

**IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF GEORGIA**

ST. LOUIS HOUSING AUTHORITY,  
individually and on behalf of all similarly  
situated persons,

Plaintiff,

v.

EQUIFAX WORKFORCE SOLUTIONS,  
formerly known as TALX CORPORATION

Defendant.

**CLASS ACTION COMPLAINT FOR  
DAMAGES**

**Civil Action No.** \_\_\_\_\_

CLASS REPRESENTATION

Jury Trial Demanded

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Plaintiff St. Louis Housing Authority (“Plaintiff”), individually and on behalf of all others similarly situated, brings this Class Action Complaint against Equifax Workforce Solutions, formerly known as TALX Corporation, (“Defendant”), a Georgia company, to obtain damages, restitution, and declaratory relief for the Class, as defined below, from Defendant. Plaintiff makes the following allegations upon information and belief, except as to its own actions, the investigation of their counsel, and the facts that are a matter of public record:

**NATURE OF THE ACTION**

1. Plaintiff brings this class action against Defendant for misleading the public, including its clients, in respect of the cost of its verification services. Defendant provides “The Work Number”, an Equifax Verification Service used to verify employment and income information about an individual and various other services (“Equifax Verification Services” or “EVS Services”) used to verify certain Consumer information.

2. As detailed below, Defendant enters into contracts of adhesion with its clients,

many of which are government agencies and other non-profit organizations, which ostensibly permit Defendant to raise the prices it charges for The Work Number service, at will. This discretion is seemingly unlimited, rendering this contract illusory, void and unenforceable.

3. Moreover, Defendant exercised its discretion under its contract of adhesion with Class Members in an arbitrary manner, contrary to parties' reasonable expectations, and in bad faith, and raised prices under its contracts with Plaintiff and Class Members by at least 300% in the span of several months. This conduct is unlawful, and the price increases are of no force and effect. Through this action, Plaintiff seeks damages, or, in the alternative, rescission of the existing contracts, and restitution of moneys paid pursuant to these contracts to Plaintiff and Class Members, as well as declarations that the contracts are void and the purported price increases are unenforceable.

### **PARTIES**

4. Plaintiff is a municipal corporation, created by statute and existing under the laws of the State of Missouri, which works to provide a stable future for individuals and families with access to safe, affordable housing in St. Louis, Missouri. Plaintiff's federally funded Public Housing and Housing Choice Voucher (Section 8) programs currently offer income-based assistance to more than 20,000 residents of St. Louis, Missouri.

5. Defendant Equifax Workforce Solutions is a Georgia Corporation, headquartered in Atlanta. Defendant provides EVS Services, including The Work Number, to organizations throughout the country.<sup>1</sup> Equifax Workforce Solutions, formerly known as TALX Corporation, is

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<sup>1</sup> Universal Membership Agreement effective as of September 1, 2019 (the "Agreement"), attached hereto as Exhibit "A".

a wholly-owned subsidiary of Equifax Inc., having been acquired by Equifax Inc. in 2007.<sup>2</sup>

### **JURISDICTION AND VENUE**

6. This Court has jurisdiction over this action under the Class Action Fairness Act, 28 U.S.C. § 1332(d) because this is a proposed class action in which: (1) there are at least 100 class members; (2) the combined claims of Class Members exceed \$5,000,000.00, exclusive of interest, attorneys' fees, and costs; and (3) Defendant and at least one class member are citizens of different states.

7. This Court has jurisdiction over Defendant, as it maintains its corporate headquarters in this District.

8. Venue is proper in this Court pursuant to 28 U.S.C. §1391(b)(2) because a substantial part of the events or omissions giving rise to Plaintiff's claims occurred in the District and Defendant is headquartered in this district.

### **GENERAL FACTUAL BACKGROUND**

9. Defendant operates The Work Number, a service used by corporations, non profits, and government agencies, to verify employment and income information about an individual, and provides other services.

10. Defendant's corporate parent, Equifax Inc., describes The Work Number as follows: "The Work Number is our key repository of employment and income data serving our Verification Services business unit and enabling our Employer Services business unit. We rely on payroll data received from tens of thousands of organizations to regularly update the database. The

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<sup>2</sup> "Equifax Announces Agreement to Acquire TALX Corporation in a Transaction Valued at \$1.4 Billion" (February 14, 2007), <https://investor.equifax.com/news-events/press-releases/detail/1150/equifax-announces-agreement-to-acquire-talx-corporation-in> (last accessed June 23, 2024).

updates occur as employers and other data contributors transmit data electronically to Equifax from their payroll systems. Employers provide this data to us so that we can handle verification requests on behalf of each employer. We use this data to provide automated employment and income verification services to third-party verifiers.”<sup>3</sup>

11. Defendant is a near-monopolist in the payroll verification space. As early as 2017, it was reported that Equifax’s The Work Number subsidiary, which houses Equifax’s employment verification services, collected payroll data on 85% of the federal government workforce, 75% of Fortune 500 companies, and countless state governments, agencies, courts, colleges, and small businesses. As of 2022, Equifax collects payroll data on more than half of the entire US workforce, and the company claims to hold more than 250 billion records.<sup>4</sup>

12. Defendant claims to collect income and employment records from more than 3.1 million employers across a variety of industries.

13. Defendant claims that The Work Number service fulfilled 144 million verification requests on behalf of consumers in 2023.

14. As a condition for obtaining The Work Number service, Defendant compels its clients to enter into contracts of adhesion which purport to permit Defendant to change its pricing on 30 days’ notice. Specifically, the contract entered into by Plaintiff and Defendant, attached hereto as Exhibit “A” (the “Contract”) states:

3 b. Agency shall pay for the Services as set forth in the applicable Schedule(s) attached hereto. Pricing set forth in the applicable Schedule is based on one use/decision per transaction. A Schedule

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<sup>3</sup> United States Securities and Exchange Commission, Equifax Inc., Form 10-K, <https://www.sec.gov/Archives/edgar/data/33185/000003318519000007/efx10k20181231.htm> (last accessed June 23, 2024)

<sup>4</sup> Equifax, “2021 Annual Report”, <https://assets.equifax.com/marketing/US/assets/Equifax-2021-Annual-Report.pdf> (last accessed September 10, 2024).

may be modified by EVS upon thirty (30) days' notice. Agency's use of the Service after such thirty (30) day period shall constitute its agreement to such change(s), without prejudice to its right to terminate this Agreement as provided in Section 6, below.

[...]

6. **TERM AND TERMINATION.** The initial term of this Agreement shall be for five (5) years, and shall automatically renew for successive one year terms thereafter. Either EVS or Agency may terminate this Agreement or any Schedule(s), at any time upon thirty (30) days' prior written notice to the other. If EVS believes that Agency has breached an obligation under this Agreement, EVS may, at its option and reserving all other rights and remedies, terminate this Agreement and/or any Schedules immediately upon notice to Agency.

15. This unilateral discretion is unlimited, rendering the contract illusory and unenforceable. Moreover, Defendant raised prices it charges for The Work Number service, under its contracts with Plaintiff and Class Members, by at least 300% in the span of several months, in reliance on these contracts of adhesion.

**PLAINTIFF'S EXPERIENCE**

16. Plaintiff St. Louis Housing Authority entered into the Contract with Defendant on September 6, 2019.

17. The Contract provides the following pricing:

<b>Year</b>	<b>Minimum Annual Payment Commitment</b>	<b>Monthly installment payment</b>	<b>Minimum number of annual Verification Report Transactions (Free/Unlimited SSN Search Transactions)</b>	<b>Overage Charges per Verification Report Transaction (Free / Unlimited Per SSN Search Transaction)</b>	<b>Monthly account servicing fee</b>
1	\$57,240.00	\$4,785.00	6000	\$10.00	\$260
2	\$64,965.00	\$5,413.75	6100	\$10.90	\$265
3	\$71,312.40	\$5,942.70	6200	\$11.65	\$270

4	\$78,246.00	\$6,520.50	6300	\$12.65	\$275
5	\$85,119.96	\$7,093.33	6400	\$13.55	\$280

18. In other words, in year 1, for the first 6,000 transactions, Plaintiff was to pay  $\$57,420.00/6000 = \$9.54$  per transaction. If the “monthly account servicing fee” is added, then the price rises to \$10.06 per transaction.

19. Starting, at the latest, in March 2022, upon information and belief, Defendant started unilaterally raising its fees for The Work Number service, in a significant amount. In a letter dated March 15, 2022, Defendant set out a new pricing structure, as follows:

	<b>3 Full Months</b>	<b>6 Full Months</b>	<b>1 Full Year</b>	<b>3 Full Years</b>	<b>Purchase All</b>
<b>Social Service Verification</b>	\$36.99	\$32.99	\$26.99	\$18.99	\$12.99

20. Thus, as compared to the initial price in the Contract, the new “3 full months” price was nearly 4x as high.

21. The letter stated: “We are committed to continuing to grow the database in order to improve the effectiveness and value of our services to you. In order to continue delivering on this commitment, effective May 1, 2022, we will be implementing a pricing adjustment for our income and employment verifications. Your verification services will no longer be priced based on commitment volumes, but will instead be priced on a per transaction basis. In accordance with our established 'by pay date range' pricing structure the following new effective rates will apply on May 1, 2022. These rates reflect discounts from our standard rates based on usage under your previous contract. [...] For the avoidance of doubt, while the terms of your contract may auto renew, this letter constitutes an amendment to your current contract pricing, and the pricing set

forth above shall supersede the prices set forth therein. Upon the effective date of the pricing set forth herein, you will not be responsible for any payments/transaction volumes which may be remaining under your current pricing commitment.”

22. On March 23, 2023, Defendant sent a further communication, again raising Plaintiff’s prices, effective May 1, 2023. The new price structure was:

	<b>3 Full Months</b>	<b>6 Full Months</b>	<b>1 Full Year</b>	<b>3 Full Years</b>	<b>Purchase All</b>
<b>Social Service Verification</b>	\$45.95	\$41.95	\$34.95	\$28.95	\$15.95

23. In addition, an “annual fee” of \$125.00, a “security monitoring service fee” of \$4.99 per month and a “monthly account servicing fee” of \$10.00 would apply.

24. As compared to the prices originally stated in the Contract, the new “3 full months” price is more than 4x higher.

25. Plaintiff never accepted the purported new cost structure, but continued to pay for The Work Number under protest, pursuant to the earlier established rates.

26. As a result of the unacceptable price increases, Plaintiff had to curtail its use of Defendant’s products, including The Work Number which, given Defendant’s near-monopoly position in the market, has diminished Plaintiff’s ability to fulfil its mandate.

#### **PLAINTIFF AND THE CLASS SUFFERED DAMAGES**

27. Plaintiff and the Class are all clients of Defendant resident in the U.S. who paid a fee for The Work Number service provided by Defendant. In reliance on its near-monopolist position, Defendant exercised its discretion under the Contract in bad faith and/or in an unreasonable manner, resulting in manyfold price increases in the span of several months. Plaintiff

and Class Members now seek rescissions of its Contract with Defendant, on the basis that the unlimited discretion the Contract provided Defendant makes the contract illusory and unenforceable. Plaintiff and Class Members also seek restitution of the moneys paid for The Work Number service since 2019.

28. Plaintiff and Class Members also seek damages on account of Defendant's breach of the Contract. As a result of unilateral price increases implemented by Defendant, Plaintiff was forced to obtain employment and income verification information from sources other than The Work Number, such as tax returns and other sources that provide imprecise and/or delayed income verification information. Plaintiff cannot even obtain income verification directly from many employers because employers that use The Work Number reply to Plaintiff's verification request by directing Plaintiff to use The Work Number. Accordingly, Plaintiff was forced to pay more in subsidies to low income tenants than it would otherwise have paid, had Defendant honored its contract with Plaintiff. Class Members were similarly harmed in expending time and resources to secure alternatives to The Work Number, a service which they were contractually entitled to receive, but which became unavailable to them as a result of unilateral and unconscionable price increases.

### **CLASS ACTION ALLEGATIONS**

29. Plaintiff seeks relief in its individual capacity and as representative of all others who are similarly situated. Pursuant to Fed. R. Civ. P. 23(a), (b)(3), and (c)(4), Plaintiff seeks certification of the following class ("Class"):

All United States residents who paid a fee for Defendant's The Work Number service between July 1, 2019 and July 1, 2024.

30. Excluded from the above Class are: Defendant, including any entity in which Defendant has a controlling interest, in which Defendant is a parent or subsidiary, or which is

controlled by Defendant, as well as the officers, directors, affiliates, legal representatives, heirs, predecessors, successors, and assigns of Defendant. Also excluded are the judges and court personnel in this case and any members of their immediate families.

31. Numerosity. Fed. R. Civ. P. 23(a)(1). The members of the Class are so numerous that the joinder of all members is impractical. While the exact number of Class Members is unknown, Defendant claims to have fulfilled, through The Work Number service, some 144 million verification requests in 2023 alone.

32. Commonality. Fed. R. Civ. P. 23(a)(2) and (b)(3). There are questions of law and fact common to the Class, which predominate over any questions affecting only individual Class members. These common questions of law and fact include, without limitation:

- a. Whether Defendant's contract in respect of The Work Number service is illusory or otherwise unenforceable;
- b. Whether Defendant's conduct constitutes a breach of contract;
- c. Whether Defendant was unjustly enriched by the fees they charged for The Work Number service;
- d. Whether Defendant's acts and/or omissions in respect of The Work Number service caused financial harm to the Class Members; and
- e. What the nature of the relief to which Plaintiff and the Class members are entitled should be.

33. All members of the proposed Class are readily ascertainable. Defendant has access to the addresses and other contact information for members of the Class, which can be used for providing notice to many Class members.

34. Typicality. Fed. R. Civ. P. 23(a)(3). Plaintiff's claims are typical of those of other

Class members because Plaintiff paid for The Work Number service, despite Defendant's contract of adhesion being illusory or otherwise unenforceable, and Defendant exercising its discretion to raise prices in an unreasonable manner and/or in bad faith.

35. Adequacy of Representation. Fed. R. Civ. P. 23(a)(4). Plaintiff will fairly and adequately represent and protect the interests of the members of the Class. Plaintiff's Counsel are competent and experienced in litigating class actions, including false advertising and other consumer litigation.

36. Superiority of Class Action. Fed. R. Civ. P. 23(b)(3). A class action is superior to other available methods for the fair and efficient adjudication of this controversy since joinder of all the members of the Class is impracticable. Furthermore, the adjudication of this controversy through a class action will avoid the possibility of inconsistent and potentially conflicting adjudication of the asserted claims. There will be no difficulty in the management of this action as a class action.

37. Damages for any individual class member are likely insufficient to justify the cost of individual litigation, so that in the absence of class treatment, Defendant's violations of law inflicting substantial damages in the aggregate would go un-remedied without certification of the Class.

**COUNT I – BREACH OF CONTRACT**

(On behalf of Plaintiff and the Class)

38. Plaintiff repeats and incorporates the allegations contained in paragraphs 1 through 35 as if fully set forth herein.

39. Plaintiff and Class Members entered into a valid and enforceable contract through which they paid money to Defendant in exchange for The Work Number services.

40. In Georgia, the implied covenant of good faith and fair dealing inheres in every contract. *Overlook Gardens Properties, LLC v. Orix, USA, LP*, 366 Ga. App. 820, 826, 884 S.E.2d 433, 442 (2023). Defendant was obligated to act in good faith in the fulfilment of the contract, including in exercising its discretion to increase prices for the Work Number services. The implied covenant of good faith and fair dealing mandated Defendant to exercise its discretion to raise prices in a manner consistent with the reasonable contemplation of the parties at the time of the contract.

41. Plaintiff and Class Members could not have reasonably contemplated, at the time they entered into contracts with Defendant, that it would unilaterally raise prices manyfold in the span of a few months.

42. Defendant breached its obligation to act in good faith, and the implied covenant of good faith and fair dealing, in the fulfilment of the contract by exercising its discretionary authority in an arbitrary, unreasonable, and capricious manner. In particular, Defendant's unilateral decision to increase prices in excess of 300% in the span of several months was not made in good faith, and breached its duties.

43. As a result, Plaintiff and Class Members have been harmed, damaged, and/or injured as described herein, including in Defendant's failure to fully perform its part of the bargain with Plaintiff and Class Members.

44. As a direct and proximate result of Defendant's conduct, Plaintiff and Class Members suffered and will continue to suffer damages in an amount to be proven at trial.

45. Plaintiff and Class Members are entitled to compensatory, consequential and nominal damages.

46. In the alternative, contracts between Plaintiff and Class Members and Defendant ought to be rescinded, because Defendant, in raising prices for The Work Number in an arbitrary

and unreasonable manner, committed a material breach of the contract. If the contracts are rescinded, then all moneys paid under them ought to be refunded to Plaintiff and Class Members.

**SECOND CAUSE OF ACTION**  
**Unjust Enrichment**  
**(On Behalf of Plaintiff and the Class)**

47. Plaintiff re-alleges and incorporates by reference paragraphs 1-35 of the Complaint as if fully set forth herein.

48. This Claim is pleaded in the alternative to First Cause of Action, above.

49. Class Members and Defendant entered into an unenforceable contract to provide The Work Number and other services. Under this contract, Defendant was permitted to unilaterally modify some of the terms, including the price it would charge Class Members. An agreement that is subject to unilateral modification or revocation is illusory and unenforceable.

50. The unilateral price modification provision (section 3(b) of Plaintiff's contract and similar provisions in Class Members' contracts) evidenced Defendant's intent not to be bound by the agreement, thereby rendering all contracts between Class Members and Defendant unenforceable.

51. Accordingly, any fees paid by Plaintiff and Class Members were paid pursuant to an unenforceable contract, and must be refunded to Plaintiff and Class Members.

52. Plaintiff and Class Members conferred a monetary benefit on Defendant. Specifically, they purchased The Work Number and other services from Defendant.

53. Defendant knew that Plaintiff and Class Members conferred a benefit which Defendant accepted. Defendant profited from these transactions, which were executed pursuant to an unenforceable contract.

54. Under the principles of equity and good conscience, Defendant should not be permitted to retain the money belonging to Plaintiff and Class Members, because these fees were collected pursuant to a void or unenforceable contract, and Defendant exercised its discretion under that purported contract in bad faith.

55. Plaintiff and Class Members have no adequate remedy at law.

56. As a direct and proximate result of Defendant's conduct, Plaintiff and Class Members have suffered and will continue to suffer injuries which include overpayment for The Work Number service.

57. Defendant should be compelled to disgorge into a common fund or constructive trust, for the benefit of Plaintiff and Class Members, proceeds that they unjustly received from them. In the alternative, Defendant should be compelled to refund the amounts that Plaintiff and Class Members overpaid for Defendant's services.

### **COUNT III – DECLARATORY RELIEF**

(On behalf of Plaintiff and the Class)

58. Plaintiff repeats and incorporates the allegations contained in paragraphs 1 through 35 as if fully set forth herein.

59. Defendant entered into illusory contracts with Plaintiff and Class Members to provide The Work Number service, which provided Defendant with unlimited discretion to raise prices at will.

60. Defendant conducted itself contrary to implied duty of good faith and raised prices under its contracts with Plaintiff and Class Members in respect of The Work Number in an arbitrary and excessive manner, and contrary to parties' reasonable expectations.

61. Accordingly, Plaintiff and Class Members seek declarations to the effect that:

- a. the contracts between Class Members and Defendant in respect of The Work Number entered into in 2019 and following are null and void; and
- b. price increases in respect of The Work Number which Defendant sought to make effective as of May 1, 2022 and thereafter are of no force and effect.

**REQUEST FOR RELIEF**

**WHEREFORE**, Plaintiff, individually and on behalf of all Class members proposed in this Complaint, respectfully request that the Court enter judgment in their favor and against Defendant as follows:

- a. For an Order certifying the Class as defined herein, and appointing Plaintiff St. Louis Housing Authority as class representative and its counsel as class counsel;
- b. For an award of actual damages, nominal damages and compensatory damages, in an amount to be determined;
- c. For a declaration that the contracts between Class Members and Defendant in respect of The Work Number entered into in 2019 and following are null and void;
- d. In the alternative, a declaration that price increases in respect of The Work Number which Defendant sought to make effective as of May 1, 2022 and thereafter are of no force and effect;
- e. For an award of pre-judgment and post-judgment interest as allowed by law;
- f. For an award of costs of suit and attorneys' fees, as allowable by law; and
- g. Such other and further relief as this court may deem just and proper.

**JURY TRIAL DEMAND**

Plaintiff demands a jury trial on all issues so triable.

DATED: October 18, 2024

Respectfully submitted,

/s/ Gregory John Bosseler

<p>John A. Yanchunis* <a href="mailto:jyanchunis@ForThePeople.com">jyanchunis@ForThePeople.com</a></p> <p>Ronald Podolny* <a href="mailto:ronald.podolny@ForThePeople.com">ronald.podolny@ForThePeople.com</a></p> <p><b>MORGAN &amp; MORGAN COMPLEX LITIGATION GROUP</b> 201 N. Franklin Street, 7th Floor Tampa, Florida 33602 Telephone: (813) 223-5505 Facsimile: (813) 223-5402</p>	<p>Gregory John Bosseler <a href="mailto:gbosseler@forthepeople.com">gbosseler@forthepeople.com</a> <b>MORGAN &amp; MORGAN PA</b> 191 Peachtree Street NE Suite 4200 Atlanta, GA 30303, United States</p>
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*\*pro hac vice to be filed*

*Attorneys for Plaintiff and the Proposed Class*