

LexisNexis, Retail Workers Get Nod For \$2.38M Settlement

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Law360, New York (August 04, 2014, 3:35 PM ET) -- A Pennsylvania federal judge has given preliminary approval to a \$2.38 million settlement in a proposed class action claiming LexisNexis Risk Solutions Inc. illegally distributed damaging information about retail workers to current and potential employers.

Under the settlement, LexisNexis has suspended its Esteem database — which lead plaintiffs Keesha Goode and Victoria Goodman claimed had classified retail workers as thieves — and has agreed to implement stricter requirements in an effort to protect consumers in the event it resumes the use of the database for employment background purposes.

U.S. District Judge Jan E. DuBois approved two classes for the settlement: one for people who received a pre-adverse action notice sent by LexisNexis on behalf of an employer or potential employer regarding a consumer report that contained negative information from the retail theft contributory database and a second for people who requested a copy of their voluntary admission statement from LexisNexis but did not receive one.

The first class, which includes 26,155 people, will not receive compensation from LexisNexis, but will be notified that the database has been suspended, that they can receive a copy of their report and that they can bring individual lawsuits against the company as well as third-party employers for actual damages, according to court documents. Class members in the second group, which includes 2,916 people, will receive checks for about \$800 and will also retain the right to assert individual claims for actual damages.

“The settlement agreement is sufficiently fair, reasonable and adequate for preliminary approval and warrants notice to the settlement classes,” the order states.

Goode and Goodman claimed LexisNexis distributed damaging information from the database to current and prospective employers without complying with the statutory requirements of the Fair Credit Reporting Act.

In their amended complaint, the retail workers said that LexisNexis’ inaccuracy stemmed from the company’s negligence in failing to install proper safeguards in its data collection system.

Goode was denied employment with the Family Dollar Stores Inc. chain, while Goodman lost out on a promotion and then was fired from a Rite Aid Corp. store because of information in the Esteem database, the suit alleged. Goodman said in the suit she had been reinstated as a Rite Aid cashier but faced “continuing impediments to future promotions or hiring.”

A hearing for final approval of the settlement is scheduled for Dec. 5.

Last week, Judge DuBois tossed Moore v. Rite Aid Hdqtrs Corp., a related case, on the grounds that the plaintiffs failed to sufficiently state a claim, but gave the class 15 days to amend the complaint.

A representative for LexisNexis did not immediately return a request for comment Monday. An attorney for plaintiffs declined to comment.

The plaintiffs are represented by Irv Ackelsberg of Langer Grogan & Diver PC, James A. Francis of Francis & Mailman PC, Nadia Hewka and Sharon M. Dietrich of Community Legal Services and Leonard A. Bennett of Consumer Litigation Associates PC.

LexisNexis is represented by Mark S. Melodia and Diane A. Bettino of Reed Smith LLP.

The case is Goode et al. v. LexisNexis Risk & Information Analytics Group Inc., case number 2:11-cv-02950, in the U.S. District Court for the Eastern District of Pennsylvania.

--Additional reporting by Greg Ryan, Ben James and Megan Leonhardt. Editing by Patricia K. Cole.

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