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Restaurants file lawsuit against payment terminal vendor after identity theft

Dan Raywood | Nov 30, 2009 10:55 AM

Lack of PCI DSS compliance proves troublesome.

A group of US restaurants have filed a class action lawsuit against a point of sale vendor after customers had their identities stolen by using uncompliant terminals.

According to a report on Finextra, seven restaurants in Louisiana and Mississippi are seeking millions of dollars in damages from vendor Radiant and its distributor Computer World after hundreds of their customers had their identities stolen as a result of payments terminals that were not PCI DSS compliant.

One of the attorneys acting as a legal advisor to the restaurants in the lawsuit, Charles Hoff, said in a statement that a special investigation by the United States Secret Service found that Computer World, the exclusive area distributor of Radiant Systems' 'Aloha' POS software, violated PCI DSS provisions.

Hoff said: "When major players in the hospitality industry such as Radiant Systems and its distributors say their software and business practices are PCI-DSS compliant, our clients trust them.

"When those claims of compliance and proper security practices turn out to be false, the restaurants are left to suffer huge financial losses due to financial penalties imposed by the credit card companies. Their reputations are tarnished. We're determined not to let Radiant and Computer World simply walk away from their responsibilities."

The plaintiffs said that they were sold earlier model POS systems despite being told they were new. In addition, Computer World is accused of violating PCI standards by using a remote access system that did not have adequate security patches, using the same password for at least 200 operators, and failing to remove prior sensitive customer credit data upon installation of Radiant POS systems.

As a result, the lawsuit's plaintiffs are alleging that Radiant Systems' negligence and failure to either instruct or monitor Computer World's actions led to systems being compromised, leaving customers vulnerable to identity theft and fraud.

The suit also claimed that and Computer World were warned by Visa in 2007 that their programs were non-compliant, although the restaurants were not aware of this when they signed for the Aloha system.

It is seeking compensation to repay the penalties levied by the credit card companies and costs to track down and repair the POS system problems.

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