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Pa. to Net \$469K From \$18.5M Target Data Breach Accord

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Of the \$18.5 million retail giant Target has agreed to pay in a settlement with 47 states over a 2013 consumer data breach, Pennsylvania is set to receive \$469,000.

That money will go to the state Treasury, according to a press release from the Pennsylvania Office of Attorney General.

The Tuesday settlement came after a multistate investigation led by the Connecticut and Illinois attorneys general offices. That investigation found that hackers accessed Target's gateway server using credentials stolen from a third-party vendor, according to statements from the participating states.

The hackers used those credentials to break into Target's system, allowing them access to a customer service database, into which they installed malware to capture data, including consumers' personal and credit card data, as well as encrypted debit PINs. The attackers made off with more than 41 million customer card accounts nationwide and contact information for more than 60 million customers.

Jon Lambiras, a securities and consumer protection lawyer at Berger & Montague in Philadelphia who was not involved in the Target litigation, said settlements of this nature have historically been rare, but that could change now.

"It very well may foreshadow what could happen in the future, especially since the settlement goes to the attorney generals' budget to fund enforcement actions. It provides an incentive for the AGs to get involved," Lambiras said.

Deterrence was a major theme brought up by many of the attorneys general who released statements about the agreement.

The \$18.5 million settlement with the states, coupled with the [\\$10 million consumer class action settlement](#) approved last week, may seem like a drop in the bucket for a retail juggernaut like Target, but according to Lambiras, the deterrent effect lies in the residual legal and public relations costs companies incur following a data breach.

In a [statement](#) Tuesday, Connecticut Attorney General George Jepsen said the settlement should serve as a wake-up call to companies to tighten their data security. He also gave kudos to Target for working with authorities after the breach.

"Target deserves credit for its actions in response to this breach, including its cooperation with our investigation and negotiations that led to this settlement," Jepsen said. "I'm also hopeful that this settlement will serve to inform other companies as to what is expected of them in terms of the security of their consumers' information."

Illinois Attorney General Lisa Madigan echoed Jepsen's words on raising the bar for data security.

"Today's settlement with Target establishes industry standards for companies that process payment cards and maintain secure information about their customers," Madigan said in a [statement](#) Tuesday.

The only states not participating in the settlement are Alabama, Wisconsin and Wyoming.

According to the statement, the agreement also requires Target to develop and maintain a comprehensive information security program and employ an executive or officer responsible for overseeing it. Target is required to hire an independent third-party to conduct a security assessment of its system.

"The long-term value of this settlement is the reform effort Target must undertake to protect the personal financial data of Pennsylvania consumers and consumers across the country," Pennsylvania Attorney General Josh Shapiro said in a statement. "Consumers can trust that their information is secure when they purchase items, and not at risk of being stolen by cyberhackers."

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