

# Equifax CEO Steps Down in the Wake of Damaging Data Breach

Smith, who made almost \$15 million last year, can stay on the company's health plan for life

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NEW YORK— Equifax CEO Richard Smith stepped down Tuesday, less than three weeks after the credit reporting agency disclosed a damaging data breach that exposed highly sensitive information for about 143 million Americans.

His departure follows those of two other high-ranking executives who left in the wake of the company's admission that hackers exploited a software flaw that it did not fix to access Social Security numbers, birthdates and other personal data that provide the keys to identify theft.

Smith, who had been CEO since 2005, will also leave the chairman post.

Equifax said Smith was retiring, but he will not receive his annual bonus and other potential retirement-related benefits until the company's board concludes an independent review of the data breach.

If the review does not find Smith at fault, he could walk away with a retirement package of at least \$18.48 million, along with the value of the stock and options he was paid out over his 12-year tenure. The board also could "claw back" any cash or stock bonuses he may have received, if necessary.

Smith, who made almost \$15 million in salary, bonuses and stock last year, will be able to stay on the company's health plan for life.

Paulino do Rego Barros Jr., most re-

cently president of the Asia Pacific region, was named interim CEO, and board member Mark Feidler was appointed non-executive chairman. Equifax said it will look both inside and outside the company for a permanent CEO.

Even with the departures of three top executives, Equifax is still facing several inquiries and class-action law-

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suits, including congressional investigations, queries by the Federal Trade Commission and the Consumer Financial Protection Bureau, as well as several state attorneys general.

Three executives, none of them among those who have left, were found



On Tuesday, credit reporting agency Equifax ousted CEO Richard Smith in an effort to clean up the mess left by a damaging data breach.

to have sold stock for a combined \$1.8 million before Equifax disclosed the most serious breach, though the company says they were unaware of it at the time.

Although analysts had previously applauded Equifax's performance under Smith, he and his management team had come under fire for lax security and their response to the breach.

Confusion over the terms of credit-monitoring protection and jammed phone lines added to people's ire. The company's stock has lost a third of its value — a \$5.5 billion setback.

Equifax tried to appease incensed lawmakers, consumers and investors by announcing the unceremonious retirement of its chief security officer and chief information officer, who were re-

sponsible for managing and protecting the company's technology.

But that wasn't enough, with lawmakers drawing up bills that would impose sweeping reforms on Equifax and its two main rivals, Experian and TransUnion.

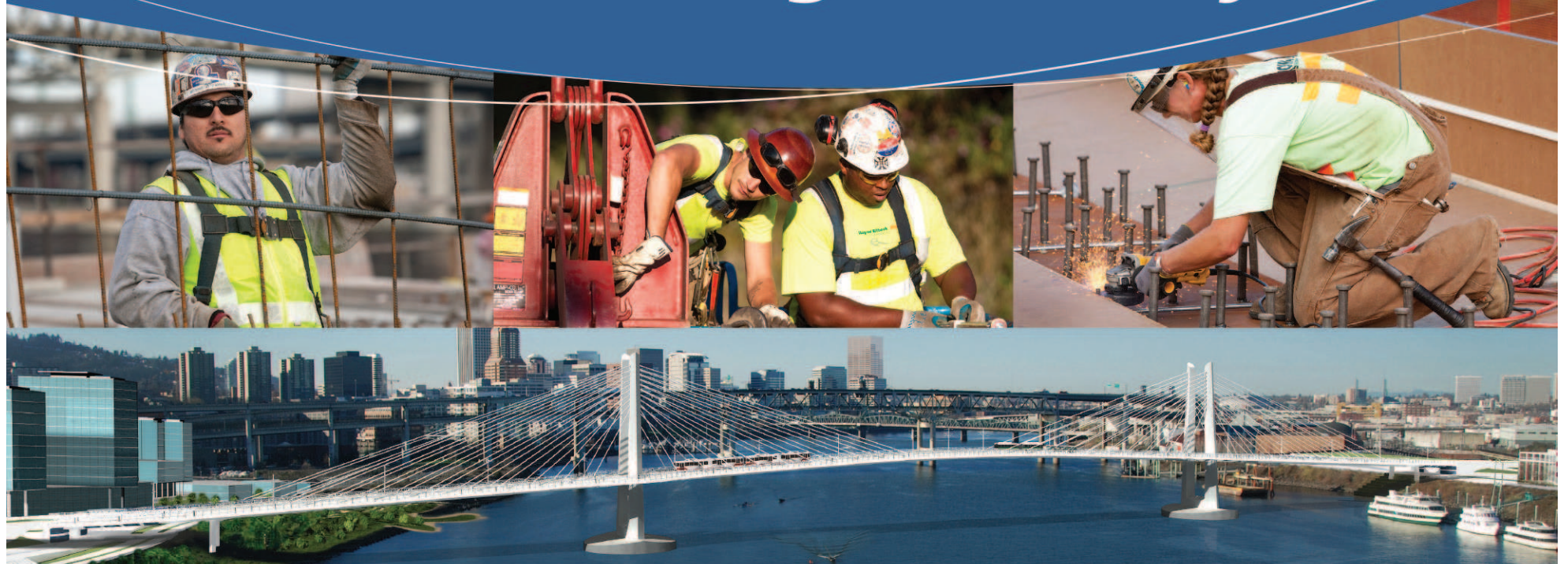
Smith had been scheduled to appear at two congressional hearings next week that would likely have turned into a public lambasting. The House Energy and Commerce committee said in a tweet that it still plans to hold its hearing Oct. 3.

A member of the Senate Banking Committee said he still wanted Smith to appear Oct. 4 as planned.

"A CEO walking out the door just days before he is to appear before Congress is an abdication of his responsibility. This company has jeopardized the financial health and security of 143 million people, and they need to be held responsible. So I fully expect Mr. Smith to testify before the Banking Committee next week, regardless of the timing of his retirement," said Sen. Brian Schatz, a Democrat from Hawaii.

The data breach might not have happened if Equifax had responded promptly to a March warning about a known security weakness in a piece of open-source software called Apache Struts. Even though a repair was released, Equifax did not immediately install it. Digital burglars used the crack in Equifax's computer systems to break in from May 13 through July 30, according to the company's accounting.

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