

People's customer data lost in transit

PAM DAWKINS

Article Last Updated: 05/22/2008 12:23:46 AM EDT

Connecticut Attorney General Richard Blumenthal warned Wednesday that hundreds of thousands of state residents' Social Security numbers and bank account information may have been compromised when unencrypted computer back-up tapes disappeared on their way to a storage facility in February.

The tapes belonged to BNY (The Bank of New York) Mellon Shareowner Services, which acts as a transfer agent for publicly traded companies, keeping track of the movement of its client firms' shares, and also administers employee stock plan services.

According to Blumenthal, account holders and shareowners from People's United Bank are among the 4.5 million consumers whose information was on the tapes. MetLife confirmed that information from approximately 64,000 of its shareholders was on the tapes.

Blumenthal expressed his concern, and demanded more information, in a letter Wednesday to Steven Dalmatch, general counsel of BNY Mellon Shareowner Services. People's told Blumenthal's office about the breach "earlier this week," shortly after it learned of the loss. Valerie Carlson, a spokeswoman for Bridgeport-based People's United Bank, said People's hired BNY Mellon Shareowner Services to tabulate votes and process stock orders during its second-step conversion from a mutual bank to a publicly traded company last year.

Because mutual banks are owned by depositors, Carlson said, "We were legally required to offer them [depositors] the opportunity to vote on the transaction."

Carlson referred questions about the number of depositors and shareholders whose information was on the tapes to BNY Mellon. The information People's sent did include account information, she said.

"The information we transmitted to BNY Mellon was encrypted," Carlson said. "This is a BNY Mellon security lapse. We're really blameless."

BNY Mellon spokesman Ron Sommer confirmed the loss, but said there is no evidence the data has been "inappropriately accessed or used." The company has notified law enforcement and regulatory entities, he added.

Sommer said he couldn't speak to the particulars of the missing information — including which companies it came from — and said he didn't know the number of Connecticut residents whose information was on the tapes, but said BNY Mellon deferred to Blumenthal's estimation.

The tapes disappeared from a truck belonging to its vendor, Archive Systems Inc., on Feb. 27, part of a shipment on its way to a secure storage facility. BNY Mellon began an investigation when Archive Systems told it about the lost data, but Sommer said he didn't know the exact timeline.

BNY Mellon notified some people about the loss in March, then hired a data forensics firm to analyze the rest of the database. Sommer said this second round included people who were no longer customers of BNY Mellon Shareowner Services' clients, such as people who had sold their shares. The company had to research their addresses, for

Advertisement

A bright idea in online advertising.
PrinterStitial® ads by Format Dynamics.

Print Powered By FormatDynamics™



example, he said; those letters will go out this month.

Carlson said affected People's account holders and shareholders will get those letters. BNY Mellon Shareowner Services does not administer People's employee stock option plan, she added.

People's was one of several companies whose information was on the tapes, according to Chris Breslin, a spokesman for MetLife.

MetLife found this out when BNY Mellon notified it of the loss about six weeks ago.

"They're our transfer agent," Breslin said, and the bank has sent letters to MetLife's affected shareholders.

Breslin couldn't comment when asked whether MetLife was looking for a new transfer agent.

Sommer said sending backups is a routine part of BNY Mellon's business.

"We have since made changes in our procedures such that the data is encrypted," Sommer said. He could not generalize about BNY Mellon's rules for encrypting data, because its various businesses have various security needs. BNY Mellon has also hired a new archive company.

In his letter, Blumenthal wrote BNY Mellon's offer of one year of credit monitoring is "grossly inadequate."

"Connecticut agencies that have experienced data security breaches less serious in magnitude or potential damage have offered consumers two years of credit monitoring, \$25,000 identity theft insurance and free credit freezes. BNY should do no less."

In his letter, Blumenthal gives BNY Mellon until May 30 to respond to 12 questions, including what measures it had taken to safeguard this sort of information, how and when it first heard of the loss, and how it happened, types of information on the tapes, number of Connecticut consumers who may be affected and the steps it has taken to retrieve the data and notify consumers.

"I am especially concerned by the delay in informing consumers, possibly heightening the risks of wrongdoing. Neither People's nor its consumers were promptly notified. Even now, many may be in the dark," Blumenthal wrote.

Advertisement

A bright idea in online advertising.
PrinterStitial® ads by Format Dynamics.

Print Powered By FormatDynamics™