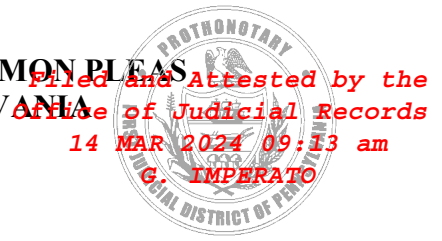


IN THE PHILADELPHIA COURT OF COMMON PLEAS
FIRST JUDICIAL DISTRICT OF PENNSYLVANIA
CIVIL TRIAL DIVISION



COMMONWEALTH OF PENNSYLVANIA,
BY ATTORNEY GENERAL
MICHELLE A. HENRY,

Petitioner,

v.

EQUIFAX INFORMATION SERVICES LLC,

Respondent.

_____ Term, 2024

No. _____

ASSURANCE OF VOLUNTARY COMPLIANCE

AND NOW, comes the Commonwealth of Pennsylvania, acting by Attorney General Michelle A. Henry, (hereinafter “Commonwealth” or “Petitioner”), which caused an investigation to be made into the business practices of Equifax Information Services LLC (“Equifax”), pursuant to the provisions of the Pennsylvania Unfair Trade Practices and Consumer Protection Law, 73 P.S. § 201-1, *et seq.* (hereinafter “Consumer Protection Law”), and the Fair Credit Reporting Act (“FCRA”), 15 U.S.C. § 1681e(b), and states the following:

DEFINITIONS

WHEREAS, for purposes of this Assurance of Voluntary Compliance (“AVC”), the following definitions shall apply:

A. “Document” or “documents” shall mean all physically or electronically stored information, including writings, drawings, graphs, charts, photographs, sound recordings, images, and other data or data compilations stored in any medium from which information can be obtained, and shall include drafts, non-identical copies, and file folders and jackets in which documents are contained. “Non-identical

copies” are reproductions of original documents which have notations, markings, comments, or other material not appearing in the original.

B. “Effective Date” of this AVC shall be the day it is filed with the Court of Common Pleas of Philadelphia County, Pennsylvania.

PARTIES

WHEREAS, Petitioner is the Commonwealth of Pennsylvania by Attorney General Michelle A. Henry, with offices located at 15th Floor, Strawberry Square, Harrisburg, PA 17120.

WHEREAS, Equifax Information Services LLC is a for-profit Georgia corporation that maintains a principal place of business located at 1550 Peachtree Street, N.W., Atlanta, Georgia 30309.

BACKGROUND

WHEREAS, Petitioner contends that Equifax has engaged in trade and commerce within Pennsylvania by offering, and providing consumer reports to creditors, impacting Pennsylvania consumers’ abilities to secure credit.

WHEREAS, Under Section 1681e(b) of the Fair Credit Reporting Act (“FCRA”), a consumer reporting agency preparing a consumer report “shall follow reasonable procedures to assure maximum possible accuracy of the information concerning the individual about whom the report relates.”

WHEREAS, based upon its investigation, the Commonwealth asserts that Equifax has engaged in conduct which violates the FCRA by failing to follow reasonable procedures to assure maximum possible accuracy of information in consumer reports.

WHEREAS, based upon its investigation, the Commonwealth asserts that Equifax has engaged in conduct which violates the Consumer Protection Law as more fully set forth below:

1. A code change was introduced to Equifax’s Online Model Server on March 17, 2022 (hereinafter “OMS Issue”). As a result, certain scoring models relying on date-based attributes used a static

date instead of the then-current date, resulting in the return of unexpected score values. Equifax initiated an investigation into the OMS Issue on March 22, 2022. Equifax partially resolved the OMS Issue on April 6, 2022, and it fully resolved the issue on April 8, 2022.

2. As a result of the OMS Issue, Equifax estimated that approximately 51,000 credit-seeking Pennsylvania consumers experienced a negative score shift. In addition, an unknown number of Pennsylvania consumers had “soft” credit inquiries that were part of the OMS Issue and that were not included in Respondents’ calculation. (A soft credit inquiry is a credit inquiry that, unlike a “hard” credit inquiry, does not appear on a consumer report and does not impact a credit score.)

3. Equifax knew or should have known that consumers whose credit reports were impacted by the OMS Issue were Pennsylvania consumers, as they were using Pennsylvania addresses.

4. The Commonwealth asserts that Equifax caused a likelihood of confusion or misunderstanding by providing creditors with incorrect data, causing some consumers to be denied credit or offered credit on less favorable terms than they otherwise would have qualified for as a result.

WHEREAS, Petitioner contends that the aforesaid acts and practices constitute “unfair methods of competition” and/or “unfair or deceptive acts or practices,” as prohibited by Section 201-3 of the Consumer Protection Law, as defined by Section 201-2(4)(ii), (iii), (v), and (xxi) as follows:

1. Causing likelihood of confusion or of misunderstanding as to the source, sponsorship, approval or certification of goods or services, 73 P.S. § 201-2(4)(ii);

2. Causing likelihood of confusion or of misunderstanding as to affiliation, connection or association with, or certification by, another, 73 P.S. § 201-2(4)(iii);

3. Representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits or quantities that they do not have or that a person has sponsorship, approval, status, affiliation or connection that he does not have, 73 P.S. § 201-2(4)(v);

4. Engaging in any other fraudulent or deceptive conduct which creates a likelihood of confusion or of misunderstanding, 73 P.S. § 201-2(4)(xxi);

WHEREAS, Equifax agrees to refrain from engaging in the acts and practices alleged above and shall not violate the Consumer Protection Law or FCRA.

WHEREAS, this AVC is accepted by the Commonwealth pursuant to Section 201-5 of the Consumer Protection Law, in lieu of commencing statutory proceedings provided under Sections 201-4 of the Consumer Protection Law and shall not be considered an admission of a violation, 73 P.S. §§ 201-4 and 201-5; and

WHEREAS, under Section 201-5 of the *Consumer Protection Law*, this AVC shall not be considered an admission of a violation for any purpose. 73 P.S. § 201-5.

SETTLEMENT TERMS

NOW THEREFORE, having conducted trade and commerce within the Commonwealth, Equifax agrees for itself, its successors, assigns, agents, employees and all other persons acting on their behalf, directly or through any corporate or other business device to the following:

I. Injunctive and Affirmative Relief

A. Equifax shall comply with the FCRA, specifically 15 U.S.C § 1681e(b), regarding reasonable procedures to ensure the maximum possible accuracy of information in any credit reports furnished.

B. Equifax shall comply with all applicable provisions of the Consumer Protection Law.

C. Equifax shall review and, as appropriate, update its change control policies and procedures to address the development, testing and implementation of technology changes, including review by the Change Advisory Board, for any change that is reasonably anticipated to adversely impact consumer credit scores if placed into a production environment.

D. Equifax shall deploy technology changes reasonably anticipated to adversely impact one or more consumer credit scores into the production environment only after review of the development and testing of such changes, including review by the Change Advisory Board when appropriate.

E. Equifax shall maintain appropriate review processes, consistent with industry standards, for the review of code reasonably anticipated to impact consumer credit scores prior to deployment of such code into the production environment.

F. Equifax shall ensure its current training program for developers of technology changes that may reasonably be anticipated to adversely impact one or more consumer credit scores contains a module focused on the FCRA and importance of overall accuracy of information for the furnishing of credit reports.

G. Equifax shall maintain or implement as appropriate an ongoing educational awareness program for all employees involved in the development of technology changes to be promoted to production that is reasonably anticipated to adversely impact one or more consumer credit scores. Employees included in this ongoing educational awareness program shall include Equifax employees directly responsible for developing such changes and their direct supervisors.

1. Such a program shall include:

- i. Training of Equifax employees on compliance obligations under the FCRA and the Consumer Protection Law;
- ii. Training of Equifax employees on their duty to report any noncompliance under federal and Pennsylvania law; and
- iii. Education on best practices regarding the separation of production and non-production environments.

H. Equifax shall implement and maintain any other reasonable, administrative, or technical safeguards or procedures to maintain the accuracy of consumer credit information.

I. Equifax shall continue to cooperate with and produce any documents or data requested by the Commonwealth regarding the OMS Issue, and such information and documents shall be maintained in strict confidence and treated as trade secret / confidential proprietary information of Equifax, to the extent permitted by Pennsylvania law. If the Commonwealth receives a request for disclosure of any information provided to it by Equifax in connection with this provision, the Commonwealth shall notify Equifax of the request if the Commonwealth intends to provide the information and shall do so not less than 10 business days prior to any such production to allow Equifax to seek a protective order or take such other action prohibiting the proposed disclosure.

J. Release: The Commonwealth shall release and discharge Equifax from all civil claims that the Commonwealth could have brought based on the OMS Issue under the Consumer Protection Law, the FCRA, or common law claims concerning unfair, deceptive or fraudulent trade practices. Nothing in this paragraph will limit the Commonwealth's ability to enforce obligations Equifax has under the AVC.

II. Monetary Relief

A. Equifax shall pay to the Commonwealth a total payment of Four Hundred Eighty-Five Thousand Dollars (\$485,000) (hereinafter "Required Payment"), which shall be allocated as follows:

1. **Civil Penalties** in the amount of Four Hundred Seventy Thousand Dollars (\$470,000) shall be distributed to the Commonwealth of Pennsylvania, Department of Treasury;
and
2. **Costs of Investigation** in the amount of Fifteen Thousand Dollars (\$15,000) shall be distributed to the Commonwealth of Pennsylvania, Office of Attorney General, to

reimburse the costs incurred in pursuing this enforcement action, and such funds shall be deposited in an interest-bearing account from which both principal and interest shall be expended for future public protection and education purposes.

B. With respect to Pennsylvania consumers, Equifax shall continue to reimburse lenders affected by the OMS Issue to ensure that such Pennsylvania consumers can be made whole. The obligation shall apply to all requests for reimbursement received by Equifax from its customers on or before December 31, 2024.

C. Equifax shall submit the Required Payment on or before the Effective Date by wire transfer, certified check, cashier's check, or money order, made payable to the Commonwealth of Pennsylvania, Office of Attorney General, and forwarded to the following address:

Nicholas Smyth
Office of Attorney General
1251 Waterfront Pl, Level M
Pittsburgh, PA 15222
Telephone: (412) 880-0475
Email: nsmyth@attorneygeneral.gov

D. After Equifax has made the Required Payment, Equifax shall no longer have any property right, title, interest, or other legal claim in any funds held in escrow.

III. Miscellaneous Terms

A. The Philadelphia Court of Common Pleas shall maintain jurisdiction over the subject matter of this AVC and over the Respondents for purpose of enforcement of the terms of this AVC.

B. Time shall be of the essence with regards to Equifax's obligations hereunder.

C. Any failure of either party to exercise any of its rights under this AVC shall not constitute a waiver of its rights hereunder.

D. Equifax is and has been represented by legal counsel and has been advised by their legal counsel of the meaning and effect of this AVC.

E. Equifax shall not, directly or indirectly, form a separate entity or corporation for the purpose of engaging in acts prohibited by this AVC or for the purpose of circumventing this AVC.

F. Equifax further agrees to execute and deliver all authorizations, documents and instruments which are necessary to carry out the terms and conditions of this AVC, whether required prior to, contemporaneous with or subsequent to the Effective Date, as defined herein.

G. Except as described in Paragraph I(J) above (entitled "Release"), nothing contained in this AVC shall be construed to waive or limit any individual right of action by any consumer, person or entity, or by any local, state, federal or other governmental entity.

H. Equifax does not admit, and expressly denies, any negligence, wrongdoing, or violation of law in connection with the OMS Issue, specifically including (but not limited to) any negligent or willful violation of the FCRA or any negligent or willful violation of the Consumer Protection Law.

I. This AVC does not constitute evidence of, and may not be used or admitted in any court or regulatory proceeding for the purpose of proving, any negligence, wrongdoing, or violation of law in connection with the OMS Issue, specifically including (but not limited to) any negligent or willful violation of the FCRA or any negligent or willful violation of the Consumer Protection Law.

J. Equifax agrees by the signing of this AVC that Equifax shall abide by each of the aforementioned provisions and that the breach of any one of these terms shall be sufficient warrant for the Commonwealth of Pennsylvania to seek penalties provided for under Section 201-8(a) of the Consumer Protection Law, 73 P.S. § 201-8(a), and to seek any other equitable relief which the Court deems necessary or proper, up to and including forfeiture of the right to engage in trade or commerce within the Commonwealth of Pennsylvania.

K. This AVC may be executed in any number of counterparts and by different signatories on separate counterparts, each of which shall constitute an original counterpart hereof and all of which

together shall constitute one and the same document. One or more counterparts of this AVC may be delivered by facsimile or electronic transmission with the intent that it or they shall constitute an original counterpart hereof.

L. Equifax understands and agrees that if it has made any false statement in or related to this AVC, that such statement is made pursuant to and under penalty of 18 Pa.C.S. § 4904 relating to unsworn falsifications to authorities.

M. This AVC sets forth all of the promises, covenants, agreements, conditions and understandings between the parties, and supersedes all prior and contemporaneous agreements, understandings, inducements or conditions, express or implied. There are no representations, arrangements, or understandings, oral or written, between the parties relating to the subject matter of this AVC that are not fully expressed herein or attached hereto. Each party specifically warrants that this AVC is executed without reliance upon any statement or representation by any other party hereto, except as expressly stated herein.

N. This AVC shall remain in effect for a period of 4 years from the effective date thereof.

O. If any clause, provision or section of this AVC shall, for any reason, be held illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not affect any other clause, provision or section of this AVC and this AVC shall be construed and enforced as if such illegal, invalid or unenforceable clause, section or other provision had not been contained herein.

P. Neither Petitioner nor Equifax shall be considered the drafter of this AVC or any of its provisions for the purpose of any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafter of this AVC.

WHEREFORE, intending to be legally bound, the parties have hereto set their hands and seals.

For the Petitioner:
COMMONWEALTH OF PENNSYLVANIA

Michelle A. Henry
Attorney General

Date: March 11, 2024

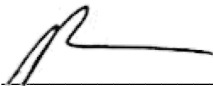
By: /s/ Nicholas Smyth

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Telephone: (412) 880-0475
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For the Respondents:

EQUIFAX INFORMATION SERVICES LLC

Date: March 4th 2024

By:  _____

Nick Oldham
Chief Compliance Officer
Equifax Information Services LLC
1550 Peachtree Street NE
Atlanta, GA 30309

EQUIFAX INFORMATION SERVICES LLC

Date: March 8, 2024

By:  _____

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