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[Additional Counsel Listed on Signature Page]

**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA**

KATHERINE SASS and CODY  
HOUNANIAN, on Behalf of  
Themselves and All Others Similarly  
Situated,

Plaintiffs,

v.

GREAT LAKES EDUCATIONAL  
LOAN SERVICES, INC., EQUIFAX  
INFORMATION SERVICES, LLC,  
TRANS UNION, LLC, EXPERIAN  
INFORMATION SOLUTIONS, INC.  
and VANTAGESCORE SOLUTIONS,  
LLC,

Defendants.

Case No.

**CLASS ACTION COMPLAINT**

- (I) Violations of the Fair Credit Reporting Act, 15 U.S.C. § 1681, *et seq.*
- (II) Violations of the California Consumer Reporting Agencies Act, Cal. Civ. Code § 1785.14(b)
- (III) Violations of the California Consumer Reporting Agencies Act, Cal. Civ. Code § 1785.25(a)
- (IV) Violations of the California Unfair Competition Law, Cal. Bus. & Prof. Code § 17200, *et seq.*

**JURY TRIAL DEMANDED**

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1 Plaintiffs Katherine Sass (“Sass”) and Cody Hounanian (“Hounanian”)  
2 (collectively, “Plaintiffs”), by and through their attorneys, on behalf of  
3 themselves and the Classes set forth below, bring the following Class Action  
4 Complaint against Defendants Great Lakes Educational Loan Services, Inc.  
5 (“Great Lakes”), Equifax Information Services, LLC (“Equifax”), Trans  
6 Union LLC (“Trans Union”), Experian Information Solutions, Inc.  
7 (“Experian”) and VantageScore Solutions, LLC (“Vantage”) (collectively,  
8 “Defendants”). Plaintiffs’ allegations are based upon information and belief  
9 and the investigation of counsel, and personal knowledge as to the allegations  
10 pertaining to themselves.

11 **I. INTRODUCTION**

12 1. Defendants, who are among the nation’s largest financial  
13 institutions, are compounding the financial distress and other harms already  
14 being suffered by Plaintiffs and other student borrowers in connection with the  
15 COVID-19 global pandemic. Great Lakes, together with its parent Nelnet,  
16 Inc., services approximately \$400 billion—*or nearly 50%*—of all student  
17 loans in the United States. Equifax, Experian and Trans Union are household  
18 names and the leading personal credit reporting agencies, and Vantage is their  
19 joint venture that operates a shared proprietary consumer credit-scoring model.

20 2. As alleged in greater detail below, these Defendants have  
21 mishandled desperately-needed federal relief granted to students under the  
22 Coronavirus Aid, Relief, and Economic Security Act, Pub. L. No. 116–136,  
23 \_\_\_ Stat. \_\_\_ (2020) (the “CARES Act”), by, among other things, inaccurately  
24 reporting information about student loan payments that were suspended under  
25 the CARES Act. As a result, Plaintiffs and other Class members will suffer  
26 long lasting credit stigma, including inaccurate and lower credit scores  
27 resulting in no, limited or more costly access to credit.  
28

1           3.       Unquestionably, the entire nation is suffering under the financial  
2 strain caused by the COVID-19 pandemic. Given the concurrence of this  
3 pandemic and an ongoing student loan crisis, Congress prioritized relief to  
4 student loan borrowers in the CARES Act. Specifically, the Act suspends  
5 payments, interest accrual, and collections on federal student loans held by the  
6 United States Department of Education from March 13, 2020 to September 30,  
7 2020. Put simply, the Act “hit the pause button” on federal loans to give  
8 students—many of whom have limited or no income—time to weather the  
9 COVID-19 financial crisis.

10           4.       This CARES Act relief is afforded automatically to *all* federal  
11 student loan borrowers. Such borrowers are *not* required to make any request  
12 or to demonstrate any adverse impact related to COVID-19 in order to receive  
13 this relief.

14           5.       Mindful of many Americans’ sudden and immediate need for  
15 access to credit, Congress also took care to ensure that its unilateral actions  
16 would not jeopardize student loan borrowers’ credit scores.

17           6.       To that end, the Act provides clear directives to loan servicers and  
18 consumer reporting agencies. Specifically, all federal student loans held by the  
19 Department of Education are to be reported as though the borrower had made  
20 required payments. The purpose of the Act’s directives was to ensure that  
21 nothing Congress did would inadvertently negatively impact borrowers’  
22 credit.

23           7.       Despite the Congress’s clear directive, despite the ease of  
24 compliance, and despite the potentially devastating impact of misreporting  
25 borrowers’ loan status, Defendants inaccurately reported the status and  
26 financial import of millions of borrowers’ student loans.

27           8.       In a May 14, 2020 statement, Great Lakes did not deny that it has  
28 bungled reporting for federal student loans, stating only that it does not

1 “believe” that its reporting had impacted students’ credit scores. As one  
2 commentator has pointed out, “[t]his . . . *directly contradicts the experience*  
3 *of many student loan borrowers.*”<sup>1</sup>

4 9. In truth, Defendants’ misconduct has resulted in immediately  
5 lower credit scores, and jeopardized student loan borrowers’ access to credit  
6 at this crucial time and going forward. These and other harms could and should  
7 have been avoided had Defendants exercised even a modicum of reasonable  
8 care.

9 10. Plaintiffs bring this case in order to immediately halt and correct  
10 Defendants’ unlawful practices and obtain relief on behalf of themselves and  
11 millions of other borrowers.

## 12 **II. THE PARTIES**

13 11. Plaintiff Katherine Sass is an individual person and a resident of  
14 San Francisco, California.

15 12. Plaintiff Cody Hounanian is an individual person and a resident  
16 of Santa Clarita, California.

17 13. Defendant Great Lakes Educational Loan Services, Inc. (“Great  
18 Lakes”) is a Wisconsin corporation with its principal office in Madison,  
19 Wisconsin. Great Lakes services student loans on behalf of the United States  
20 government. Great Lakes is a “furnisher” of information under both the Fair  
21 Credit Reporting Act, 15 U.S.C. §1681, *et seq.* (“FCRA”) and the California  
22 Credit Reporting Agencies Act, Cal. Civ. Code §1785.1, *et seq.* (“CCRAA”).  
23  
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25 <sup>1</sup> Forbes Magazine, *Student Loan Servicers Are Dinging Credit Reports for the*  
26 *CARES Act Forbearance*, by Adam S. Minsky, May 19, 2020, available at  
27 [https://www.forbes.com/sites/adamminsky/2020/05/19/student-loan-](https://www.forbes.com/sites/adamminsky/2020/05/19/student-loan-servicers-are-dinging-credit-reports-for-the-cares-act-forbearance/#57f1944965fa)  
28 [servicers-are-dinging-credit-reports-for-the-cares-act-](https://www.forbes.com/sites/adamminsky/2020/05/19/student-loan-servicers-are-dinging-credit-reports-for-the-cares-act-forbearance/#57f1944965fa)  
[forbearance/#57f1944965fa](https://www.forbes.com/sites/adamminsky/2020/05/19/student-loan-servicers-are-dinging-credit-reports-for-the-cares-act-forbearance/#57f1944965fa) (last visited May 20, 2020).

1           14. All the loans Defendant Great Lakes services are loans made  
2 under part D and/or part B of Title IV of the Higher Education Act of 1965  
3 (20 U.S.C. § 1087(a)(3), *et seq.*, and § 1071, *et seq.*)

4           15. All loans Defendant Great Lakes services are held by the  
5 Department of Education. These loans are referred to herein as “federal student  
6 loans held by the Department of Education.”

7           16. Defendant Equifax is a foreign corporation with its principal  
8 place of business in Atlanta, Georgia.

9           17. Defendant TransUnion is a foreign limited liability company with  
10 its principal place of business in Chicago, Illinois.

11           18. Defendant Experian is a California corporation with its principal  
12 place of business in Costa Mesa, California.

13           19. Defendants Equifax, TransUnion and Experian sell credit reports  
14 (“consumer reports” in FCRA parlance) to creditors, landlords, employers and  
15 others seeking to evaluate consumers for credit, housing, employment, and  
16 other purposes contemplated in the FCRA.

17           20. Defendants Equifax, Trans Union and Experian’s credit reports  
18 are consumer reports under the FCRA, 15 U.S.C. § 1681a(d), and consumer  
19 credit reports under the CCRAA. Cal. Civ. Code § 1785.3(c).

20           21. Defendants Equifax, Trans Union and Experian each constitute a  
21 “consumer reporting agency” as defined by the FCRA and a “consumer credit  
22 reporting agency” under the CCRAA. 15 U.S.C. § 1681a(f); Cal. Civ. Code  
23 § 1785.3(d).

24           22. Defendant VantageScore Solutions, LLC is a Delaware  
25 Corporation with its headquarters in Connecticut. Defendants Equifax, Trans  
26 Union and Experian jointly own Defendant VantageScore Solutions.

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**III. JURISDICTION AND VENUE**

23. This Court has jurisdiction over the federal claims in this action pursuant to 15 U.S.C. § 1681p and 28 U.S.C. § 1331. The Court has supplemental jurisdiction over the state law claims in this action under 28 U.S.C. § 1367 and under the Class Action Fairness Act, 28 U.S.C. § 1332(d).

24. Venue is proper in this District as Plaintiff Sass resides in the District and suffered the consequences of Defendant’s actions in this District.

**IV. STATUTORY BACKGROUND—THE CARES ACT**

25. On March 27, 2020, Congress passed, and President Trump signed into law the CARES Act. *See* Pub. L. No. 116–136, \_\_\_ Stat. \_\_\_ (2020).

26. In order to protect vulnerable borrowers and ease the financial burden of COVID-19 on their families, Congress swiftly enacted special protections for borrowers who have student loans held by the Department of Education.

27. Among these protections was automatic relief from repayment obligations. Specifically, Section 3513(b) of the CARES Act immediately suspended all payment obligations on loans held by the Department of Education through September 30, 2020. Section 3513(c) also halted all accrual of interest during that same period.

28. The CARES Act does not “defer” borrowers’ payment obligations. Instead, the Act relieves borrowers from the obligation to pay completely, charging no interest during the specified period and directing the Secretary of Education to “deem each month for which a loan payment was

1 suspended under this section as if the borrower of the loan had made a  
2 payment. . . .”<sup>2</sup>

3 29. The functional result of the CARES Act is that the federal  
4 government is paying interest on student loan borrowers until September 2020.

5 30. The provisions of the CARES Act that pertain to loans held by  
6 the Department of Education are significantly different from the provisions of  
7 the Act that relate to other kinds of loans, such as federally backed mortgages.

8 31. There are three critical differences between the relief afforded to  
9 student loan borrowers and the relief afforded to other kinds of borrowers  
10 under the Act.

11 32. First, relief for student loan borrowers is automatic and applies to  
12 all borrowers, regardless of whether the borrower has been affected in any way  
13 by COVID-19. While mortgage loan borrowers must *request* relief from  
14 mortgage obligations on an individual basis, the cessation of repayment  
15 obligations for loans held by the Department of Education is *automatic* and  
16 applies to *all* borrowers. *Compare* § 3513 (“The Secretary of Education *shall*  
17 suspend all payments . . . .”) with § 4022(b)(1) (allowing consumers to make  
18 a “*request*” for relief) (emphasis added).

19 33. Second, the CARES Act defers mortgage payment obligations for  
20 borrowers who request relief, requiring such borrowers to make a single catch-

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21  
22 <sup>2</sup> The Act continues “. . . for the purpose of any loan forgiveness program or  
23 loan rehabilitation program authorized under part D or B of title IV of the  
24 Higher Education Act of 1965 (20 U.S.C. 1087a et seq.; 1071 et seq.) for which  
25 the borrower would have otherwise qualified.” The loan forgiveness and loan  
26 rehabilitation programs under the Higher Education Act (“HEA”) to which the  
27 CARES Act refers are programs which treat a borrower’s obligations as  
28 satisfied so long as the borrower meets certain criteria—either income- or  
employment-related. As relevant to this lawsuit, all programs referred to in the  
CARES Act treat the borrower’s monthly obligations as *satisfied* and *not* as  
deferred.



1 up payment immediately at the end of the deferral period. For loans held by  
2 the Department of Education, on the other hand, there is no “catch-up”  
3 payment immediately at the end of the specified period. Rather, student loan  
4 borrowers are to be treated as though they made all required payments.  
5 *Compare* § 3513(c) (“the Secretary shall deem each month for which a loan  
6 payment was suspended under this section as if the borrower of the loan had  
7 made a payment . . .”) with § 4022(b)(2) (allowing borrowers a *forbearance*  
8 period of up to one year, at the conclusion of which all payments are due)  
9 (emphasis added).

10 34. Third, the CARES Act reduces interest to zero on loans held by  
11 the Department of Education during the period when payment obligations are  
12 suspended. In other words, interest that would have otherwise accrued (had the  
13 borrower continued making payments) no longer accrues on student loans. For  
14 mortgages where relief is granted, on the other hand, interest continues to  
15 accrue in the same amounts it would have accrued if the borrower made the  
16 deferred payments. *Compare* § 3513(b) (“interest *shall not accrue* on a  
17 loan...for which payment was suspended for the period of the suspension”)  
18 with § 4022(b)(3) (“no fees, penalties, or interest *beyond the amounts*  
19 *scheduled or calculated* as if the borrower made all contractual payments on  
20 time and in full under the terms of the mortgage contract, shall accrue . . . .”) (emphasis added).

22 35. Congress recognized that unilaterally changing its payment  
23 requirements and interest rates for all federal student loans held by the  
24 Department of Education could lead to inaccurate credit reporting.

25 36. The CARES Act explicitly requires the Secretary of Education to  
26 “ensure that, for the purpose of reporting information about the loan to a  
27 consumer reporting agency, any payment that has been suspended is treated as  
28 if it were a *regularly scheduled payment made by a borrower.*” § 3513(d).

1           37. Section 3513(d)'s directive that the loans be treated as though the  
2 borrower made regularly scheduled payments is consistent with the structure  
3 of the Act itself. The CARES Act constitutes the unilateral action of the  
4 creditor (the federal government) in releasing the borrower from the obligation  
5 to make payment. Moreover, the Act halts the accrual of interest, and does not  
6 require that any payments be "made up" in the future.

7           38. Under any reasonable reading of the CARES Act, student loan  
8 borrowers who do not pay amounts which the government has instructed them  
9 not to pay are of course "current" on their obligations. It would be inaccurate  
10 to say that borrowers are subject to the "deferral" of those obligations to some  
11 point in the future.

12           39. The Department of Education recognized the need for servicers  
13 like Great Lakes to implement the CARES Act when handling student loan  
14 accounts for millions of borrowers, changing its servicing contract to explicitly  
15 require Great Lakes to accurately report borrowers' loans as being repaid, not  
16 deferred, consistent with the law. *POLITICO, Education Department seeks to*  
17 *suspend student loan payments by April 10 (April 2, 2020)* ("The loan servicers  
18 will be required to report suspended payments to credit bureaus as though a  
19 borrower had made an one-time payment rather than as a forbearance, which  
20 would have carried a different notation on borrowers' credit reports. Under  
21 forbearance, monthly loan payments are suspended or reduced but interest  
22 continues to accrue.").

23           40. The unequivocal purpose of the CARES Act was to eliminate  
24 student loan borrowers' payment obligations to free up their financial  
25 resources while also protecting their access to credit.  
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1 **V. DEFENDANTS' MISREPORTING AND**  
2 **ITS DEVASTATING CONSEQUENCES**

3 41. Despite the fact that the CARES Act provides immediate and  
4 automatic relief for millions of federal student loan borrowers, and despite the  
5 explicit (and superfluous, given the nature of the relief afforded in the Act)  
6 guidance in the Act requiring student loans to be treated as paid during the  
7 time when the federal government is not requiring any payments, Defendants  
8 Great Lakes and Equifax misreported the status of millions of federal student  
9 loans held by the Department of Education.

10 42. Rather than reporting federal student loans held by the  
11 Department of Education as though the borrower had made all required  
12 payments, as dictated by the terms of the CARES Act, Defendants Great Lakes  
13 and Equifax instead reported millions of loans held by the Department of  
14 Education as “deferred.”

15 43. Plaintiffs Sass and Hounanian are borrowers who have federal  
16 student loans held by the Department of Education

17 44. Plaintiffs Sass and Hounanian were victims of inaccurate  
18 reporting as set forth herein.

19 45. Plaintiffs Sass and Hounanian are current on all federal student  
20 loan payments and were current prior to the imposition of relief on their student  
21 loans under the CARES Act.

22 46. Defendant Great Lakes reported Plaintiffs Sass and Hounanian’s  
23 student loans as being “deferred” in both the “terms frequency” and the  
24 “comments” field of the information it furnished about Plaintiffs’ loans to  
25 Equifax and other consumer reporting agencies to whom Great Lakes reports.  
26 Great Lakes also reported a deferred payment start date of September 1, 2020.

27 47. When Plaintiffs Sass and Hounanian procured their consumer  
28 reports from Equifax, including as recently as on May 18, 2020, the reports

1 Plaintiffs received stated that Plaintiffs’ loans were “deferred” in both the  
2 “terms frequency” and the “comments” section of the report. Equifax’s report  
3 stated that the deferred payment start date for Plaintiffs’ student loans was  
4 September 1, 2020.

5 48. Both Great Lakes’ and Equifax’s reporting were inaccurate.

6 49. Plaintiffs loans were not and are not “deferred.”

7 50. Plaintiffs do not have a deferred payment start date of  
8 September 1, 2020.

9 51. By its plain terms, the CARES Act suspends all required  
10 payments through September 30, 2020.

11 52. Plaintiff Hounanian suffered a diminution in his Vantage 3.0  
12 scores as a result of Defendants’ Vantage Score 3.0 model failing to properly  
13 account for the fact that the CARES Act provided automatic relief to all  
14 borrowers with student loans held by the Department of Education.

15 53. Experian, Trans Union, and Equifax jointly developed, operate,  
16 and control the algorithm used to determine a given consumer’s Vantage  
17 Score.

18 54. The algorithm used to determine a consumer’s Vantage Score has  
19 changed over time, resulting in a series of Vantage Scores. The most recent  
20 algorithm generates a score referred to as Vantage Score 4.0. The previous  
21 score was referred to as Vantage Score 3.0. Multiple versions of the Vantage  
22 scoring algorithms are in use at the same time, i.e. both Vantage Score 3.0 and  
23 4.0 are in use at the present time.

24 55. Experian, Trans Union, and Equifax continue to be involved in  
25 implementing and developing ongoing Vantage Score models and algorithms.

26 56. In order to implement and continue developing and modifying  
27 Vantage Score algorithms, Experian, Trans Union, and Equifax share  
28 consumer credit information among themselves.

1           57. In order to implement the Vantage Score algorithm, Experian,  
2 Trans Union, and Equifax each abide by agreed upon policies to ensure  
3 consistent data sets and a single consistent score.

4           58. Experian, Trans Union, and Equifax offer Vantage Scores for free  
5 through their websites and also participate in a variety of joint ventures to sell  
6 and market Vantage Scores through their wholly owned subsidiary, Vantage.

7           59. In simplistic terms, credit scoring models, including the Vantage  
8 Score model, are algorithms which generate a numeric score based on data  
9 contained in a consumer's credit report. Based on the algorithm's  
10 specifications, certain kinds of credit events (payments, account closures,  
11 defaulted payments, liens, etc.) can negatively or positively affect a  
12 consumer's credit score.

13           60. Vantage credit scores are used by financial institutions, creditors,  
14 and other users of credit scores to evaluate consumers for credit, housing,  
15 insurance, employment, and numerous other purposes.

16           61. Defendants Equifax, Experian, Trans Union and Vantage failed  
17 to adjust the Vantage Score algorithm to account for relief that was  
18 automatically provided to student loan borrowers whose loans are held by the  
19 Department of Education.

20           62. Rather than treating the suspension of borrowers' payment  
21 obligations as a score-neutral (or even score-positive) event, the Vantage Score  
22 algorithm used by Equifax, Experian, Trans Union and Vantage treated the  
23 relief afforded to student loan borrowers whose loans are held by the  
24 Department of Education as a negative event.

25           63. The Vantage Score scoring algorithm therefore caused a  
26 precipitous, sudden, and predictable drop in the Vantage Scores of student loan  
27 borrowers whose loans are held by the Department of Education.  
28

1           64. This drop was unjustified. Defendants had zero (literally *none*)  
2 factual support for the drop in Vantage Scores. The borrowers whose scores  
3 dropped had done nothing differently than they had in the past and, if anything,  
4 were in a better financial situation (and presented a better credit risk) than they  
5 would have been had the relief afforded by the CARES Act never come to  
6 fruition.

7           65. As a direct and predictable result of the failure by Defendants  
8 Equifax, Experian, Trans Union and Vantage to adjust their scoring model,  
9 millions of Americans' Vantage Scores dropped as soon as the credit reporting  
10 agencies began to report borrowers' loans as having received CARES Act  
11 relief.

12           66. Had the Vantage scoring model been properly adjusted to account  
13 for the CARES Act, the model would have ensured that borrowers with loans  
14 held by the Department of Education either experienced no change in their  
15 scores as a result of the CARES Act or experienced an increase in their scores.

16           67. Plaintiff Hounanian's score dropped by nearly 33 points when  
17 calculated based on Equifax's data, and by 27 points when calculated using  
18 Trans Union's data.

19           68. As a result of his score dropping for no justifiable reason, and  
20 because he did not want to obtain mortgage pre-approval that would be  
21 impacted by a falsely diminished credit score, Plaintiff Hounanian was forced  
22 to abandon his search to purchase a new home.

23           69. Plaintiff Hounanian has already signed a lease to rent his current  
24 home to new tenants beginning in June 2020.

25           70. Plaintiff Hounanian incurred out of pocket losses as a result of his  
26 not being able to pursue the purchase of a new property.

27           71. Plaintiff Hounanian was forced to purchase storage space in order  
28 to move his personal effects out of the home he currently owns so that the

1 home will be ready for tenants to move into in June. He will incur additional  
2 out of pocket expenses as a result of not being able to move directly from his  
3 current home to his new home, as he will be forced to reside elsewhere in the  
4 meantime.

5 72. Comenity Bank accessed Plaintiff Hounanian's Equifax credit  
6 report while Equifax was reporting inaccurate information about the status of  
7 Hounanian's student loan.

8 73. In the realm of consumer debt and consumer reporting, a  
9 "deferred" notation is a scarlet letter. Deferred payment arrangements imply  
10 that the borrower is unable to meet the terms of the loan as originally agreed,  
11 has requested that payments be deferred to a time in the future, and that the  
12 borrower, as a result, has a diminished present capacity to make payments and  
13 will face those deferred obligations on an ongoing basis in the future.

14 74. The impact of Defendant Equifax's and Great Lakes' reporting of  
15 millions of student loans as "deferred" instead of reporting the loans as paid  
16 on time, was immediate, sweeping, and devastating.

17 75. For loans serviced by Defendant Great Lakes, borrowers' credit  
18 scores dropped immediately and significantly.

19 76. The consumer reporting agencies' automated Vantage Score  
20 credit scoring systems treat deferred loans as derogatory items that negatively  
21 impact the consumers' creditworthiness.

22 77. Defendants' illegal conduct was willful and reckless.

23 78. The CARES Act was well publicized and compliance with the  
24 Act's provisions is straightforward.

25 79. Even cursory attention to the information they reported on  
26 millions of borrowers should have alerted Defendants to the gross and  
27 sweeping nature of their misreporting, and to the devastating and predictable  
28 impact their erroneous reporting would have.

1           80. Rather than implementing reasonable procedures to ensure that  
2 they would not compound the financial impact of COVID-19 on millions of  
3 Americans, Defendants instead continued with business as usual, relying on  
4 antiquated systems and automated processes which completely failed to  
5 account for the changes made by the CARES Act.

6           81. Defendants had a myriad of existing options available to them  
7 that would have allowed them to report borrowers' loans in a fashion that  
8 complied with the dictates of the CARES Act and that would have preserved  
9 borrowers' credit scores.

10          82. Defendants could have easily reported accurately using existing  
11 tools and procedures. Yet, Defendants failed to do so.

12          83. Borrowers noticed and sought relief from Defendants' inaccurate  
13 reporting immediately.

14          84. Defendant Great Lakes' Twitter feed, staffed by an employee  
15 who goes by the nickname "Missy" and who tweets using the Twitter handle  
16 @MyGreatLakes, has seen numerous complaints about the impact of  
17 Defendants' credit reporting.

18          85. Defendant Great Lakes acknowledged the inaccuracy of its  
19 reporting, and apologized, but refused to fix the problem until the end of the  
20 month:

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**Cody "Coderan 'Hakeem 'The Stream' Olajuwon" Chri @..** · May 13  
Why did you fuck up everyone's credit score and will you forget about my loans?

**Great Lakes @MyGreatLakes**  
Replying to @StreamedHams

I do apologize for all the frustration. We will be changing the way we report the Covid 19 forbearance to the credit bureaus. This will begin with our regular May month end reporting and will retroactively change the reporting for April . Missy

12:12 PM · May 13, 2020 · Sprout Social

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**Cody "Coderan 'Hakeem 'The Stream' Olajuwon" Chri @..** · May 13  
Replying to @MyGreatLakes  
And that helps the credit check I'm getting now how? But if I missed a payment by a few days you'd be up my ass. I'm sorry social person but your company fucked up too big for we do apologize for the inconvenience. How about 20% reduction in loans? I can wait for class action too

**Great Lakes @MyGreatLakes** · May 13  
This may have led to credit score changes. It will also mean we report accounts as current and in repayment going forward. We do apologize for all the inconvenience this may have caused. Unfortunately can not give out a reduction of your loans. Missy

**Cody "Coderan 'Hakeem 'The Stream' Olajuwon" Chri @..** · May 13  
Ok how much you think they're gonna have to settle for when sued?

**Great Lakes @MyGreatLakes** · May 13  
I do apologize. We are working as fast as we can to get this updated. Missy

1 86. Defendant Equifax was or should have been aware of the  
2 inaccuracy of the information furnished by Great Lakes.

3 87. Equifax never should have parroted Great Lakes' inaccurate  
4 information.

5 88. Had Equifax performed even a cursory review of the April credit  
6 reporting file it received from Defendant Great Lakes, a loan servicer that only  
7 services federal loans held by the Department of Education, Equifax would  
8 have realized that Great Lakes reporting was inaccurate.

9 89. The inaccuracies in Great Lakes reporting were apparent on their  
10 face. Great Lakes suddenly reported millions of borrowers as having  
11 deferments, and also reported all those deferrals as having a deferred payment  
12 start date of September 1, 2020.

13 90. Equifax knew or should have known that Great Lakes was  
14 mischaracterizing the relief under the CARES Act as a deferral and  
15 misreporting the date of a non-existent deferred payment start date.

16 91. Equifax failed to take appropriate steps to ensure that Great Lakes  
17 appropriately reported the CARES Act's legally mandated payment  
18 suspensions.

19 92. Adding insult to injury, Equifax not only misreported the status  
20 of borrowers' loans, it participated in incorporating that misreporting into the  
21 Vantage Score. Numerous consumers' Vantage Scores dropped immediately,  
22 and significantly, as soon as Defendant Equifax incorporated Defendant Great  
23 Lakes' inaccurate April reporting into its credit reporting database.

24 93. This sudden drop in such a large number of scores should have  
25 also alerted Equifax to its reporting errors. Yet, this clear signifier of erroneous  
26 reporting on a massive scale garnered no correction to Equifax's reporting.

27 94. In a belated effort to ameliorate the perverse impact of its conduct,  
28 Defendant Vantage subsequently announced that it would "adjust" its

1 algorithms to minimize the negative impact associated uniquely with the usage  
2 of “deferment” codes in consumer reports.<sup>3</sup>

3 95. However, this announced change fails to adequately address the  
4 problem for student borrowers for at least two reasons: First, federal student  
5 borrowers’ loans are not in deferment. The CARES Act is unequivocal that  
6 borrowers are current on their obligations. So, coding the loans as “deferred”  
7 is inaccurate and harmful. Adjusting a scoring model to not punish borrowers  
8 whose loans are inaccurately reported is an inappropriate solution to the  
9 problem that Defendants collectively created.

10 96. And second, there is *zero* (literally *none at all*) support for *any*  
11 adverse consequent to federal student loan borrowers credit scores as a result  
12 of the federal government unilaterally suspending their loan payments. If  
13 anything, federal student loan borrowers’ credit scores should *improve* relative  
14 to other consumers’ scores as a result of the CARES Act because the Act frees  
15 up student loan borrowers’ resources to allow them to more easily incur and  
16 honor new credit obligations.

17 97. Defendant Vantage’s announcement that it will “minimize” the  
18 impact on borrowers’ scores is insufficient. The impact on borrowers’ scores  
19 should be *eliminated*.

20 98. Defendants’ actions have turned the relief afforded to student loan  
21 borrowers on its head. Instead of improving borrowers’ financial status and  
22 improving their ability to acquire additional credit, Defendants’ conduct has  
23 operated to borrowers’ detriment.

24 99. Defendants’ conduct violated the law in three primary ways.

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27 <sup>3</sup> [https://your.vantagescore.com/resource/439/faq-vantagescore-credit-scores-](https://your.vantagescore.com/resource/439/faq-vantagescore-credit-scores-and-covid-19-pandemic)  
28 [and-covid-19-pandemic](https://your.vantagescore.com/resource/439/faq-vantagescore-credit-scores-and-covid-19-pandemic) (last visited May 20, 2020).

1           100. First, Defendant Great Lakes violated the FCRA and the CCRAA  
2 by furnishing inaccurate information about consumers to consumer reporting  
3 agencies. *See* 15 U.S.C. § 1681s-2(1)(A), Cal. Civ. Code § 1785.25(a). The  
4 information Great Lakes furnished inaccurately characterized Plaintiffs’ and  
5 Class members’ loans as being “deferred” and provided a non-existent  
6 deferred payment start date.

7           101. Second, Defendant Equifax violated the FCRA and the CCRAA  
8 by failing to employ reasonable procedures to ensure maximum possible  
9 accuracy. *See* 15 U.S.C. § 1681e(b), Cal. Civ. Code § 1785.14(b). Had  
10 Equifax properly reviewed the information Great Lakes furnished to it,  
11 Equifax would have realized the information was inaccurate.

12           102. Third, Defendants Equifax, Experian, Trans Union and Vantage  
13 violated California’s Unfair Competition Law (“UCL”) by reducing  
14 consumers’ Vantage Scores as a result of consumers being included in the loan  
15 suspension program created by the CARES Act. Given the automatic nature of  
16 the relief afforded by the Act, Defendants had no basis for a wholesale  
17 reduction in consumers’ scores. Reducing scores in this fashion contravenes  
18 the public policy behind the CARES Act and is unfair because it penalizes  
19 borrowers for no reason other than that Defendants failed to anticipate the  
20 impact that data would predictably have on consumer’ credit scores, and failed  
21 to revise their scoring algorithms in light of the relief provided by the Act.

## 22 **VI. CLASS ALLEGATIONS**

23           103. Plaintiffs asserts claims on behalf of themselves and the two  
24 Classes, as defined below:

### 25           **The FCRA Class:**

26           All residents of the United States about whom Great Lakes  
27 furnished credit information to Equifax or any other  
28

1 consumer reporting agency<sup>4</sup> pertaining to the April 2020  
2 status of loans serviced by Great Lakes.

3 **The California Subclass**

4 All members of the FCRA Class who reside in California.

5 104. This action is brought, and may properly be maintained, as a class  
6 action under Fed. R. Civ. P. 23(b)(2) and 23(b)(3).

7 105. Numerosity: The Classes are so numerous that joinder of all  
8 Class members is impracticable. Defendants report information on consumers  
9 nationwide and have produced thousands of reports on consumers in  
10 California.

11 106. Typicality: Plaintiffs' claims are typical of other Class members'  
12 claims. Defendants treated Plaintiffs in the same manner as other Class  
13 members.

14 107. Adequacy: Plaintiffs will fairly and adequately protect the  
15 interests of the Classes and have retained counsel experienced in complex class  
16 action litigation.

17 108. Commonality: Common questions of law and fact exist as to all  
18 members of the Classes and predominate over any questions solely affecting  
19 individual members of the Classes. These common questions include:

- 20 a. Whether Defendants violated the FCRA and CCRAA by failing  
21 to follow reasonable procedures to assure maximum possible accuracy;  
22 b. Whether any such violations were willful; and  
23 c. Whether Defendants violated the UCL;  
24 d. The proper measure of damages; and  
25 e. The proper form of injunctive relief.  
26

27  
28 <sup>4</sup> Including but not limited to Experian, Trans Union or LexisNexis.



1 Plaintiff Hounanian's and members of the California Subclass's credit reports  
2 are more derogatory than they would have been if they were accurate.

3 113. Because Plaintiff Hounanian and the members of the California  
4 Subclass are experiencing an unprecedented pandemic and related financial  
5 crisis, they have an ongoing need to be able to access credit on demand. There  
6 is therefore a real and immediate threat that Plaintiffs will suffer the same  
7 injury with respect to inaccurate future reporting.

8 114. Accordingly, Plaintiff Hounanian and the California Subclass are  
9 entitled to injunctive relief and to the recovery of attorneys' fees and costs.

10 **COUNT II**

11 **15 U.S.C. § 1681e(b)**  
12 **Against Equifax On Behalf of Plaintiffs Sass**  
13 **and Hounanian and the FCRA Class**

14 115. Equifax failed to comply with 15 U.S.C. § 1681e(b) by failing to  
15 follow reasonable procedures to assure maximum possible accuracy of the  
16 records it reported.

17 116. The foregoing violations were negligent.

18 117. The foregoing violations were willful.

19 118. Equifax acted in negligent, deliberate and reckless disregard of its  
20 obligations and the rights of Plaintiffs and Class members under 15 U.S.C. §  
21 1681e(b). Equifax's negligent and willful conduct is reflected by, *inter alia*,  
22 the following:

- 23 a. Equifax inaccurately described the status of Plaintiffs' and  
24 other Class members' federal student loans as "deferred."
- 25 b. The plain terms of the CARES Act make clear that Plaintiffs'  
26 and other Class members' loans were not "deferred";
- 27 c. Equifax has received complaints from consumers indicating  
28 that its reporting is inaccurate;



- 1 d. Equifax easily could have prevented inaccurate reports by  
2 reviewing and vetting information it received from Great  
3 Lakes, but failed to do so;
- 4 e. After learning about inaccurate information furnished by  
5 Great Lakes, Equifax continued to include inaccurate  
6 information in its reports rather than suppressing Great Lakes'  
7 tradelines;
- 8 f. Defendant Equifax's conduct is directly contrary to the plain  
9 language of the CARES Act as well as its legislative intent;  
10 and
- 11 g. By adopting a policy of failing to review information from its  
12 furnisher, and of failure to retract such information, Equifax  
13 voluntarily ran a risk of violating the law substantially greater  
14 than the risk associated with a reading that was merely  
15 careless.

16 119. Plaintiffs and the FCRA Class are each entitled to actual damages  
17 or statutory damages of not less than \$100 and not more than \$1,000 for this  
18 violation. Plaintiffs and the FCRA Class are each also entitled to punitive  
19 damages and to recover costs and attorneys' fees.

20 **COUNT III**

21 **CAL. CIV. CODE § 1785.14(b)**  
22 **Against Defendant Equifax On Behalf of**  
23 **Plaintiff Hounanian and the California Subclass**

24 120. Equifax is a consumer credit reporting agency as defined by the  
25 CCRAA. Equifax is required to adhere to all CCRAA requirements.

26 121. The CCRAA required Equifax to follow reasonable procedures to  
27 assure maximum possible accuracy of the information it reported. Cal. Civ.  
28 Code § 1785.14(b).

122. Equifax violated this provision by failing to establish or to follow



1 reasonable procedures to assure maximum possible accuracy in the preparation  
2 of the consumer report it furnished regarding Plaintiff Hounanian and other  
3 California Subclass members.

4 123. Specifically, Equifax inaccurately reported Plaintiff Hounanian's  
5 and other California Subclass members' federal student loans as "deferred"  
6 and as having a deferred payment start date of September 1, 2020.

7 124. Because of Equifax's inaccurate reporting, Plaintiff Hounanian's  
8 and other California Subclass members' credit reports are more derogatory  
9 than they would have been if they were accurate.

10 125. Because Plaintiff Hounanian and the California Subclass are  
11 experiencing an unprecedented pandemic and related financial crisis, they  
12 have an ongoing need to be able to access credit on demand. There is therefore  
13 a real and immediate threat that Plaintiffs will suffer the same injury with  
14 respect to inaccurate future reporting.

15 126. Accordingly, Plaintiff Hounanian and other California Subclass  
16 members are entitled to injunctive relief and to the recovery of attorneys' fees  
17 and costs.

18 **COUNT IV**

19 **CAL. BUS. & PROF. CODE § 17200, et seq.**  
20 **Inaccurate Reporting and Scoring**  
21 **Against Defendants Equifax, Trans Union, Experian and Vantage**  
22 **On Behalf of Plaintiff Hounanian and the California Subclass**

23 127. By reporting inaccurate credit information regarding Plaintiff  
24 Hounanian and the California Subclass, Defendants diminished Plaintiffs'  
25 credit scores and deprived them of credit opportunities.

26 128. Defendant Equifax's inaccurate reporting constituted an  
27 unlawful, unfair, and fraudulent business practices.

28 129. Defendant Equifax's practices were unlawful because they  
violate the FCRA, the CCRAA and the CARES Act.

1           130. Both the FCRA and the CCRAA required Equifax to follow  
2 reasonable procedure to assure maximum possible accuracy of the information  
3 it reported. As described above, Defendant violated these provisions.

4           131. Defendant Equifax also violated the CARES Act and its  
5 associated policies by reporting loans as deferred, when in fact the loans were  
6 to be reported as though the borrower had made required monthly payments.

7           132. Equifax's practices were also unfair, because it is unethical,  
8 immoral, unscrupulous, oppressive, and substantially injurious to consumers  
9 to report information about the status of their loans which is false.

10           133. Defendants Equifax, Experian, Trans Union and VantageScore  
11 Solutions' practices were also unfair because it is unethical, immoral,  
12 unscrupulous, oppressive, and substantially injurious for Equifax, Experian,  
13 Trans Union and VantageScore Solutions to create, use, market, sell, and  
14 promote a credit scoring model which inaccurately predicts that consumers are  
15 worse credit risks based on nothing other than the fact that they have federal  
16 loans as to which the federal government has suspended payment  
17 requirements. Such a prediction has no basis in fact and runs directly counter  
18 to public policy as stated in the CARES Act.

19           134. Defendant Equifax's practices were fraudulent because the report  
20 recipients were deceived and/or were likely to be deceived by Defendant  
21 Equifax's inaccurate representations with respect to Plaintiffs and the  
22 California Subclass Members' loans and creditworthiness.

23           135. Defendants Equifax, Experian, Trans Union and VantageScore  
24 Solutions' practices were also fraudulent because consumers and report  
25 recipients were deceived and/or were likely to be deceived by Defendants'  
26 inaccurate representations with respect to Plaintiffs and the California  
27 Subclass Members' creditworthiness.

28

1           136. The harm caused by these business practices vastly outweighs any  
2 legitimate utility they possible could have.

3           137. Because Plaintiff Hounanian will seek credit in the future, and  
4 because of the ubiquity of Defendants' reports in credit screening, there is a  
5 real and immediate threat Plaintiff Hounanian will suffer the same injury with  
6 respect to future credit applications.

7           138. Plaintiff Hounanian and the California Subclass are entitled to  
8 injunctive relief and to the recovery of attorneys' fees and costs.

9 **VII. PRAYER FOR RELIEF**

10           WHEREFORE, Plaintiffs, on behalf of themselves and the Classes, pray  
11 for relief as follows:

- 12           a. Determining that this action may proceed as a class action;
- 13           b. Designating Plaintiffs as class representatives and designating  
14           Plaintiffs' counsel as counsel for the Classes;
- 15           c. Issuing proper notice to the Classes at Defendants' expense;
- 16           d. Declaring that Defendants violated the FCRA, CCRAA and  
17           UCL;
- 18           e. Declaring that Defendants acted willfully, in knowing or  
19           reckless disregard of Plaintiffs' rights and Defendants'  
20           obligations under the law;
- 21           f. Awarding actual, statutory and punitive damages as provided  
22           by the FCRA, CCRAA and UCL;
- 23           g. Awarding appropriate injunctive and equitable relief;
- 24           h. Awarding reasonable attorneys' fees and costs; and
- 25           i. Granting other and further relief, in law or equity, as this Court  
26           may deem appropriate and just.

27 **VIII. DEMAND FOR JURY TRIAL**

28           Plaintiff and the Classes demand a trial by jury.

1 Dated: May 20, 2020

Respectfully submitted,

2  
3 BERGER MONTAGUE PC

4 /s/ Benjamin Galdston

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