

**U.S. Securities and Exchange Commission**

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**Analytics Consulting LLC Claims Management System and Online  
Claim Submission Website  
PRIVACY IMPACT ASSESSMENT (PIA)**



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**Office of Information Technology**

Privacy Impact Assessment  
Analytics Consulting LLC Claims Management System and Online Claim Submission Website

Publishing History

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## General Information

**1. Name of Project or System.**

Analytics Consulting LLC Claims Management System and Online Claim Submission Website  
(Analytics System)

**2. Describe the project and its purpose or function in the SEC's IT environment.**

The Securities and Exchange Commission (SEC) prosecutes violations of Federal securities laws and holds violators accountable through appropriate sanctions and remedies. Under the Sarbanes-Oxley Act of 2002, the SEC has the authority to seek disgorgement and penalties as a remedy in civil actions and administrative proceedings and to distribute the disgorged funds to harmed investors. When distributing monies, the SEC may appoint or recommend that a court appoint a fund administrator to develop, oversee, and/or implement a distribution plan related to an SEC enforcement action. The Division of Enforcement oversees the appointment of fund administrators and has established a pool of nine firms (including Analytics Consulting, LLC (Analytics)) eligible for appointment as a fund administrator. These firms may be called upon to develop distribution plans; determine economic harm or loss; administer distribution funds; process claims; determine claimant eligibility; implement a distribution; perform periodic and final accountings; provide reporting and record-keeping services; and to work with independent distribution consultants or with SEC staff to provide economic analysis relating to loss calculation and allocation of a Distribution Fund.

This Privacy Impact Assessment (PIA) explains what personally identifiable information (PII) the SEC and Analytics may collect throughout the claims administration process, who is allowed to use this information and for what purposes, and what steps are taken to identify, secure, and reduce any privacy risks to that information.

**3. Requested Operational Date?**

In 2010, Analytics was selected as one of nine participants to implement SEC distributions. Analytics has utilized the Analytics System since that time to carry out its activities as a fund administrator. This PIA assesses the privacy risks and vulnerabilities of Analytics' processes in administering the funds to which it has been appointed.

**4. System of Records Notice (SORN) number?**

SEC-36 Administrative Proceeding Files & SEC-42 Enforcement Files

**5. Is this an Exhibit 300 project or system?**

No

Yes

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### 6. What Specific legal authorities, arrangements, and/or agreements allow the collection of this information?

Section 308(a) of the Sarbanes-Oxley Act; the Commission's Rules of Practice, 17 CFR 201.100-900, the Commission's Rules of Fair Fund and Disgorgement Plans, 17 CFR 201.1100-1106, and the Commission's Delegation of Authority to Director of the Division of Enforcement, 17 CFR 200.30-4).

## Specific Questions

### SECTION I – Data in the System

#### 1. What data about individuals could be collected, generated, or retained?

The claimant information that is collected, used, disseminated, or maintained either within the SEC or within the Analytics System's proprietary databases varies depending upon the disgorgement matter. In routine disgorgement matters, the following information may be collected: first and last name; business name (if needed); unique claimant ID; street address; city; state; postal code; country; home phone number; work phone number; email address; transaction data; transaction dates; account number; and notes of claimant contact with Analytics, including any subsequent change requests, updates, or corrections. Social Security numbers (SSNs) and Tax ID numbers may also be collected and used, to ensure valid identification of harmed investors. Bank account information may be collected to implement electronic distribution payments. IRS forms W-8 and W-9 may be collected to facilitate tax reporting. Analytics reviews the Plan of Distribution and/or Plan of Allocation to ensure Analytics requests the proper information for input into the Analytics System to calculate eligibility and losses/award amounts.

#### 2. Does the project/system use or collect the social security number (SSN)? (This includes truncated SSN's)

No

**Yes. If yes, provide the function of the SSN and the legal authority to collect:** Social Security numbers (SSNs) may be collected and used only when no other key identifier is available. SSNs are typically requested from harmed investors on the Proof of Claim Form. SSNs are collected and used to validate identities of harmed investors and to verify information in the Proof of Claim form. The authority for requesting the SSN is Executive Order 13478.

#### 3. What are the sources of the data?

Data in the Analytics System is collected primarily from the following sources:

- Defendant/Respondent records, which may include information obtained during the course of the SEC's investigation or action and provided to Analytics;
- Transfer agent or other third party source records;
- Proof of Claim forms or supporting documentation submitted directly by potentially eligible claimants during the notice and claim process; and

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- Third-party data sources such as the United States Postal Service (USPS) and address-tracing companies providing mailing address updates and corrections.

#### 4. Why is the data being collected?

Analytics collects the data to carry out an efficient and cost-effective distribution administration plan, which permits eligible harmed investors to receive monetary disbursement from Distribution Funds established by a court or administrative order, as expeditiously as possible. Claimant information is collected, used, disseminated, or maintained by Analytics to identify potential claimants, to validate claimants and their claims, and to distribute disgorgement payments to appropriate claimants.

#### 5. What technologies will be used to collect the data?

Analytics' technologies for collecting data may include (1) the use of a website to collect data from harmed investors via an electronic Proof of Claim form and to provide information about a program; (2) a SSH File Transfer Protocol (SFTP) secure connection to transfer data sets electronically between the SEC and Analytics; (3) a toll free number per program set up to respond to investor inquiries via automated response and live agents; (4) a proprietary database to collect, store and disseminate information. The database can provide a vast amount of data as it tracks all aspects of the administration.

### **SECTION II – Attributes of the Data (use and accuracy)**

#### 1. Describe the uses of the data.

Analytics uses the data to (1) develop a distribution plan that includes developing a methodology related to loss calculation and allocation of the Distribution Fund; (2) develop a notice and claims process to identify and notify potentially eligible claimants; (3) administer a distribution fund, to include when applicable, opening escrow accounts, FDIC-insured controlled distribution accounts, or managed distribution accounts; (4) maintain record keeping and accounting of all monies in the Distribution Fund and distribution payments made; and (5) provide additional support services to assist potentially eligible harmed claimants in obtaining information relating to the Distribution Fund (investor eligibility and fund distribution); and requirements for participation in the distribution.

#### 2. Does the system analyze data to assist users in identifying previously unknown areas of note, concern, or pattern? No Yes. If yes, please explain:

N/A

#### 3. How will the data collected from individuals or derived by the system be checked for accuracy?

Various steps are taken to validate the accuracy and timeliness of collected data based on its original source. For example, prior to mailing of a claim form or distribution check, addresses are standardized and cross-checked against known data sources, such as the USPS National Change

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of Address Database and U.S. Postal Service records regarding street names and address ranges. All resulting additions, deletions, and address changes to the data set are approved by Analytics and reconciled against the original source data.

In some matters, claim forms may be mailed to a known set of claimants requesting that they validate, under penalty of perjury, their address, investment amounts, and eligibility information. In other matters, claim forms will be made available to previously unknown claimants via an engagement specific notification process. As above, harmed investors provide claim information, under penalty of perjury.

Analytics reviews claimant names, check distributions, and claim form responses to confirm that the loss amounts claimed are consistent with the established case-specific claim parameters. Notice materials and checks always include an Analytics web address for additional information, and a telephone number and mailing address for injured investors to contact Analytics to have their questions answered and/or to update their information.

Additionally, SEC staff receives and reviews payment file reports for accuracy and completeness. In some instances, files may also be subjected to an independent third party review by an outside party to review the data collected and the calculation of payment amounts for accuracy.

### **SECTION III – Sharing Practices**

#### **1. Will the data be shared with any internal organizations?**

No  Yes. **If yes, please explain:** Before distributing money to harmed investors, Analytics provides SEC staff a distribution list containing names of payees and amounts to be distributed to them for approval. Additionally, periodic reports regarding investor and financial transaction information, i.e. accounting reports are provided to the SEC staff. The SEC and Analytics exchange information via encrypted email or a secure internet connection.

#### **2. Will the data be shared with any external organizations?**

No  Yes. **If yes, please list organization(s):** District courts receive information related to distribution plans in court cases. In addition, data is shared with vendors who perform NCOA and address trace services.

#### **How is the data transmitted or disclosed to external organization(s)?**

Analytics' information shared with the U.S. District Court is submitted to the SEC. Subsequently the SEC staff files documents related to distribution plans with the appropriate court. The processes and procedures established by the Federal court system oversee the security of claimant information in case files provided to the courts. Third party vendors who perform NCOA and address trace services are provided only public information such as name and address.

**3. How is the shared data secured by external recipients?**

The processes and procedures established by the Federal court system oversee the security of claimant information in case files provided to the courts. Third party vendors who perform NCOA and address trace services are provided only public information such as name and address.

**4. Does the project/system process or access PII in any other SEC system?**

**No**

**Yes. If yes, list system(s):** Click here to enter text.

**SECTION IV – Notice to Individuals to Decline/Consent Use**

**1. What privacy notice was provided to the different individuals prior to collection of data?**

Privacy Act Statement  System of Records Notices  Privacy Impact Assessment

Web Privacy Policy  Notice was not provided to individuals prior to collection

**2. Do individuals have the opportunity and/or right to decline to provide data?**

Yes  No  N/A

**Please explain:** The right to participate is not mandatory, as explained on the claim form mailers. The mailers state that a complete Proof of Claim form is required to be eligible to receive a Distribution Payment from the Distribution Fund. If you fail to file a properly addressed Proof of Claim form your claim may be rejected and you may be precluded from any recovery from the Distribution Fund.

**3. Do individuals have the right to consent to particular uses of the data?**

Yes  No  N/A

**Please explain:** Investors who choose to submit a claim do not have the right to limit their consent to particular uses of their information. They consent to their information being used in the Fair Fund disgorgement process. The Investor exercises this consent by choosing to complete, sign, and submit a claim form.

**SECTION V – Access to Data (administrative and technological controls)**

**1. Has the retention schedule been established by the National Archives and Records Administration (NARA)?**

**No. If no, please explain:** Click here to enter text.

**Yes. If yes, list retention period:** These records will be maintained until they become inactive, at which time they will be retired or destroyed in accordance with instructions of the SEC consistent with and as approved by NARA.

**2. What are the procedures for identification and disposition of the data at the end of the retention period?**

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At the end of the required retention period, Analytics shall transfer a trustworthy electronic copy of the records and documentation to SEC. After review and approval by the SEC, Analytics shall then destroy all records and documentation in its possession associated with the matter, in accordance with NARA, OMB and NIST regulations and guidelines.

**3. Describe the privacy training provided to users, either generally or specifically relevant to the program or system?**

Analytics employs formal, documented procedures to facilitate security awareness training, including a specific course related to PII, which is managed and implemented by Analytics' Security Team and Human Resources. Additionally, all users involved with this and other FISMA-moderate client data are required to read and acknowledge all relevant policies.

**4. Has a system security plan been completed for the information system(s) supporting the project?**

**Yes. If yes, please provide date C&A was completed:** Click here to enter text.

**No. If the project does not trigger the C&A requirement, state that along with an explanation:** A SA&A in accordance with the requirements of the Federal Information Security Act of 2002 (FISMA) is pending.

**5. Is the system exposed to the Internet without going through VPN?**

**No**

**Yes. If yes, is secure authentication required?**  **No**  **Yes; and**  
**Is the session encrypted?**  **No**  **Yes**

**6. Are there regular (i.e., periodic, recurring, etc.) PII data extractions from the system?**

**No.**

**Yes. If yes, please explain:** Periodic and recurring extracts are needed to create management, operational, and fund accounting reports for distribution plans; and to conduct address research, replacement check mailings, courtesy letter mailings, and preparation of tax administration documents.

**7. Which user group(s) will have access to the system?**

The following Analytics roles have limited access by role to this data information using the unique IDs:

- Data Entry/Production;
- Client Services/Call Center;
- Data Analysis;
- Case Management; and
- Claims Analysis.

**8. How is access to the data by a user determined?**



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Analytics has account management policies and controls in place to manage Analytics system accounts, to include the establishment, activation, modification, and termination of system accounts. Analytics account management activities include:

- Identification of account types;
- Conditions for group membership;
- Identification of authorized users specifying access privileges;
- Requirement of appropriate approvals for requests to establish accounts;
- Establishing, activating, modifying, disabling, and removing accounts;
- Specifically authorizing and monitoring use of the guest/anonymous and temporary accounts;
- Notifying account managers when temporary accounts are no longer required and when users are terminated, transferred, or access requirements change;
- Deactivating temporary accounts and accounts of terminated users as required;
- Granting access to the system based on valid access authorization, intended system usage, and other attributes as required by the organization;
- Reviewing accounts quarterly, at a minimum.

Are procedures documented?  Yes  No

#### 9. How are the actual assignments of roles and rules verified?

Account roles and permissions are established based on minimum requirements for proper operation. The process follows a path whereas roles and requirements are set, account modification or creation is performed and then the process is verified. This is documented in the ticketing system and is audited no less than quarterly.

#### 10. What auditing measures/controls and technical safeguards are in place to prevent misuse (e.g., unauthorized browsing) of data?

Analytics' access to data and records relating to SEC engagements are restricted (at both the application, active directory, and SQL Server levels) using user rights and access groups to individuals who have a management approved business need to access. Analytics audit event logging includes:

- Account Logon Events
- Account Management
- Directory Service Access
- Object Access
- Policy Change
- Privilege Use
- System Events
- External Media Detection
- Printing Document
- Clearing Of Event And Audit Logs

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Analytics' modifications to logs are monitored by a third party (Alertlogic) for attempted unauthorized access with alerts sent to management and network operations.

#### **SECTION VI – Privacy Analysis**

**1. Given the amount and type of data being collected, discuss what privacy risks were identified and how they were mitigated.**

Analytics identified the following risks:

- collecting the user's SSN PII is a potential privacy risk;
- when submitting a claim form, a claimant might inadvertently provide PII, including sensitive PII or health information, that is not required or requested for claims processing or verification;
- Data provided by individuals might not be accurate, complete, or timely; and
- Data provided by claimants might be misused or improperly disclosed or accessed.

All data is stored within Analytics' secure, layered environment and is encrypted to mitigate the above risks. Information input into Analytics' system is validated through adherence to the "System and Information Integrity Policy" and the procedures associated with the policy. Full backups of all production data are routinely conducted. Encrypted backups (using FIPS 140-2 validated encryption) are stored with an approved third party records management vendor (e.g., Iron Mountain) or on an approved cloud storage solution (e.g., Amazon Web Services). Analytics will dispose of the data in accordance with NARA, OMB, and NIST regulations and guidelines.