

SPOKEO CYBERSTALKING INVITES FTC IRE, SETTLES FOR \$800,000



Data broker Spokeo has agreed to pay \$800,000 in settlement of Federal Trade Commission lawsuit. The settlement, also bars Spokeo from future violations of the FCRA and from making misrepresentations about its endorsements. The company, as is accepted practice with FTC complaints, agreed to pay the fine without admitting guilt or liability. The lawsuit had alleged the company violated federal law, by illegally compiling and selling personal information. It is further alleged that the information, was likely to be used by potential employers in screening job applicants. The FTC said in a statement that Spokeo sold the data to businesses "in the human resources, background screening and recruiting industries." It compiled the information into profiles, prior to selling it. Spokeo allegedly sourced personal data— such as residential address, marital status, hobbies, ethnicity and religion — from Facebook, Twitter and other similar sources to create profiles that it sold to job recruiters from 2008 until 2010. The complaint against the company had alleged that the company bared the information without taking the requisite steps to check the information's authenticity and without adhering to consumer protections provided by the Fair Credit Reporting Act. The FTC also charged the company with creating fake endorsements of its companies by posting these bogus endorsements news and technology websites and blogs. The truth behind these, supposedly customer endorsements, was that they were the figments of their employees' imagination and composed by them. Spokeo founder and President Harrison Tang wrote on the company's website that the company had initiated appropriate changes on its website and in its businesses practices to avoid infringements of state or federal laws, "and to ensure an honest and transparent service that will continue to be easy for our customers to use." "We are a technology company organizing people-related data in innovative ways. We do not create our own content, we do not possess or have access to private financial information, and we do not offer consumer reports," he added. Even though Tang said that the company never intended to act as a consumer reporting agency, The FTC found that Spokeo was indeed operating as a consumer reporting agency, without following any of the legal obligations imposed on such agencies. Jamie Hine, a staff attorney at the FTC said, "Consumers didn't realize that these reports were used as a factor in determining whether they would get a job. If the report was riddled with errors, the consumer didn't have recourse." The complaint was filed in 2010 by the Center for Democracy and Technology, in which the company was accused of providing personal data about people "credit ratings and other financial data." This the complaint claimed, the company did without disclosing the source of the data or allowing individuals a chance to challenge and correct fake information.