

**Prepared Testimony of Richard F. Smith
before the U.S. Senate Committee on Commerce, Science, and Transportation**

November 8, 2017

Chairman Thune, Ranking Member Nelson, and Honorable Members of the Committee, thank you for the opportunity to testify before you today.

I was honored to serve as the Chairman and Chief Executive Officer of Equifax for 12 years, until I retired on September 25. As I have previously testified before other Committees of the United States Senate, and before House panels as well, as CEO I was ultimately responsible for what happened on my watch. Equifax was entrusted with Americans' private data and we let them down. For that, I remain deeply sorry. We now know that criminals executed a major cyberattack on Equifax, hacked into our data, and were able to access information for over 145 million American consumers. The information accessed includes names, Social Security numbers, birth dates, addresses, and in some instances, driver's license numbers; credit card information for approximately 209,000 consumers was also stolen, as well as certain dispute documents with personally identifying information for approximately 182,000 consumers. I want to again express my apologies to everyone affected by this breach.

When we first learned of suspicious activity, I and many others at Equifax worked with outside experts to understand what had occurred and do everything possible to make this right. Ultimately we realized we had been the victim of a massive theft, and we set out to notify American consumers, protect against increased attacks, and remediate and protect against harm to consumers. We developed a robust package of remedial protections for each and every American consumer – not just those affected by the breach – to protect their credit information. The relief package includes: (1) monitoring of consumer credit files across all three bureaus, (2) access to Equifax credit files, (3) the ability to lock the Equifax credit file, (4) an insurance policy to cover out-of-pocket costs associated with identity theft; and (5) dark web scans for consumers' social security numbers. All five of these services are free and without cost to all Americans. We have also taken steps to better protect consumer data moving forward. Equifax also announced a new service that I understand will be available by January 31, 2018, that will allow consumers to control their own credit data, by allowing them to lock and unlock their credit files at will, repeatedly, for free, for life. This puts the control of consumers' credit information where it belongs – with the consumer. I was pleased to see the company move forward with this plan, which we had put in motion months ago, and which I directed the company to accelerate, as we were constructing the remedial package in response to the breach.

I previously testified in detail about how the breach occurred and what I and Equifax knew and did at specific points in time as this episode unfolded. I would of course be happy to provide the Committee with that detailed information if helpful. I understand that the FBI's investigation and Equifax's own review and remediation are ongoing, as are, of course, numerous other investigations.

Where do we go from here? As you consider the public policy implications of these breaches, two observations occur to me. First, an industry standard placing control of access to

consumers' credit data in the hands of the consumers should be adopted. Equifax's free lifetime lock program will allow consumers, and consumers alone, to decide when their credit information may be accessed. This should become the industry standard. Second, we should consider the creation of a public-private partnership to begin a dialogue on replacing the Social Security Number as the touchstone for identity verification in this country. It is time to have identity verification procedures that match the technological age in which we live.

The list of companies and government agencies that have suffered major hacks at the hands of sophisticated cybercriminals is sadly very long, and growing. I was deeply disappointed when Equifax was added to that list. I stepped away from a company I led and loved and helped build for more than a decade. But I remain strongly committed to helping address the important questions this episode has raised. Part of that continues today, as I have previously voluntarily appeared and appear today at this hearing voluntarily to share what I know. Going forward, government and the private sector need to grapple with an environment where data breaches will occur. Giving consumers more control of their data is a start, but is not a full solution in a world where the threats are always evolving. I am hopeful there will be careful consideration of this changing landscape by both policymakers and the credit reporting industry.

Equifax was founded 118 years ago and now serves as one of the largest sources of consumer and commercial information in the world. That information helps people make business and personal financial decisions in a more timely and accurate way. Behind the scenes, millions of Americans have accessed credit, whether to buy a house or a car, pay for college, or start a small business, because of the services offered by Equifax. During my time at the company, working together with our employees, customers, and others, we saw the company grow from approximately 4,000 employees to almost 10,000. Some of my proudest accomplishments are the efforts we undertook to build credit models that allowed and continue to allow many unbanked Americans outside the financial mainstream to access credit in ways they previously could not have. I remain deeply grateful for the 12 years I spent leading the company.

The hard work of regaining the trust of the American people that was developed over the course of the company's history is ongoing and must be sustained. I believe the company, under the leadership of Lead Director Mark Feidler, and interim CEO Paulino do Rego Barros, Jr., will continue these efforts with vigor and commitment.

Chairman Thune, Ranking Member Nelson, and Honorable Members of the Committee, thank you again for inviting me to speak with you today. This was a very difficult experience for the men and women of Equifax but I am confident that under the leadership of Paulino and Mark the company will work tirelessly to regain the trust of American consumers. I look forward to answering your questions and assisting you in any way I can.