

California sues Uber in startup's latest legal woe

December 10 2014, by Paul Elias



San Francisco District Attorney George Gascon, at podium, answers questions while standing with members of his staff and the Los Angeles District Attorney's office during a news conference about the ridesharing companies Uber and Lyft Tuesday, Dec. 9, 2014, in San Francisco. California prosecutors have filed a lawsuit against Uber over the ridesharing company's background checks and other allegations, adding to the popular startup's worldwide legal woes. Meanwhile, Gascon said Tuesday that Uber competitor Lyft has agreed to pay \$500,000 and change some of its business practices to settle its own lawsuit. (AP Photo/Eric Risberg)

California prosecutors sued Uber over the ride-booking company's driver background checks and other allegations, adding to the popular startup's legal woes in the U.S. and around the world.

The lawsuits filed Tuesday in San Francisco Superior Court are the latest legal hurdles for the nascent ride-hailing industry. The industry in general—and Uber in particular—have been battling lawsuits and regulatory issues over whether the businesses are regulated taxi services or app-making technology companies.

"Uber continues to misrepresent and exaggerate background checks on drivers," Los Angeles District Attorney Jackie Lacey said. "It's not our goal to shut them down. What we're saying is their advertising is false."

Competitor Lyft, on the other hand, agreed to drop similar claims that its background checks are the "best available" and the "gold standard." It also agreed to pay \$500,000 and change some of its business practices to settle its own lawsuit, San Francisco County District Attorney George Gascon said.

Among other concessions, Lyft agreed to submit its fare-setting app to state regulators to ensure it is fairly charging riders and it agreed not to do business at any airport unless it receives a permit.

Lacey and Gascon partnered to investigate the ride-app industry. A third company—Sidecar—is still under investigation and could face a lawsuit if it can't reach an agreement with prosecutors, Gascon said.

The companies have popular smartphone apps that allow passengers to order rides in privately driven cars.

Uber uses information supplied electronically by its applicant drivers for [background checks](#). But applicants can get around those checks by using

stolen or false identifications, Gascon said.



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Uber spokeswoman Eva Behrend defended the company's role in California in a statement that did not address specific allegations.

"Uber is an integral, safe and established part of the transportation ecosystem in the Golden State," Behrend said. "We will continue to engage in discussions with the district attorneys."

The company also is being sued for charging passengers an additional \$4 for trips to and from San Francisco International Airport even though the company lacks a permit to do business at the airport and neither Uber nor its drivers pay the airport fee.

The lawsuit also accuses the company of failing to obtain approval from state regulators on how drivers calculate fares.

Uber also has endured negative attention about the actions of some of its drivers.

An Uber driver was arrested in San Francisco in September and charged with felony assault on suspicion of using a hammer to attack and seriously injure a passenger who complained about a route.

In October, a Los Angeles woman reported that an Uber driver drove 20 miles out of her way and ignored her complaints before stopping the car in a deserted parking lot. She said the driver then locked the doors when she tried to leave. The woman reported that she escaped only after screaming. Uber refunded her fare.



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Uber is fighting numerous legal and regulatory battles as it aggressively expands worldwide.

Portland, Oregon, filed a lawsuit Monday seeking to halt Uber's expansion there, arguing the company failed to obtain the proper permits.

A Nevada judge has temporarily barred Uber from operating in the state.



In this Jan. 17, 2013 file photo, a Lyft car drives across Market Street in San Francisco. California prosecutors have filed a lawsuit against Uber over the ridesharing company's background checks and other allegations, adding to the popular startup's worldwide legal woes. Meanwhile, San Francisco County District Attorney George Gascon said Tuesday, Dec. 4, 2014, that Uber competitor Lyft has agreed to pay \$500,000 and change some of its business practices to settle its own lawsuit. (AP Photo/Jeff Chiu, File)

Overseas, a top official in India called for the service to be banned nationwide after one of its New Delhi drivers was arrested Sunday and accused of rape. Separately, Spain has barred the company's operation.

Nonetheless, San Francisco-based Uber raised \$1.2 billion in its latest round of funding from venture capitalists, a sign investors aren't fazed by the legal woes.

The latest investment valued Uber at \$40 billion.

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