys listed above.