



Cyber Security, Cumplimiento y Privacidad del Consumidor

2019 Retail Forum: Academia Edition

What do these companies have in common?

- Yahoo
- Marriott
- eBay
- Equifax
- Target
- TJX Companies
- Uber
- Sony
- Home Depot
- Adobe

- Data Breach in Thanksgiving 2013
- Discovered weeks later, December 2013
- Hackers gained access to POS payment card readers thru HVAC vendor
- Credit/debit card and contact information of 110 million customers compromised
- 50% sales slump during Holiday Season
- Class Action lawsuit filed
- CIO and CEO resigned

- Data Breach in December 2006
- Hacking legend Albert Gonzalez intercepted data transmission between 2 Marshall store
- Thanks to weak encryption he gained access to credit card information for 94 million customers.
- Estimated cost of \$200M

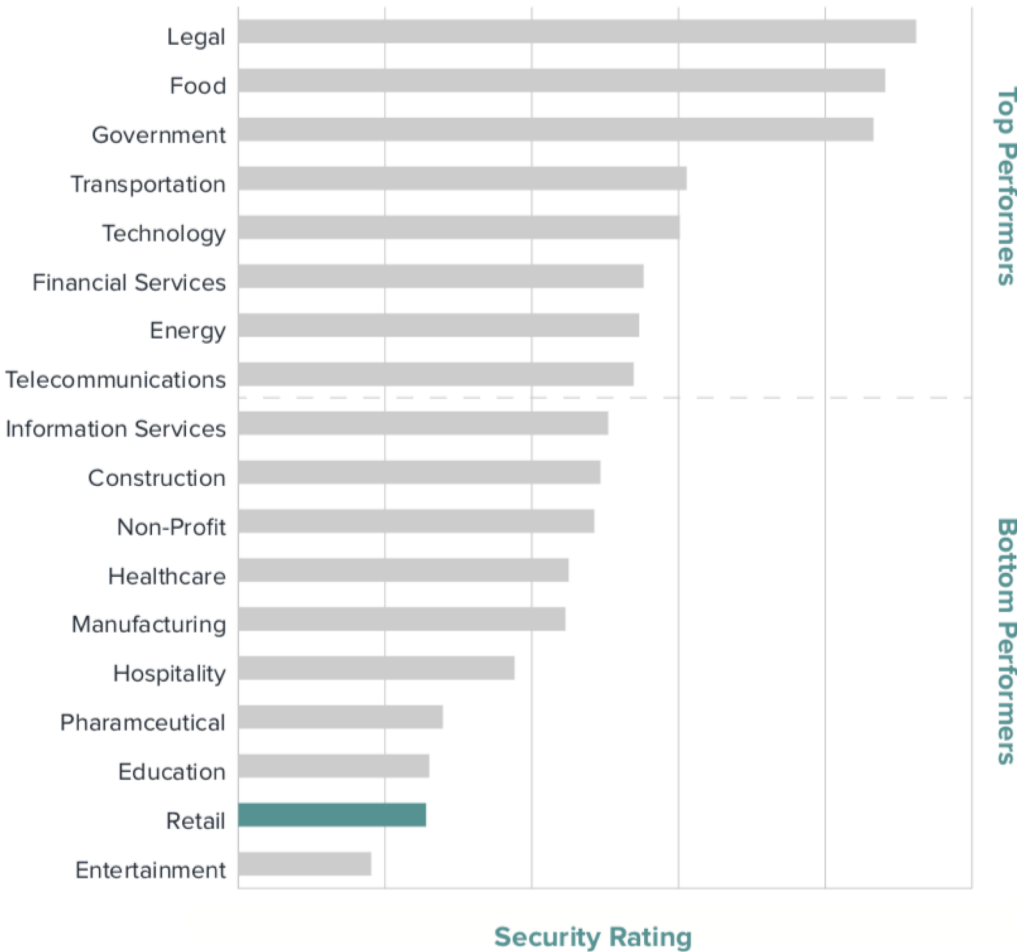
- Data Breach in September 2014
- Hand-held Windows OS POS system was compromised by custom malware that appeared to be anti-virus software
- Home Depot set up \$13M fund to compensate customers for expense, and paid for cardholder identity protection services.
- Estimated cost of \$161M, partially covered by \$100M insurance coverage.

What's the big deal?

- Cyber attacks costs companies and taxpayers billions of dollars each year in lost information and response costs.
 - ❖ Average cost of each data breach = \$3.8M
 - ❖ Source: (IBM) Ponemon Institute's 2015 Global Cost of Data Breach
- Company executives are under increasing pressure to prevent these attacks. Board reportable.
- Retail lagging behind.

Retail Industry Neglects Application Security

The retail industry is the second lowest performer in terms of application security, indicating a decrease from 2017's Retail Report where they were the fourth lowest performer.



Legal risks in Puerto Rico?

- Regulator – Department of Consumer Affairs
 - ❖ “Reglamento sobre Información al Ciudadano sobre Seguridad de Bancos de Información”
 - ❖ 10 days to notify DACO
 - ❖ Public Statement / Alternate Method
- Litigation
 - Individual Customer Litigation
 - Class Actions

What should you do?

- The question is no longer whether your company will be victim of a data breach...
- The question is: when?
- Must have adequate technology
- Must have adequate insurance

Contact Information



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