

Target: Justice Dept. investigates its data breach (Update)

December 23 2013, by Anne D'innocenzio



Shoppers leave a retail Target on Thursday, Dec. 19, 2013, in Hackensack, N.J. Target says that about 40 million credit and debit card accounts customers may have been affected by a data breach that occurred at its U.S. stores between Nov. 27 and Dec. 15. (AP Photo/Northjersey.com, Amy Newman)

Target Corp. said on Monday that the Department of Justice is investigating the credit and debit card security breach at the retailer that's being called the second largest incident in U.S. history.

The investigation comes after the discounter revealed last week that data connected to about 40 million credit and debit card accounts was stolen between Nov. 27 and Dec. 15. The theft is exceeded only by a scam that began in 2005 involving retailer TJX Cos. It affected at least 45.7 million card users.

The Department of Justice declined to comment on whether it's investigating the breach at Target, the nation's second largest discounter. But Target said that it's cooperating with the DOJ's probe.

The news came as Target also said that it is working with the U.S. Secret Service in the retailer's own investigation and that its general counsel held a conference call on Monday with state attorneys general to bring them up to date on the breach.

"Target remains committed to sharing information about the recent data breach with all who are impacted," said Molly Snyder, a Target spokeswoman, in a statement.

The moves come as Target is trying to deal with the bad publicity that's being generated by the breach during what is typically the busiest shopping season of the year. By Monday evening, more than a dozen Target customers had already filed class-action lawsuits in federal courts around the country, with some alleging Target was negligent and should have done a better job of protecting customer data.

Target has said that it told authorities and financial institutions once it became aware of the breach on Dec. 15. The company issued an apology to customers and doubled the number of workers taking calls from customers around the clock. It also offered 10 percent off to customers who wanted to shop in its stores on Saturday and Sunday and free credit-monitoring services to those who are affected by the issue.

But there are early signs that some shoppers are scared off by the breach. Scotty Haywood said he plans to no longer shop at the store because he was a victim of the breach. After his wife tried to use the couple's debit card on Thursday to buy a few items at a grocery store, he said the card was denied. He said the couple knew something was wrong because they had \$2,200 in the account.

"The possible savings of a few dollars (by going to Target) are nothing compared to the money that has been stolen from us," he said.

Overall, Customer Growth Partners LLC, a retail consultancy, estimates that the number of transactions at Target fell 3 percent to 4 percent on Saturday, which is usually one of the top busiest days of the season.

"Before this incident, Target had a chance of at least a decent Christmas. Now, it will be mediocre at best," said Craig Johnson, president of Customer Growth Partners, a retail consultancy.

Meanwhile, consumer perception about the Target brand has dropped steeply since the news broke Wednesday night, according to YouGov BrandIndex, which surveys 4,300 people daily. The index ranges from 100 to negative 100 and is compiled by subtracting negative customer feedback from positive customer feedback.

Before the breach, Target's index was 26, higher than the rating of 12 of its peer group of retailers that include Wal-Mart. Now, it's negative 19.

Eric Hausman, a Target spokesman, declined to comment specifically on sales or the impact of its 10 percent offer, but said that stores "were busy."

Target, which is based in Minneapolis and has nearly 1,800 stores in the U.S. and 124 in Canada, said on Friday that it's heard of "very few"

reports of fraud so far. But experts say the investigation is still in its early stages.

The retailer also said the Secret Service has asked it not to share many of the details of the probe.

© 2013 The Associated Press. All rights reserved.

Citation: Target: Justice Dept. investigates its data breach (Update) (2013, December 23)
retrieved 25 April 2024 from <https://phys.org/news/2013-12-justice-dept-breach.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.