U.S. Securities and Exchange Commission

Disgorgement Penalty System (DPS)

PRIVACY IMPACT ASSESSMENT (PIA)

March 6, 2025

Division of Enforcement

Publication History

Revision	Date	Changes Made
Initial	N/A	Original Document
1	N/A	Review and Update
2	09/12/2020	Review and Update
3	03/06/2025	Updated for compliance with E.O. 14168

Privacy Impact Assessment

Disgorgement Penalty System (DPS)

Section 1: System Overview

1.1 Name of Project or System

Disgorgement Penalty System (DPS)

1.2 Is the system internally or externally hosted?

☐ Internally Hosted (SEC)

☒ Externally Hosted (Contractor or other agency/organization) — Consultants to Government and Industries (CGI) Phoenix Data Center (PDC)

1.3 Reason for completing PIA

☒ New project or system

☐ This is an existing system undergoing an update

First developed:

Last updated: 03/06/2025

Description of update: Updated for compliance with E.O. 14168

1.4 Does the system or program employ any of the following technologies?

☐ Electronic Data Warehouse (EDW)

☐ Social Media

☐ Mobile Application (or GPS)

☒ Cloud Computing Services

☐ www.sec.gov Web Portal

☐ None of the Above

Section 2: Authority and Purpose of Collection

2.1 Describe the project and its purpose or function in the SEC's IT environment

The Disgorgement Penalty System (DPS) is a cloud-hosted information technology (IT) system used by SEC's Office of Financial Management (OFM) and Division of Enforcement (ENF) to support the tracking and management of financial obligations related to disgorgements, penalties, fees, and associated interest (DPFI) and receivables and award payments associated with federal district court and SEC administrative law proceedings. The system is an integral part of the SEC's mission to seek penalties and the disgorgement of ill-gotten gains in order to return funds to harmed investors, a key component of SEC's financial management process.

DPS replaces OFM's workflow-based system, manual processes, and associated spreadsheets used to track and manage disgorgement and penalties. In addition, DPS provides data analysis and reporting capabilities. In the context of violations of federal securities laws and court or administrative proceedings, ENF uses DPS to identify payments submitted by debtors and to appropriately allocate those payments to their debts. Information in DPS is also used to refer debtors to the U.S. Treasury for collection of overdue debt obligations and generate debtor payment history and payoff balance reports.

2.2 What specific legal authorities, arrangements, and/or agreements allow the information to be collected?

15 U.S.C. 77h-1, 77t, 77x, 78u, 78ff, 79z-3, 80a-9, 80a-41, 80a-48, 80b-3, and 80b-9. In addition, the Debt Collection Improvement Act of 1996 requires federal agencies to refer applicable debtors to the U.S. Treasury for appropriate actions regarding collection of debts.

2.3 Does the project use, collect, or maintain Social Security numbers (SSNs)? *This includes truncated SSNs.*

☐ No
☒ Yes

If yes, provide the purpose of collection:	The SSN and Taxpayer Identification Number (TIN) is used for debtors who are referred to the U.S. Treasury for collection activities.
If yes, provide the legal authority:	The requirements to refer debts to the U.S. Treasury for collection actions are based upon the Debt Collection Improvement Act of 1996 (Public Law 104-134).

2.4 Do you retrieve data in the system by using a personal identifier?

☒ No
☐ Yes, a SORN is in progress
☐ Yes, there is an existing SORN

2.5 Is the information covered by the Paperwork Reduction Act of 1995 (PRA)?

☒ No
☐ Yes

2.6 Considering the purpose of the collection, what privacy risks were identified and how were those risks mitigated?

There is minimal privacy risk of transposition of numbers or outdated information for individual names, addresses, SSN/TINs, and other information identified for collection in Section 3.1. This information, considered PII, is not received in DPS directly from individuals but rather is transmitted from the following source systems: Treasury Collections Information Repository (CIR), Treasury Cross Servicing Next Generation (CSNG/FedDebt), Treasury Offset Program (TOP), CourtLink, SECFEEDs (HUB for Debtor Information), Administrative Proceeding (AP) Files). If PII is updated in the source system(s), the update is reflected in DPS once data is transmitted to DPS from the source systems.

Section 3: Data Collection, Minimization, and Retention

3.1 What information is collected, maintained, used, or disseminated about individuals? *Check all that apply.*

☐ The system does not collect, maintain, use, or disseminate information about individuals.

Identifying Numbers

☒ Social Security Number	☐ Alien Registration	☐ Financial Accounts
☒ Taxpayer ID	☐ Driver's License Number	☒ Financial Transactions
☐ Employee ID	☐ Passport Information	☐ Vehicle Identifiers
☒ File/Case ID	☐ Credit Card Number	☐ Employer ID
☐ Other:		

General Personal Data

☒ Name	☐ Date of Birth	☐ Marriage Records
☐ Maiden Name	☐ Place of Birth	☐ Financial Information
☐ Alias	☒ Home Address	☐ Medical Information

☐ Sex	☐ Telephone Number	☐ Military Service
☐ Age	☐ Email Address	☐ Mother's Maiden Name
☐ Race/Ethnicity	☐ Education Records	☐ Health Plan Numbers
☐ Civil or Criminal History	☒ Zip Code	
☐ Other:		

Work-Related Data

☐ Occupation	☐ Telephone Number	☐ Salary
☐ Job Title	☐ Email Address	☐ Work History
☐ Work Address	☐ Certificate/License Number	☐ Business Associates
☐ PIV Card Information	☐ Fax Number	
☐ Other:		

Distinguishing Features/Biometrics

☐ Fingerprints	☐ Photographs	☐ Genetic Information
☐ Voice Recording	☐ Video Recordings	☐ Voice Signature
☐ Other:		

System Administration/Audit Data

☒ User ID	☒ Date/Time of Access	☐ ID Files Accessed
☒ IP Address	☒ Queries Ran	☐ Contents of Files
☐ Other:		

3.2 Why is the PII listed in Question 3.1 collected, used, shared, or maintained by the system or project?

PII is received from external systems and is passed through DPS to the U.S. Treasury. PII is stored in DPS for the purpose of recording the financial impact of the disgorgement program and to facilitate the referral of debts to the U.S. Treasury for collection action. Information stored in DPS is received from HUB, an internally hosted system used by ENF to manage ENF cases. PII is not used by DPS for the identification of individuals or companies.

3.3 Whose information may be collected, used, shared, or maintained by the system?

☒ SEC Employees
Purpose: Active Directory Federation Services (ADFS) login credentials are required in order to access the system.

☒ SEC Federal Contractors
Purpose: ADFS login credentials are required in order for users to access the system.

☐ Interns
Purpose:

☒ Members of the Public
Purpose: Information collected is used to identify parties owing debts to the SEC and to determine the status of debts.

☐ Employee Family Members
Purpose:

☐ Former Employees
Purpose:

☐ Job Applicants
Purpose:

☐ Vendors
Purpose:

☒ Other:

Purpose: CGI staff access DPS using the built-in Identity Provider (IDP) and system user IDs created by CGI for DPS application boot up and DPS interfaces in order to provide needed operation maintenance and support. These system user IDs cannot be created in SEC's ADFS, as they are not associated with any individual..

3.4 Describe the PII minimizing mechanisms and if the PII from the system is being used for testing, training, and/or research efforts.

PII is not used for training or research efforts. The system collects (receives from source systems) the minimally required PII for testing (e.g., debtor name) to record the financial impact of the disgorgement program and to facilitate the referral of applicable debtors to the U.S. Treasury for collection actions as required by the Debt Collection Improvement Act of 1996.

3.5 Has a retention schedule been established by the National Archives and Records Administration (NARA)?

☐ No.

☒ Yes.
There is a 10-year schedule after cutoff in accordance with NARA Records Schedule DAA-0266-2017-0009. Cutoff is defined as the end of the calendar year after the debt is paid in full, compromised, or discharged or if 15 years have elapsed with no financial activity other than recurring post-judgment interest, whichever comes first.

3.6 What are the procedures for identification and disposition at the end of the retention period?

NARA Records Schedule DAA-0266-2017-0009 governs the disposition of records at the end of the retention period. The SEC Office of Records Management Services (ORMS) records disposition procedures, located here, outline procedures for destroying records at the SEC. This process is coordinated between ORMS and the records liaisons for the respective divisions and offices.

3.7 Will the system monitor members of the public, employees, and/or contractors?

☒ N/A

☐ Members of the Public
Purpose:

☐ Employees
Purpose:

☐ Contractors
Purpose:

3.8 Considering the type of information collected, what privacy risks were identified and how were those risks mitigated?

A potential risk involves the unauthorized disclosure of PII to include the SSN as identified in Section 3.1. This risk is mitigated by only granting access to users with a need to know information in DPS in order to fulfill job responsibilities. Users with a valid need to know, who are authorized by management, are assigned a role that allows them to view the entire SSN to perform their job functions.

Section 4: Openness and Transparency

4.1 What forms of privacy notice were provided to the individuals prior to collection of data? *Check all that apply.*

☐ Privacy Act Statement

☒ System of Records Notice
SEC-42 Enforcement Files

☒ Privacy Impact Assessment
Date of Last Update: 9/5/2019

☐ Web Privacy Policy

☐ Other notice:

☐ Notice was not provided.

4.2 Considering the method(s) of notice provided, what privacy risks were identified regarding adequate notice and how were those risks mitigated?

The potential risk that inadequate notice has been provided is not applicable because DPS does not directly collect PII from individuals. Individuals would have received appropriate notice when the information was originally collected in HUB or another source system.

Section 5: Limits on Uses and Sharing of Information

5.1 What methods are used to analyze the data?

ENF data in DPS is analyzed by OFM and ENF stakeholders with a need to know. The data is analyzed using baseline and customized DPS reports and ad-hoc queries.

5.2 Will internal organizations have access to the data?

☐ No

☒ Yes

Organizations: There are 80 system users. Thirty-four users (1 in OFM and 33 in ENF) have access to view the SSN/TIN.

5.3 Describe the risk to privacy from internal sharing and describe how the risks are mitigated.

Potential risk from internal sharing is low and includes unauthorized system access or data manipulation. Only a minimal amount of PII is stored in DPS. The risk is further mitigated by employing role-based access with least privilege and assigning a role to a user, program, or process.

5.4 Will external organizations have access to the data?

☐ No

☒ Yes

Organizations: Certain categories of information contained in DPS are provided to the Department of the Treasury by the authority of the 1996 DCIA.

5.5 Describe the risk to privacy from external sharing and describe how the risks are mitigated.

The primary privacy risk associated with external sharing is the risk of disclosure to unauthorized recipients during the transmission of information to external entities. The data is transmitted electronically to the

Department of the Treasury sites from DPS hosted at CGI's FedRAMP authorized Infrastructure as a Service (IaaS) cloud over the Internet using secured network connections. Data is transmitted in a secured manner using the encrypted file transfer protocols (FTP). In addition, all the external communications from DPS to SEC and the interfaces hosted at SEC utilize the site-to-site virtual private network (VPN) and encryption technologies.

Section 6: Data Quality and Integrity

6.1 Is the information collected directly from the individual or from another source?

☐ Directly from the individual.

☒ Other source(s): Treasury Collections Information Repository (CIR), Treasury Cross Servicing Next Generation (CSNG/FedDebt), Treasury Offset Program (TOP), CourtLink, SEC FEEDs (HUB for Debtor Information), Administrative Proceeding (AP) Files)

6.2 What methods will be used to collect the data?

DPS does not collect information directly from individuals but rather receives information from source systems identified in Section 6.1.

6.3 How will the data collected from individuals, or derived by the system, be checked for accuracy and completeness?

Data validation for accuracy and completeness is performed by source systems that transmit data to DPS.

6.4 Does the project or system process, or access, PII in any other SEC system?

☒ No

☐ Yes.

System(s):

6.5 Consider the sources of the data and methods of collection and discuss the privacy risk for this system related to data quality and integrity? How are these risks mitigated?

Inaccurate or outdated information stemming from the data source is a potential risk. This risk is not mitigated, because PII is not updated in DPS. DPS relies on source systems to ensure data quality and integrity.

Section 7: Individual Participation

7.1 What opportunities are available for individuals to consent to uses, decline to provide information, or opt out of the project? If no opportunities are available to consent, decline or opt out, please explain.

Given the investigative nature of the material, individuals may not be given notice as to whether their information was collected as part of an investigation. Individuals do not have the opportunity to decline to provide data and do not have the right to consent to particular uses of the data. The law enforcement exception in the Privacy Act applies. The Privacy Act permits an agency, by rule, to claim exemption from these provisions for any system containing "investigatory material compiled for law enforcement purposes" if disclosure would interfere with the conduct of investigations (*see* 5 U.S.C. 552a(k)(2)).

7.2 What procedures are in place to allow individuals to access their information?

DPS is exempted from the Privacy Act insofar as it contains investigatory information. Individuals whose information is available in the system are under investigation by ENF and are not allowed access to their information.

7.3 Can individuals amend information about themselves in the system? If so, how?

Individuals may request access to and correction of their information in accordance with the SEC Privacy Act/FOIA procedures. However, the data may be exempt from access and correction provisions under the Privacy Act and, therefore, access to such records will be restricted.

7.4 Discuss the privacy risks related to individual participation and redress? How were these risks mitigated?

Given that individuals are not generally permitted to access or correct available records about themselves in DPS, there is risk that inaccurate or erroneous information about an individual could be used by SEC personnel. DPS is exempted from the Privacy Act because it contains investigatory materials that may be used for law enforcement purposes. This risk is mitigated by SEC personnel researching materials; conducting the proper due diligence prior to taking an adverse action against an individual; maintaining chain of custody records for the documents to demonstrate how they were received and processed; and verifying, through testimony and litigation, the accuracy of the documents and data.

Section 8: Accountability and Auditing

8.1 Describe what privacy training is provided to users, either general or specific to the system or project.

All SEC staff and contractors receive initial and annual privacy awareness training, which outlines roles and responsibilities for proper handling and protection of PII. SEC Rules of the Road (OP 24-04B) ensure that employees and contractors are aware of their security responsibilities and how to fulfill them.

8.2 Does the system generate reports that contain information on individuals?

☐ No
☒ Yes

The system generates reports detailing the accounts receivable balances owed by ENF debtors and related transactions (e.g., payments).

8.3 Do contracts for the system include Federal Acquisition Regulation (FAR) and other applicable clauses ensuring adherence to the privacy provisions and practices?

☐ No
☒ Yes
☒ This is not a contractor operated system

8.4 Does the system employ audit logging or event logging?

☐ No
☒ Yes

Auditing for DPS consists of application and CGI infrastructure event logging.

8.5 Given the sensitivity of the PII in the system, manner of use, and established safeguards, describe the expected residual risk related to access.

Residual risk related to access is minimal because access to DPS is limited to users assigned a role based on least privilege required to perform job responsibilities. Direct access to DPS from outside the SEC network is not permitted.

Individual Completing this Form