



COMMITTEE ON
SCIENCE, SPACE, & TECHNOLOGY
Lamar Smith, Chairman

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Statement of Chairman Lamar Smith (R-Texas)

FDIC Data Breaches: Can Americans Trust that Their Private Banking Information is Secure?

Chairman Smith: Thank you, Mr. Chairman. The recent cybersecurity breaches experienced by the FDIC date back to October 2015 and compromise nearly 160,000 individuals' sensitive information or personally identifiable information.

The number of individuals whose information was compromised by the agency's poor cybersecurity posture could be much higher. The breaches reported to Congress represent only those that the agency has deemed "major." In reality, the FDIC likely has experienced additional breaches deemed insufficient by the agency to warrant reporting to Congress.

On April 8, 2016, the Committee sent a letter to the FDIC about a February 2016 cyber breach. In that case, more than 44,000 individuals' sensitive information was breached.

Less than two weeks later, the Committee sent an additional letter to the FDIC concerning an earlier breach in October 2015, which compromised more than 10,000 individuals' sensitive information. The Committee sent the additional letter to the FDIC because the FDIC withheld reporting the breach to Congress for more than four months. In fact, the FDIC only reported the breach once the Office of Inspector General urged it to do so.

The FDIC's attempts to shield information from Congress did not end with its hesitation to report the significant October breach. The Committee has encountered a pattern of obstruction from the FDIC when responding to Committee requests.

In the FDIC's response to the Committee's letters, the agency initially produced documents extensively redacted for information the agency deemed to be "confidential." These redactions included public information, such as the names of senior-level agency employees, whose identities were already known to the Committee.

The FDIC failed to provide statutory authority or a valid privilege for redacting the information. Still, the agency resisted the Committee's request for unredacted

documents until faced with the threat of the Committee's use of the compulsory process to obtain the information.

Additionally, the Committee learned that the agency actively obstructed the Committee's ongoing investigation by limiting the scope of documents produced in response to the Committee's requests.

The FDIC responded to the Committee's second letter and certified that it produced all responsive documents. However, subsequent discussions with the Office of Inspector General indicated that responsive documents were withheld by the agency. Upon learning of the agency's active obstruction, the Committee wrote to the Office of Inspector General to request these documents.

If not for the Office of Inspector General's openness and transparency with the Committee, we would not have been aware of the agency's attempts to avoid providing a full and complete response to the Committee.

The FDIC's repeated efforts to conceal information from Congress are inexcusable. They raise significant questions about whether the agency actively attempts to hide potentially incriminating information from Congress. As an agency that has faced repeated security breaches, it should focus its resources on reforming its internal cybersecurity mechanisms instead of engaging in efforts to conceal information from this Committee.

The Committee will continue to investigate the shortfalls in the FDIC's cybersecurity posture and why the agency continues to withhold certain information from Congress and this Committee. We also will hear what measures the agency should take to remediate the damage to the tens of thousands of Americans' whose information was compromised.

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