

United States Senate

March 15, 2018

Paulino do Rego Barros Jr.
Interim Chief Executive Officer
Equifax
1550 Peachtree St. NW
Atlanta, GA 30309

Dear Mr. Barros:

I am writing about the Securities and Exchange Commission's (SEC) announcement yesterday that it has charged Jun Ying, a former Equifax chief information officer, with insider trading for allegedly using confidential information about the company's recent data breach to exercise stock options and secure a massive personal profit. In light of Equifax's history of botched responses and failures to provide Congress or the public with honest and complete information, I ask that you provide me with a full accounting of Equifax's knowledge and actions about Mr. Ying's trading activities.

On March 14, 2018, the SEC alleged that Jun Ying, who was designated as next in line to become the company's global Chief Information Officer (CIO), learned of the company's response to the breach before it became public, and used this confidential information to time the sale of his own stock options.¹ In late August, days before Equifax made the breach public, Mr. Ying allegedly "exercised all of his vested Equifax stock options and then sold the shares, reaping proceeds of nearly \$1 million...[which caused him to avoid]...more than \$117,000 in losses."²

This is not the first time that insider trading by Equifax executives has been raised as a concern. On November 3, 2017, Equifax released a report conducted by the Board of Director's Special Committee (Committee) addressing accusations of insider trading by four senior Equifax officials - John W. Gamble, Jr., Joseph M. ("Trey") Loughran, III, Rodolfo O. ("Rudy") Ploder, and Douglas G. Brandberg - who had sold stock around the time the company learned of the data breach.

The Committee conducted an extensive investigation, conducting 62 interviews with these senior officials, and other "individuals involved in or knowledgeable about the security investigation." The Committee also reviewed over 55,000 documents, emails, text messages, phone logs, and other records "as to all Equifax employees identified as having knowledge of the security

¹ "Former Equifax Executive Charged With Insider Trading," *Securities and Exchange Commission* (March 14, 2018) (online at: <https://www.sec.gov/news/press-release/2018-40>)

² "Former Equifax Executive Charged With Insider Trading," *Securities and Exchange Commission* (March 14, 2018) (online at: <https://www.sec.gov/news/press-release/2018-40>)

investigation...” The Committee ultimately concluded that “none of the four executives had knowledge of the incident when their trades were made, that preclearance for the four trades was appropriately obtained, that each of the four trades at issue comported with Company policy, and that none of the four executives engaged in insider trading.”³

Equifax’s Non-Executive Chairman Mark Feidler commented that this conclusion was “very reassuring,” and that it “is critically important for the public...to know that we will not tolerate any violation of Company policy or the law regarding the trading of securities.”⁴

There was no mention in this report, or any subsequent press releases, investigative reports, senior executive statements made by Equifax or its representatives or information provided to Congress about the company learning of any other senior executive who might have engaged in insider trading.

It is troubling that there are new charges of insider trading against a senior Equifax official – four full months after the release of your company’s Special Committee report on insider trading. Given this revelation, I have significant concerns about the adequacy of your company’s internal fraud detection procedures and recent investigations. I am also concerned with your company’s possible failure to disclose important information to Congress and the American people about actions taken by senior executives in response to the Equifax breach.

To address these concerns and provide clarity on the extent and impact of the company’s data breach to Americans and their senior executives, I ask that you answer the following questions no later than March 29, 2018. I understand that you have similar inquiries from other members and committees and that some of these questions concern information that may be confidential. Therefore, I am happy to discuss this matter with you to address any concerns and ensure that law enforcement-sensitive and business confidential information is not made public.

1. When did Equifax become aware that Jun Ying had exercised his vested stock options and sold the shares?
2. Did Equifax investigate Jun Ying’s actions or refer them or information about them to the SEC?
3. If Equifax’s Special Committee investigation did obtain information indicating that Jun Ying or any other senior executive engaged in potential insider trading, why was this not revealed in any public or private reports provided to Congress or the public prior to the SEC’s press release on March 14, 2018?
4. If Equifax’s Special Committee investigation did not obtain information indicating that Jun Ying or any other senior executive engaged in insider trading, have you reviewed your investigative protocols to determine why not?

³ “Equifax Board Releases Findings of Special Committee Regarding Stock Sale by Executives,” *Equifax* (November 3, 2017) (online at: <https://investor.equifax.com/news-and-events/news/2017/11-03-2017-124511096>)

⁴ “Equifax Board Releases Findings of Special Committee Regarding Stock Sale by Executives,” *Equifax* (November 3, 2017) (online at: <https://investor.equifax.com/news-and-events/news/2017/11-03-2017-124511096>)

5. To your knowledge, at what point were Jun Ying or senior executive members of the information systems business team made aware of the company's data breach?
6. Was Jun Ying present at either the company's August 17 briefing or August 22 Senior Leadership team meeting that provided specific details about the data breach?
7. Did Equifax's Special Committee investigation reveal any information about Jun Ying or his trades? If so, please provide a copy of such records.
8. Was Jun Ying subject to Equifax's preclearance and "trading window" policies for senior officials?
 - a. If so, does Equifax's Special Committee have any record of the legal team being notified by Jun Ying that he wished to sell his stocks prior to the August 31st deadline? If so, please provide a copy of such records.
 - b. If so, did Equifax's Chief Legal Officer or his designee provide Jun Ying with preclearance to trade stocks within the designated window? If yes, did Equifax's legal team provide Jun Ying with such preclearance following when he would have been made aware of the company's breach?
 - c. If not, has Equifax considered expanding these policies to cover additional senior officials?
9. Does the company have any information indicating that any other senior executive or other Equifax employee may have engaged in insider trading prior to the September 2017 announcement? If so, please provide a list of these employees and their suspicious trades.
10. Does Equifax have any information indicating that any employee may not have fully cooperated with or told the truth to the Special Committee? If so, how has Equifax addressed these matters?
11. Following the SEC's investigation of Jun Ying, has Equifax considered revising their internal procedures in regards to insider trading?

Sincerely,



Elizabeth Warren
United States Senator