

Target: 40M card accounts may be breached (Update 2)

December 19 2013



In this Jan. 18, 2008 file photo, a customer signs his credit card receipt at a Target store in Tallahassee, Fla. 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, 2013, and Dec. 15, 2013. (AP Photo/Phil Coale, File)

U.S. retail chain Target says about 40 million credit and debit card

accounts may be affected by a data breach that occurred just as the holiday shopping season shifted into high gear.

The chain said customers who made purchases by swiping their cards at terminals in its U.S. stores between Nov. 27 and Dec. 15 may have had their accounts exposed. The stolen data includes customer names, credit and debit card numbers, card expiration dates and the three-digit security codes located on the backs of cards.

The data breach did not affect online purchases, the company said.

The stolen information included Target store brand cards and major card brands such as Visa and MasterCard.

"The fact this breach can happen with all of their security in place is really alarming," said Avivah Litan, a security analyst with Gartner Research.

Litan noted that companies like Target spend millions of dollars each year on credit card security measures. Given the company's heavy security, Litan said she believes the theft may have been an inside job.

Target hasn't disclosed exactly how the data breach occurred, but said it has fixed the problem and credit card holders can continue shopping at its stores.



A passer-by walks near an entrance to a Target retail store Thursday, Dec. 19, 2013 in Watertown, Mass. Target says that about 40 million credit and debit card accounts may have been affected by a data breach that occurred just as the holiday shopping season shifted into high gear. (AP Photo/Steven Senne)

The Minneapolis company said it immediately told authorities and financial institutions once it became aware of the breach and that it is teaming with a third-party forensics firm to investigate and prevent future breaches. The company said it is putting all "appropriate resources" toward the issue.

The company has 1,797 U.S. stores and 124 in Canada.

Target's breach comes at the height of the holiday shopping season and threatens to scare away shoppers worried about the safety of their personal data. The November and December period accounts for 20 percent, on average, of total retail industry sales.

Target is just the latest retailer to be hit with a data breach. TJX Cos., which runs stores such as T.J. Maxx and Marshall's, had a breach that began in July 2005 that exposed at least 45.7 million credit and debit cards to possible fraud. The breach wasn't detected until December 2006. In June 2009 TJX agreed to pay \$9.75 million in a settlement with multiple states related to the massive data theft but stressed at the time that it firmly believed it did not violate any consumer protection or data security laws.

At TJX, for at least 17 months, one or more intruders had free rein inside TJX's computers. Without anyone noticing, one or more intruders installed code on the discount retailer's systems to methodically unearth, collect and transmit account data from the millions of credit card and debit cards.

An even larger hack hit Sony in 2011. It had to rebuild trust among PlayStation Network gamers after hackers compromised personal information including credit card data on more than 100 million user accounts.

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