

Lawsuit seeks disclosure in credit card heist

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A lawsuit was filed Monday intended to help consumers and merchants left in the dark after a digital break-in that put millions of credit card accounts at risk of fraud.

The class action suit was filed in California Superior Court in San Francisco against CardSystems Solutions, Visa and MasterCard on behalf of California credit card holders and card-accepting merchants, according to a copy of the suit.

The suit accuses the companies of violating California law by neglecting to secure credit card systems and failing to timely inform consumers of the security breach at payment processor CardSystems, which was disclosed publicly on June 17 by MasterCard.

In the break-in the intruders got access to details on about 40 million credit cards that could be used to commit fraud. Records covering about 200,000 cards are thought to have been transferred out of CardSystems' network. Despite this, credit card companies have said they would not notify customers unless the accounts are actually abused.

The lawsuit asks for CardSystems, Visa and MasterCard to inform consumers whose personal information was exposed and give special notice to those whose data was confirmed stolen. All involved should also get access to a credit-monitoring service, according to the suit.

Additionally, the credit card companies should waive any charge back fees or penalties to merchants in the case of fraudulent transactions that involve any of the credit cards involved in the security breach, said Ira Rothken, the San Rafael, Calif.-based attorney who filed the suit.

The suit was filed on behalf of Eric Parke, an individual holder of several Visa and MasterCard credit cards, and Royal Sleep Clearance Center, a business that accepts the cards. Both seek to represent classes of consumers and merchants, according to the suit.

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