

UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF FLORIDA
TALLAHASSEE DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

Civil Case No. 4:04cv 361 RH/WKS

v.

SPRINT CORPORATION,
SPRINT COMMUNICATIONS COMPANY L.P.,
CAROLINA TELEPHONE AND TELEGRAPH COMPANY,
CENTRAL TELEPHONE COMPANY,
CENTRAL TELEPHONE COMPANY OF TEXAS,
CENTRAL TELEPHONE COMPANY OF VIRGINIA,
SPRINT MINNESOTA, INC.,
SPRINT MISSOURI, INC.,
SPRINT-FLORIDA, INCORPORATED,
THE UNITED TELEPHONE COMPANY OF PENNSYLVANIA,
UNITED TELEPHONE COMPANY OF EASTERN KANSAS,
UNITED TELEPHONE COMPANY OF INDIANA, INC.,
UNITED TELEPHONE COMPANY OF KANSAS,
UNITED TELEPHONE COMPANY OF NEW JERSEY, INC.,
UNITED TELEPHONE COMPANY OF OHIO,
UNITED TELEPHONE COMPANY OF SOUTHCENTRAL KANSAS,
UNITED TELEPHONE COMPANY OF TEXAS, INC.,
UNITED TELEPHONE COMPANY OF THE CAROLINAS,
UNITED TELEPHONE COMPANY OF THE NORTHWEST,
UNITED TELEPHONE COMPANY OF THE WEST, and
UNITED TELEPHONE-SOUTHEAST, INC.,

Defendants.

CONSENT DECREE

WHEREAS: Plaintiff, the United States of America, has commenced this action

by filing the Complaint herein; defendants have waived service of the Summons and Complaint; defendants have waived, solely for purposes of this action, any challenges to jurisdiction over the parties; the parties have been represented by the attorneys whose names appear hereafter; and the parties have agreed to settlement of this action upon the following terms and conditions, without adjudication of any issue of fact or law and without defendants admitting liability or fault for any of the matters alleged in the Complaint;

THEREFORE, on the joint motion of plaintiff and defendants, it is hereby ORDERED, ADJUDGED, AND DECREED as follows:

FINDINGS

1. This Court has jurisdiction of the subject matter and of the parties.
2. The Complaint states a claim upon which relief may be granted against the defendants under Sections 5(a)(1), 13(b), and 16(a) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 45(a)(1), 53(b) and 56(a), under the Fair Credit Reporting Act ("FCRA"), 15 U.S.C. §§ 1681-1681u, under the Equal Credit Opportunity Act ("ECOA"), 15 U.S.C. §§ 1691-1691f, and under Federal Reserve Board Regulation B ("Regulation B"), 12 C.F.R. § 202.

DEFINITIONS

3. As used in this Consent Decree:
 - a. "Fair Credit Reporting Act" or "FCRA" refers to 15 U.S.C. §§ 1681-1681u, as amended;
 - b. "Consumer," "consumer report," and "consumer reporting agency" mean

the terms as defined in Section 603 of the FCRA, 15 U.S.C. § 1681a, as amended;

- c. "Equal Credit Opportunity Act" or "ECOA" refers to 15 U.S.C. § 1691-1691f, as amended;
- d. "Regulation B" refers to Federal Reserve Board Regulation B, 12 C.F.R. § 202, as amended;
- e. "Credit," "applicant," and "application," mean the terms as defined in Section 202.2 of Regulation B, 12 C.F.R. § 202.2;
- f. "Adverse action" means the term as defined in Section 603 of the FCRA, 15 U.S.C. § 1681a, and Section 202.2 of Regulation B, 12 C.F.R. § 202.2.

CIVIL PENALTY

4. Defendants Sprint Corporation, Sprint Communications Company L.P., Carolina Telephone and Telegraph Company, Central Telephone Company, Central Telephone Company of Texas, Central Telephone Company of Virginia, Sprint Minnesota, Inc., Sprint Missouri, Inc., Sprint-Florida, Incorporated, The United Telephone Company of Pennsylvania, United Telephone Company of Eastern Kansas, United Telephone Company of Indiana, Inc., United Telephone Company of Kansas, United Telephone Company of New Jersey, Inc., United Telephone Company of Ohio, United Telephone Company of Southcentral Kansas, United Telephone Company of Texas, Inc., United Telephone Company of the Carolinas, United Telephone Company of the Northwest, United Telephone Company of the West, and United Telephone-Southeast, Inc., and their successors and assigns, shall pay to plaintiff, pursuant to Section 621(a) of the FCRA, 15 U.S.C. § 1681s(a), Section 704(c) of the ECOA, 15 U.S.C. § 1691c(c), and Section 5(m)(1)(A)

of the FTC Act, 15 U.S.C. § 45(m)(1)(A), a civil penalty in the amount of one million one hundred twenty-five thousand dollars (\$1,125,000).

5. Defendants shall make the payment required by Paragraph 4 within seven (7) business days of the date of entry of this Consent Decree by electronic fund transfer in accordance with instructions provided by the Office of Consumer Litigation, Civil Division, U.S. Department of Justice, Washington, DC 20530, for appropriate disposition.

6. In the event of any default in payment, which default continues for ten days beyond the due date of payment, the entire unpaid penalty, together with interest, as computed pursuant to 28 U.S.C. § 1961 from the date of default to the date of payment, shall immediately become due and payable.

INJUNCTION

7. a. Defendants, their successors and assigns, and their officers, agents, servants, employees and attorneys, and all persons in active concert or participation with any one or more of them who receive actual notice of this Consent Decree by personal service or otherwise, are hereby enjoined, directly or through any corporation, subsidiary, division or other device, from failing to provide to a consumer who has requested, or has received, telephone service from defendants, whenever defendants have taken adverse action with respect to that consumer that is based in whole or in part on any information contained in a consumer report: (1) notice of the adverse action taken; (2) the name, address, and telephone number of the consumer reporting agency (including a toll-free telephone number established by the agency if the agency compiles and maintains files on consumers on a nationwide basis) from which the consumer report was obtained; (3) a statement that the consumer reporting agency did not make the decision to take

the adverse action and is unable to provide the consumer the specific reasons why the adverse action was taken; and (4) notice of the consumer's right:

(A) to obtain, under Section 612 of the FCRA, 15 U.S.C. § 1681j, within 60 days after receiving notice of the adverse action, a free copy of the consumer report from the consumer reporting agency from which the report was obtained; and

(B) to dispute, under Section 611 of the FCRA, 15 U.S.C. § 1681i, with a consumer reporting agency the accuracy or completeness of any information in a consumer report furnished by the agency,

as required by Section 615(a) of the FCRA, 15 U.S.C. § 1681m(a), as amended.

Notwithstanding the foregoing, if defendants' obligations with respect to Section 615(a) of the FCRA are modified as a result of a statutory or regulatory change effective after the date of this Consent Decree, then compliance with such obligations as so modified shall constitute compliance with Paragraph 7 of this Consent Decree.

b. Defendants shall not be held liable for a violation of Paragraph 7 of this Consent Decree if they show by a preponderance of the evidence that at the time of the alleged violation, defendants maintained reasonable procedures to assure compliance with the provisions of Paragraph 7.

8. Defendants, their successors and assigns, and their officers, agents, servants, employees and attorneys, and all persons in active concert or participation with any one or more of them who receive actual notice of this Consent Decree by personal service or otherwise, are hereby enjoined, directly or through any corporation, subsidiary, division or other device, from:

a. Failing to provide any applicant with respect to whom defendants have taken

adverse action, within 30 days after receiving a completed application or within 90 days after notifying the applicant of a counteroffer if the applicant does not expressly accept or use the credit offered, with written notification that contains: (1) a statement of the adverse action taken; (2) the name and address of the creditor; (3) a statement of the provisions of Section 701(a) of the ECOA, 15 U.S.C. § 1691(a); (4) the name and address of the federal agency that administers compliance of the ECOA with respect to the creditor; and (5) either a statement of the specific reasons for the adverse action taken or a disclosure of the applicant's right to receive a statement of specific reasons within 30 days, if the statement is requested within 60 days of the creditor's notification; and

b. Failing otherwise to comply with Section 701(d) of the ECOA, 15 U.S.C. § 1691(d), and Section 202.9 of Regulation B, 12 C.F.R. § 202.9, as they may be amended from time to time.

9. Defendants, and their successors and assigns, shall within thirty (30) days of the entry of this Consent Decree, provide a copy of this Consent Decree to each of their officers, agents, servants, employees, and attorneys having decision-making authority with respect to the subject matter of this Consent Decree, secure from each such person a signed statement acknowledging receipt of a copy of this Consent Decree, and shall, within ten (10) days of complying with this paragraph, file an affidavit with the Court, and serve the Federal Trade Commission, by mailing a copy thereof to the Associate Director for Financial Practices, Bureau of Consumer Protection, Federal Trade Commission, Washington, D.C. 20580, setting forth the fact and manner of their compliance, including the name and title of each person to whom a copy of the Consent Decree has been provided.

10. For a period of three (3) years from the date of entry of this Consent Decree, defendants, and their successors and assigns, shall maintain and make available to the Federal Trade Commission, within thirty (30) days of the receipt of a written request, business records demonstrating compliance with the terms and provisions of this Consent Decree.

11. For a period of five (5) years from the date of entry of this Consent Decree, defendants, and their successors and assigns, shall notify the Associate Director for Financial Practices, Bureau of Consumer Protection, Federal Trade Commission, Washington, D.C. 20580, at least thirty (30) days prior to any change in defendants' corporate structure or ownership that may affect their obligations under this Consent Decree, including, but not limited to, merger, incorporation, dissolution, assignment, or sale that results in the emergence of a successor corporation, or the creation or dissolution of a subsidiary or parent; *provided*, however, that with respect to any proposed change in their corporate structure or ownership about which defendants learn less than thirty (30) calendar days prior to the date such action is to take place, defendants shall notify the Associate Director for Financial Practices as soon as practicable after learning of the proposed change.

12. Defendants are hereby required, in accordance with 31 U.S.C. § 7701, to furnish to the Federal Trade Commission their taxpayer identifying numbers, which shall be used for purposes of collecting and reporting on any delinquent amount arising out of such persons' relationship with the government.

13. This Court shall retain jurisdiction of this matter for the purposes of enabling any of the parties to this Consent Decree to apply to the Court at any time for such further order or directives as may be necessary or appropriate for the interpretation or modification of this

Consent Decree, for the enforcement of compliance therewith, or for the punishment of violations thereof, or as justice may require.

JUDGMENT IS THEREFORE ENTERED in favor of plaintiff and against defendants, pursuant to all the terms and conditions recited above.

Dated this _____ day of _____, 2004.

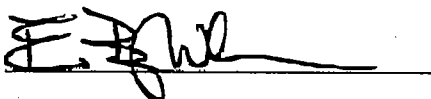
UNITED STATES DISTRICT JUDGE

The parties, by their respective counsel, hereby consent to the terms and conditions of the Consent Decree as set forth above and consent to the entry thereof. Defendants waive any rights that may arise under the Equal Access to Justice Act, 28 U.S.C. § 2412, amended by Pub. L. 104-121, 110 Stat., 847, 863-64 (1996).

FOR THE UNITED STATES OF AMERICA

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Acting Assistant Attorney General
Civil Division
United States Department of Justice

GREGORY ROBERT MILLER
United States Attorney
Northern District of Florida



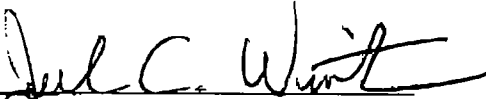
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Director
Office of Consumer Litigation

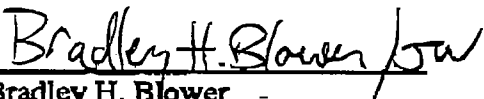


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FOR THE FEDERAL TRADE COMMISSION:



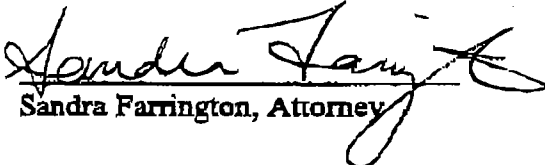
Joel C. Winston
Associate Director for Financial Practices
Bureau of Consumer Protection
Federal Trade Commission



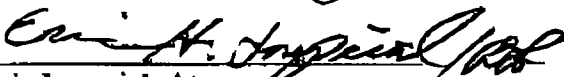
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Ronald G. Isaac, Attorney



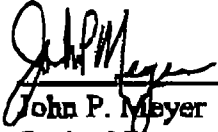
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FOR THE DEFENDANTS:

**SPRINT CORPORATION and
SPRINT COMMUNICATIONS COMPANY L.P.**



**John P. Meyer
Senior Vice President**

**CAROLINA TELEPHONE AND TELEGRAPH COMPANY,
CENTRAL TELEPHONE COMPANY,
CENTRAL TELEPHONE COMPANY OF TEXAS,
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UNITED TELEPHONE COMPANY OF THE CAROLINAS,
UNITED TELEPHONE COMPANY OF THE NORTHWEST,
UNITED TELEPHONE COMPANY OF THE WEST, and
UNITED TELEPHONE-SOUTHEAST, INC.**



**Richard B. Green
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REASONS FOR SETTLEMENT

This statement accompanies the Consent Decree executed by defendant Sprint Corporation, *et al.*, to settle an action brought to obtain civil penalties and injunctive relief for defendants' violations of the Fair Credit Reporting Act ("FCRA"), 15 U.S.C. §§ 1681-1681u, and the Equal Credit Opportunity Act ("ECOA"), 15 U.S.C. §§ 1691-1691f, and its implementing Regulation B, 12 C.F.R. § 202.

Pursuant to Section 5(m)(3) of the Federal Trade Commission Act, as amended (15 U.S.C. § 45(m)(3)), the Commission hereby sets forth its reasons for settlement by entry of a Consent Decree and injunction:

On the basis of the allegations contained in the attached Complaint, the Commission believes that the payment of a \$1,125,000 civil penalty by Sprint Corporation constitutes an appropriate amount on which to base a settlement. The amount should ensure compliance with the FCRA and the ECOA by the defendants and others who might otherwise violate these laws. The injunction that is included in the Consent Decree also constitutes an effective means to assure the defendants' future compliance with these laws. Additionally, with the entry of such a Consent Decree, the time and expense of litigation will be avoided.

For the foregoing reasons, the Commission believes that the settlement with Sprint Corporation by entry of the attached Consent Decree is justified and well within the public interest.