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32 + 148 OUR VIEW

No Impact?

BY RON AIKEN

When the massive data breach of 2012 exposed a system of information technology weaknesses and lax electronic security measures at the Department of Revenue, the state acted promptly to secure professional services and consumer identity protection that has cost taxpayers \$50 million so far and counting.

Now three years removed, what has been the result of the information stolen from the estimated 6.4 million residents and businesses? Nothing outside the normal range of complaints going back to pre-breach levels, according to the South Carolina Department of Consumer Affairs, which monitors both identity theft and financial identity fraud statewide.

The consumer affairs website defines both cases broadly. "Identity fraud occurs when a person uses the identifying information of another person to obtain employment or avoid identification by law enforcement or another governmental agency," it states, while "financial identity fraud occurs when someone uses the financial resources of another person without authorization or permission."

The biggest fear in the wake of the 2012 data breach was the theft of personal information to be used to engage in fraud. That simply has not yet come to pass. In August, the Department of Consumer Affairs reported the Federal Trade Commission's Consumer Sentinel Network Data Book ranked South Carolina as No. 30 nationally in number of identity theft complaints, the largest category of complaints that agency receives. For 2014, the agency received just 3,540 complaints of identity theft. Florida, ranked No. 1, received 37,059 complaints by comparison. Neighboring Georgia (No. 5 at 11,384) and North Carolina (No. 27 at 7,334) both had considerably higher percentages of identity theft complaints.

Prior to the breach, South Carolina reported 3,168 cases of identity theft in 2011 (ranked No. 20 nationally *per capita* by the FTC) and 4,282 in 2012, the year of the breach (No. 17 nationally *per capita*). Since 2008, seven million South Carolinians have been affected by data breaches across governmental, retail and food service, healthcare and financial service sectors, with an estimated 5.97 million coming from 2012 data breach alone.

"We haven't seen what we feared we might," said Department of Consumer Affairs Spokesperson Juliana Harris. "That's good news. It doesn't mean we won't at some point, but we haven't yet."

Financially, the cost of the breach to taxpayers has been significant. Immediately following the breach, the state spent \$12 million with credit bureau Experian to protect citizens. An additional \$11 million came in FY 2013-14 as the state began implementing recommended upgrades across state government, including the launch in October 2013 of an ID Theft Unit within the Department of Consumer Affairs that collects scam reports from consumers, assists identity theft victims and educates consumers, according to Harris. For FY 2014-15, the state spent \$27 million on, among other things, an additional



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year of consumer protection and funding for a 21-person information security division and associated technology and equipment.

Conservatively, South Carolina has spent around \$50 million since 2012 fighting an attack that came as the result of someone opening a phishing email and which has yet to produce any noticeable uptick in financial fraud or identity theft cases. What's more, since the majority of that money was spent on studies to better improve cybersecurity (\$3M to New York-based firm Deloitte and Touche), the resources (people and technology) to implement them and post-theft consumer protection for anyone whose identity has been compromised as a result of the breach, one cannot argue that the money spent has been responsible for the information not being used but only has increased the size of state government and, according to outside experts such as security analyst Sang Lee, helped bring a sub-standard security system up-to-date.

"The bulk of the money, as you can see, is being used for security operations that the state should have had before the 2012 data debacle," Lee wrote in a blog.

At least some of the money spent has returned to the state. Following the awarding of the 2013 contract to Deloitte and Touche, that firm turned around and contributed the maximum amount to the re-election campaigns of three members of the Budget and Control Board who approved the contract – Gov. Nikki Haley (\$3,000 in April 2014), Rep. Brian White (\$1,000 in April 2014) and Sen. Hugh Leatherman (\$1,000 in January 2015). Of interest: In December 2014, Deloitte itself was hacked and its internal salary information made public as part of the attack on Sony Pictures.

Ron Aiken writes for The Nerve.



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148 McLeod Wants Abortion Clinics Protected

Democratic state Rep. Mia McLeod has called for Gov. Nikki Haley to increase

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security at three South Carolina clinics that provide abortions. McLeod's request comes in the wake of the recent deadly shooting spree at a Planned Parenthood facility in Colorado Springs. "It doesn't matter whether you're pro-life or pro-choice, our focus right now should be to make sure what happened in Colorado Springs doesn't happen," McLeod wrote in an email to constituents and the media. A spokesperson with Haley's office told The Associated Press that SLED and Homeland Security indicate there are not any known threats against the South Carolina clinics. — *Chris Trainor*

Title: **Flood survivors still applying for assistance**
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AFTER THE FLOOD

Flood survivors still applying for assistance

BY AVERY G. WILKS
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More than two months after the historic Oct. 4 flooding, hundreds of residents across South Carolina still are applying daily for federal disaster assistance.

The Federal Emergency Management Agency averaged more than 270 new registrations Monday through Thursday last week, and the U.S. Small Business Administration received nearly 80 applications per day last week.

FEMA, which can grant up to \$33,000 in disaster aid to each affected household, so far has approved roughly \$74 million in disaster aid to individuals and households, spokesman Jim Homstad said. The SBA has approved more than \$104 million in low-interest loans meant to boost the long-term recovery efforts of homeowners, renters and businesses.

Gov. Nikki Haley in late November requested and was granted a 30-day

extension to the application period for federal disaster assistance, which previously had a Dec. 4 deadline. Haley said she made the request because of the volume of applications still pouring in.

"As long as we are seeing those kinds of numbers, we need to make sure that everybody has the ability to continue to get the assistance that they need," Haley said.

Disaster recovery officials are still urging residents to apply ahead of the new deadline, Jan. 3 at midnight, and to appeal any denial letters FEMA sends.

"My advice is to apply as soon as you possibly can," Homstad said. "I understand that people have had their lives turned upside down, but there's really no point in waiting. The sooner you do it, the sooner we can assist in your recovery."

More than 95,000 people statewide, including nearly 19,500 in hard-hit Richland County, have registered with FEMA, Homstad said. More than 26 percent of

FEMA applicants are receiving aid, while nearly 52 percent of applicants were ineligible, Homstad said.

Homstad said there are a "number of reasons for ineligibility," including insufficient damage to essential living areas, inability to verify ownership or occupancy, and missing information or essential documents. Applicants with flood insurance are not eligible, and FEMA does not provide grant money for secondary homes, Homstad said.

To apply for FEMA aid, call 800-621-3362, visit disasterassistance.gov or stop by a disaster recovery center. Disaster recovery centers can be found at fema.gov/disaster-recovery-centers.

Flood survivors can apply for an SBA loan by calling 800-659-2955, visiting disaster-loan.sba.gov/ela or going to a disaster recovery center.

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Title: **New state board names director**

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New state board names director

Members of the S.C. Fiscal Accountability Authority chose Grant Gillespie to lead that agency Tuesday.

Gillespie has years of experience serving the state, said Gov. Nikki Haley, who chairs the board, created by government restructuring to take over some responsibilities of the state Budget and Control Board.

Gillespie has worked at Labor, Licensing and Regulation for the past five years and, before that, worked in the ad-

ministration of then-Gov. Mark Sanford, Haley said.

The board also approved eliminating 551 full-time employee positions that have been vacant for more than a year. If the state has open positions, they should not let them sit vacant, Haley said. Instead, the state should analyze if the right pay is being offered to fill a job or if the position is needed, she said.

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