

# United States Senate

WASHINGTON, DC 20510

September 22, 2017

Robert D. Marcus  
Chair, Compensation, Human Resources & Management Succession Committee  
Board of Directors  
Equifax  
1550 Peachtree St. NE  
Atlanta, GA 30309

Dear Mr. Marcus:

We write regarding last week's announcement by Equifax that two top executives are "retiring" in the wake of a massive security breach that resulted in the exposure of over 140 million Americans' personal data.<sup>1</sup> The retirement of two Equifax executives with direct responsibility over data security roughly a week after the company's public disclosure of a massive data breach raises serious questions, and we write to gather more information about the rationale for and the financial consequences of these retirements.

In a September 15, 2017 press release, Equifax reported that Chief Information Officer David Webb and Chief Information Security Officer Susan Mauldin, who had been with the company since 2010<sup>2</sup> and 2013<sup>3</sup> respectively, were retiring, "effective immediately."<sup>4</sup> The company provided no additional information on these individuals' role in the data breach, their reasons for retiring, whether they did so voluntarily, and whether they were able to obtain or retain stock options or other compensation as a result of the decision to retire.

Equifax has a clawback policy that permits the Board of Directors' Compensation Committee to take back incentive compensation from employees under certain circumstances.<sup>5</sup> Among other provisions, the clawback policy states:

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<sup>1</sup> Equifax, *Equifax Releases Details on Cybersecurity Incident, Announces Personnel Changes* (Sept. 15, 2017) (<https://investor.equifax.com/news-and-events/news/2017/09-15-2017-224018832>).

<sup>2</sup> Equifax, *Corporate Leadership* (<https://web.archive.org/web/20170913030442/http://www.equifax.com/about-equifax/corporate-leadership/>).

<sup>3</sup> Boardroom Insiders, *Susan Mauldin* (<https://www.boardroominsiders.com/executive-profiles/1006308/Equifax,-Inc./Susan-Mauldin>).

<sup>4</sup> Equifax, *Equifax Releases Details on Cybersecurity Incident, Announces Personnel Changes* (Sept. 15, 2017) (<https://investor.equifax.com/news-and-events/news/2017/09-15-2017-224018832>).

<sup>5</sup> Equifax, *2017 Proxy Statement*, at 39 (<https://investor.equifax.com/~media/Files/E/Equifax-IR/Annual%20Reports/2017-proxy-statement.pdf>).

- “[I]n the event a performance measure for a fiscal period is restated or otherwise adjusted in a manner that would reduce the size of the award or payment, the Committee has authority to direct the recovery of any excess incentive compensation awarded to any executive officer (including the NEOs), regardless of fault.” This “right to recovery applies to incentive compensation received during the three years prior to the date on which the Company is required to restate its financials or the date on which the Company discovers the misconduct, as applicable.”
- “Under the terms of award agreements issued under our 2008 Omnibus Incentive Plan, employees, including the NEOs, . . . who engage in certain other activities detrimental to the Company may be subject to financial consequences, including cancellation of their outstanding equity awards or recovery by the Company of all gains from exercised stock options and vested RSUs received during the period beginning six months prior to the date of the violation. In addition, these recovery means are also applicable to the incentive equity awards of any employee who is terminated for cause, as determined in the sole discretion of the Committee.”

In light of the circumstances surrounding the data breach, the retirement of these two executives, and the terms of Equifax’s clawback policy, we ask that you answer the following questions by September 29, 2017, so that we may follow up on them as needed at the October 4<sup>th</sup> Banking Committee hearing with Equifax’s CEO.

David Webb

1. What were Mr. Webb’s responsibilities in his role as Chief Information Officer at Equifax? For how long did he serve in this role?
2. What specific responsibilities did Mr. Webb have for preventing the data breach announced in September 2017?
3. Why did Mr. Webb retire? Were the reasons related to the data breach?
4. Was Mr. Webb’s retirement voluntary? Did the Board or senior management request his resignation?
5. What was Mr. Webb’s compensation for each of the five most recent calendar years? Did he qualify for stock options or other incentive-based compensation? If so, please describe in detail the awards in each of the last five calendar years, and whether Mr. Webb exercised any stock options or other awards.
6. Did Mr. Webb’s contract include any provisions either rewarding him for preventing data breaches, or revoking compensation due to failure to prevent data breaches?

7. Did Mr. Webb receive any lump-sum award or the right to any lump-sum award, incentive, or other compensation upon the announcement of his retirement? Would he have received those awards if he had been involuntarily terminated?

#### Susan Mauldin

8. What were Ms. Mauldin's responsibilities in her role as Chief Security Officer at Equifax? For how long did she serve in this role?
9. What specific responsibilities did Ms. Mauldin have for preventing the data breach announced in September 2017?
10. Was Ms. Mauldin's retirement voluntary? Did the Board or senior management request her resignation?
11. Why did Ms. Mauldin retire? Was it related to the data breach?
12. What was Ms. Mauldin's compensation, for each of the five most recent calendar years? Did she qualify for stock options or other incentive-based compensation? If so, please describe in detail the awards in each of the last five calendar years, and whether Ms. Mauldin exercised any stock options or other awards. Did Ms. Mauldin's contract include any provisions either rewarding her for preventing data breaches, or revoking compensation due to failure to prevent data breaches?
13. Did Ms. Mauldin receive any lump-sum award or the right to any lump-sum award, incentive, or other compensation upon the announcement of her retirement? Would she have received those awards if she had been involuntarily terminated?

#### Clawbacks

14. Are Mr. Webb and Ms. Mauldin subject to any of the provisions in the clawback policy described in your 2017 proxy statement? If so, please explain which provisions they are subject to.
15. Has the Board discussed invoking the clawback policy to recover incentive compensation from Mr. Webb or Ms. Mauldin?
16. What are other senior executives at Equifax are subject to provisions in this clawback policy?
17. The clawback policy states that the Compensation Committee may clawback incentive compensation if a "performance measure" for a fiscal period is "restated or otherwise adjusted." What performance measures, if any, were used to determine Mr. Webb and

Ms. Mauldin's incentive compensation during their time at Equifax? Does Equifax plan on adjusting any of these performance measures at this time?

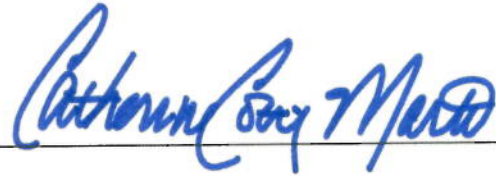
18. The clawback policy states that any covered executive who engages "in certain other activities detrimental to the Company may be subject to financial consequences, including cancellation of their outstanding equity awards or recovery by the Company of all gains from exercised stock options and vested RSUs received during the period beginning six months prior to the date of the violation." What constitutes "certain other activities detrimental to the Company" under this provision? Did the Board determine whether Mr. Webb or Ms. Mauldin engaged in any such conduct before their retirement? Does the Board plan on making such a determination despite Mr. Webb and Ms. Mauldin's retirement?
19. The clawback policy states that "these recovery means are also applicable to the incentive equity awards of any employee who is terminated for cause, as determined in the sole discretion of the Committee." Did the Compensation Committee conduct an investigation into whether Mr. Webb and Ms. Mauldin should be terminated for cause before they retired? If not, why did the Board permit them to retire – and therefore potentially retain incentive equity awards – before making a determination whether for-cause termination was warranted?

Thank you for your prompt response to these questions.

Sincerely,



Elizabeth Warren  
United States Senator



Catherine Cortez Masto  
United States Senator