

Target, states reach \$18.5 million settlement on data breach

May 23 2017, by Anne D'innocenzio



This Friday, Oct. 21, 2016, photo shows a Target store in Philadelphia. New York's attorney general is announcing that 47 states and the District of Columbia have reached an \$18.5 million settlement with Target Corp. to resolve the states' probe into the discounter's massive pre-Christmas data breach in 2013. (AP Photo/Matt Rourke)

Target Corp. has reached an \$18.5 million settlement over a massive data breach that occurred before Christmas in 2013, New York's

attorney general announced Tuesday.

The agreement involving 47 states and the District of Columbia is the largest multistate data breach settlement to date, Attorney General Eric T. Schneiderman's office said. The settlement, which stipulates some security measures the retailer must adhere to, resolves the states' probe into the breach.

Target spokeswoman Jenna Reck said in a statement that the company has been working with state authorities for several years to address claims related to the breach.

"We're pleased to bring this issue to a resolution for everyone involved," she said.

Target had announced the breach on Dec. 19, 2013, saying it occurred between Nov. 27 and Dec. 15 of that year. It affected more than 41 million customer payment card accounts and exposed contact information for more than 60 million customers.

The breach forced Target to overhaul its security system and the company offered free credit reports for potentially affected shoppers. Target's sales, profit and stock price all suffered months after the disclosure as shoppers were nervous about their security of their credit cards. The breach also contributed to the departure of Target's then-CEO, chairman and president Gregg Steinhafel, who resigned in May 2014. CEO Brian Cornell took the helm in August 2014.



In this Feb. 11, 2016, file photo, New York Attorney General Eric T. Schneiderman speaks during a news conference in New York. On Tuesday, May 23, 2017, Schneiderman announced that 47 states and the District of Columbia have reached an \$18.5 million settlement with Target Corp. to resolve the states' probe into the discounter's massive pre-Christmas data breach in 2013. (AP Photo/Mary Altaffer, File)

Target's data breach was the first in a series of scams that hit other retailers including SuperValu and Home Depot. It forced the retail industry, banks and card companies to increase security and sped the adoption of microchips into U.S. credit and debit cards.

An investigation by the states found that in November 2013, scammers got access to Target's server through credentials stolen from a third-party vendor. They used those credentials to take advantage of holes in Target's systems, accessing a customer service database and installing malware that was used to capture data, including full customer names,

telephone numbers, email and mailing addresses, credit card numbers, expiration dates and encrypted debit PINs.

The settlement requires Target to maintain appropriate encryption policies and take other security steps, though the company has already implemented those measures. Reck said the costs of the settlement are reflected in the reserves that Target has previously disclosed.

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