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MEMORANDUM

To: Members of the South Carolina General Assembly

From: Marcia S. Adams, Executive Director

RE: Consumer Identity Theft Protection Report

Date: March 5, 2014

Pursuant to Section 2 (B) of H.3711, Capital Reserve Fund, the Budget and Control Board issues the attached report on the consumer protection contract entered into with CSIdentity Corporation. The report contains the findings and recommendations concerning the ongoing risk of identity theft to eligible persons, the services the contract provided, and the need for extending the period for the contracted services.

If you have any questions or need additional information, please feel free to contact me at 803-734-2320.

Thank you.

Enclosure

In accordance with Section 2 (B) of H.3711, the Budget and Control Board issues the following report on the consumer protection contract entered into with CSIdentity Corporation (CSID).

After a competitive bid process, the contract with CSID was awarded on September 23, 2013. Individuals whose information was potentially compromised in the Department of Revenue (DOR) security breach were able to begin enrolling in the credit protection and identity monitoring services provided by CSID on October 24, 2013. The contract is for one year with the option of renewing annually for a maximum of five years. The initial contract will expire on October 24, 2014, unless the state chooses to renew. The initial term of the contract includes a per person annual price of \$6.00, with a guaranteed maximum annual price of \$8,500,000. For subsequent renewals, the price will be \$5.00 per person, with a guaranteed maximum annual price of \$6,500,000.

I. Findings and Recommendations Concerning Ongoing Risk

To date, CSID has not seen any indication of the stolen South Carolina data being distributed or sold through underground marketplaces nor has any other company reported on this data. However, providing comprehensive identity theft protection services to affected taxpayers is an effective way to combat threats posed to South Carolinians. CSID has also expressed concern related to the impact of data breaches involving Target, Forbes.com, Neiman Marcus, Adobe and others.

II. Services Provided in the CSID Contract

The CSID contract provides the following products and services for eligible individual South Carolina taxpayers:

- **Daily TransUnion Credit Monitoring:** monitors and alerts enrolled persons of bankruptcy petitions, liens and judgments, derogatory comments, new credit accounts, credit inquiries, and credit related activity that has been specifically optimized to deliver alerts that are indicators of fraud or identity theft. It is important to note that over 90% of major data furnishers to the three major credit bureaus are selling this data to all three bureaus. Therefore, CSID maintains that daily single-bureau credit monitoring combined with access to tri-bureau reports and monitoring in the event of an identity theft incident represents the most efficient and cost-effective option in providing protection and remediation service.
- **Social Security Number Trace:** monitors and notifies enrolled persons when fraudulent names, aliases, and addresses become associated with their Social Security Number (SSN). This service shows all instances of where an activated person's SSN and name have been registered to help taxpayers ensure their "footprint" is accurate. The SSN Trace draws information from public records and credit header databases, which contain files on more than 200 million US consumers and include information from credit grantors, collection agencies, state agencies, US government agencies, and utility companies.
- **Non-Credit (Payday) Loans Monitoring:** reports short-term loans taken out in an enrolled person's name at check cashing or related institutions and alert an enrolled person if and when

loans have been acquired using his or her SSN. If a match reveals quick-cash loans associated with the enrolled individual's personal information, an alert is sent and details of the report are made available to the individual. Non-Credit Loan Monitoring draws information from online, storefront, and rent-to-own sources covering a majority of the national payday lending community.

- **CyberAgent®:** monitors websites, chat rooms, and bulletin boards 24/7 to identify the trading or selling of affected taxpayers' personal information. CyberAgent® is deployed to monitor such PII elements as email address and password, credit card numbers, bin ranges, national IDs, and SSN.
- **Change of Address:** reports and monitors if and when an enrolled person's mail has been redirected through the United States Postal Service. The match is based on an eligible person's first name, last name, address, city, state, zip code, and date of birth. All addresses and other details associated with an enrolled person are available to him or her in a map-based view.
- **Court and Criminal Records Monitoring:** tracks municipal court systems and alerts enrolled South Carolinians if a criminal act is committed using their identity. This service also collects current data at the state and county levels. Court and Public Records monitoring helps protected individuals detect identity theft sooner and avoid damaging legal incidents resulting from fraudulent use of one's identity in the court system.
- **Sex Offender Monitoring:** provides alerts and reports that enable enrolled individuals to discover and monitor registered sex offenders living in their immediate area and be notified if a sex offender fraudulently registers in their name. According to CSID, sex offenders have been shown to be more than seven times more likely to commit identity theft than non-sex offenders.
- **Child Identity Monitoring:** provides a report of all the names, addresses, and aliases found in public records associated with an eligible child's SSN. The service also includes information detected by the CyberAgent® Internet surveillance, which continually monitors websites, chat rooms, and more for the minor's information, as well as \$1M of Identity Theft Insurance coverage for the child. Child monitoring is available to all eligible children affected by the SC DOR data breach.
- **\$1M Identity Theft Insurance:** provides the most comprehensive policy available for identity theft insurance, issued by a brand name AAA rated carrier. Coverage includes Electronic Funds Transfer (ETF) coverage for reimbursement of fraudulent transactions.
- **Full-Service Identity Restoration:** provides identity theft restoration services to all eligible South Carolina taxpayers, even those who do not enroll in CSID's identity protection plan. Individuals who become victims of identity theft have access to a full-service team of certified identity theft restoration specialists who will help restore the affected individual's identity to its original, pre-victim status. Full-service means that with one phone call, the individual will be able to initiate a detailed case and allow CSID specialists to pull live credit bureau reports from all three bureaus as well as non-credit information so that the entire scope of identity exposure can

be identified, assessed, and remediated. All CSID identity restoration specialists are on-shore employees that are Fair Credit Reporting Act/Fair and Accurate Transactions Act (FCRA/FACTA) and Certified Identity Theft Management Specialist (CITRMS) certified.

- **Enterprise Threat Intelligence portfolio:** The contract also provides CSID’s Enterprise Threat Intelligence (ETI) portfolio of solutions for eligible South Carolina businesses. ETI is a monitoring and alert delivery platform utilized by corporations and agencies to protect critical infrastructure and stored PII from the most significant threat vectors, which include compromised logins and passwords, malware infections, financial instruments including credit lines and bank accounts, and business identifying information. Using the ETI platform, CSID monitors the Internet for company credentials to proactively protect against data compromise and detect malicious devices that attempt to access company domains. CSID also offers IP address monitoring to ensure company IP addresses remain secure and uncompromised by malicious users.

III. Need for Extending the Contract Period

Extending comprehensive identity theft protection services to those affected by the SCDOR breach is an effective way to combat the threat posed to South Carolina. The protection provides proactive alerts as well as fully assisted restoration of an individual’s identity in the event of further exposure, misuse, or compromise. CSID has expressed concern relating to the impact of data breaches involving Target, Forbes.com, Neiman Marcus, Adobe, and others.

IV. Levels of Service Required Beyond the Additional Year Coverage Period

Under the current contract agreement, CSID provides comprehensive identity theft protection services to eligible taxpayers and access to CSID’s full-service Identity Theft Restoration Specialists to every South Carolina resident. Continuing to offer the same level of services through the contract agreement should remain an effective method of reducing the impact of instances of identity theft across the state.

V. Statistics

- a. Number of active participants by type of service (as of February 10, 2014)
 - 184,800 adult enrollments
 - 17,121 child enrollments
 - 2,121 business enrollments

- b. Number of security alerts issued by type (thru January 31, 2014)

Non-Credit Alert Type	Alerts
CSID Change of Address Alert	1,316
CSID Court Records Alert	2,211
CSID Cyber Agent Alert	17,129
CSID Non-Credit Loan Alert	307

Credit Alert Type	Alerts
Delinquent Account	15,193
Fraud Alert	2,583
Improved Account	4,304
New Account	29,565

CSID Sex Offender Alert	243,289
CSID Social Security Trace Alert	2,003
Total Non-Credit Alerts	266,255

New Address	1,181
New Employment	952
New Inquiry	17,813
Public Record	346
Total Credit Alerts	71,937

- c. Number of corrective actions taken for identity theft protection and identity theft resolution by type (Since October 24, 2012)

Restoration Cases Opened	Restoration Cases Closed
IRS Fraud: 4	1
Credit Fraud: 10	5
Utility Fraud: 3	3 Pending/Under Dispute
Criminal: 1	1 Pending/Under Dispute
Student Loan: 2	2 Pending/Under Dispute
Payday Loan: 2	2 Pending/Under Dispute
Medical Fraud: 1	1 Pending/Under Dispute
Bank Fraud: 1	1 Pending/Under Dispute
Total Number Opened to Date: 24	Total Number Closed to Date: 6

- d. Number of telephone calls received (as of February 10, 2014)
- 129,942
- e. Average call time (as of February 10, 2014)
- 6 minutes, 33 seconds
- f. Average wait time per call before speaking with a representative (as of February 10, 2014)
- 9 seconds