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AG SLATERY joins \$1.5M settlement with Neiman Marcus over 2013 data breach

The Neiman Marcus Group LLC has agreed to pay \$1.5 million and implement policies to resolve an investigation with 43 states and the District of Columbia into the 2013 breach of customer payment card data at 77 Neiman Marcus stores in the United States.

In January 2014, Neiman Marcus disclosed that payment card data collected at its retail stores had been compromised by an unknown third party. The states' investigation determined that approximately 370,000 payment cards – of which 1,896 were associated with Tennessee consumers – were compromised in the breach, which took place over the course of several months in 2013. At least 9,200 of the payment cards compromised in the breach were used fraudulently.

“Tennesseans have a right to know their payment information is secure,” said Herbert H. Slatery III. “This office will continue to fight for better protections across the board and hold companies accountable when they fail to adequately protect customers’ sensitive information.”

Tennessee’s share of the settlement funds is \$28,659.04.

Neiman Marcus has also agreed to injunctive provisions aimed at preventing similar breaches in the future, including:

- Complying with Payment Card Industry Data Security Standard (PCI DSS) requirements;
- Maintaining an appropriate system to collect and monitor its network activity, and ensuring logs are regularly reviewed and monitored;
- Maintaining working agreements with two, separate, qualified Payment Card Industry forensic investigators;
- Updating all software associated with maintaining and safeguarding personal information, and creating written plans for replacement or maintenance of software that is reaching its end-of-life or end-of-support date;
- Implementing appropriate steps to review industry-accepted payment security technologies relevant to the company's business; and
- Devaluing payment card information, using technologies like encryption and tokenization, to obfuscate payment card data.



Under the settlement, Neiman Marcus is also required to retain a third-party professional to conduct an information security assessment and report, and to detail any corrective actions that the company may have taken or plans to take as a result of the third-party report.