

Prepared Testimony of Paulino do Rego Barros, Jr.
before the Senate Committee on Commerce, Science and Transportation

November 8, 2017

Chairman Thune, Ranking Member Nelson, Members of the Committee, thank you for having me here today. My name is Paulino do Rego Barros, Jr. Six weeks ago, I was named interim Chief Executive Officer of Equifax. I never expected to become CEO in these circumstances. But I am honored to have this opportunity to help. Speaking for everyone at Equifax, we are determined to address all the issues from the data breach so that we can regain the confidence of the American people.

Although Equifax is based in Atlanta, I think you can tell from my accent that I did not grow up in Georgia. I am a native of Brazil. I have had the privilege of working most of my adult life in the United States, and my children were born here. In my heart, I have grown to appreciate all that the American way of life and doing business represents—especially when it comes to respect for the consumer.

We have provided the Committee with the summary that Mandiant provided at the conclusion of its forensic investigation. Mr. Smith testified about the details of the breach in prior hearings, and we have briefed Congressional staff about the incident. My focus today will be on our steps going forward as a company, not on the forensic details of the breach.

I am an engineer by training. I have spent a lifetime confronting and fixing complex business problems. This is the mindset I bring to my new position. My first act as CEO was to immediately address the consumer call centers and website. Our initial engagement with consumers was not acceptable. We are working hard to fix these problems.

In an Op-Ed in the Wall Street Journal, published on my third day as CEO, I acknowledged that we let down U.S. consumers, our customers, and even our families and friends. I apologized to the American people, and I want to emphasize again to all those who have been affected by the breach how deeply sorry I am. I wish I could turn back the clock to prevent all of this from happening, but I can't. What I promise each of you, and the American people, is that Equifax will be focused every day on strengthening security and providing better support for consumers. We will be an industry leader in giving consumers more control over personal credit data.

In advance of your questions, I would like to review briefly some of the actions we have taken in the past six weeks.

First, my highest priority has been to improve service for consumers. To this end, I have visited call centers, spoken with call center representatives, personally taken calls from consumers, and helped resolve consumer issues. Through social media, we have expanded communications with consumers. Most significantly, we have improved the usability of the website, added staff to the call centers, made the overall experience more consumer-friendly, and substantially reduced delays and backlogs.

Second, we have revised our corporate structure. The Chief Security Officer now reports directly to me, ensuring greater accountability over this critical function. I have also appointed a Chief Transformation Officer to oversee the company's response to the cybersecurity incident and coordinate our efforts to build a new future. This will allow me to have direct insight into every aspect of our remediation efforts.

Third, we are rapidly improving our data security infrastructure. We are further hardening our networks, changing our procedures to require "closed loop" confirmation when software patches are applied, rolling out new vulnerability detection tools, and strengthening accountability mechanisms. We have also engaged PwC to assist us with our security program, including strategic remediation and transformation initiatives that will help us identify and implement solutions to strengthen our long-term data protection and cybersecurity posture.

We are also working to reinforce the culture of security throughout the entire company. Security is the responsibility of all Equifax employees, whether or not they are members of our Security or Information Technology teams. Since taking this position, I have spoken to our employees at multiple town hall meetings about the absolute necessity of good security practices and the critical importance of protecting consumer information.

Fourth, we have committed to working with the entire industry to develop solutions to the growing cybersecurity and data protection challenges we all face. We see this breach as a turning point—not just for Equifax, but for everyone interested in protecting personal data.

Finally, we promised to launch a new easy-to-use app in January that will give consumers the power to lock and unlock access to personal credit data—for free, for

life. I am pleased to report that we are on schedule with the development of the app, and we are confident consumers will find it extremely valuable.

We have done a lot in a short period of time, but this is just a start. I remind my team every day that there are no shortcuts. Strengthening the company's security capabilities and serving consumers requires both a daily engagement and a long-term commitment. I pledge this is how we will continue to proceed.

When I was offered the position, I understood the magnitude of this challenge, but I also recognized an opportunity to give back to the company and this country. Some of my family and friends thought I was crazy for accepting the challenge. Some of you may think the same. I understand. Although the task ahead of us is difficult, I believe that my prior training and years of experience have prepared me well for this job.

Before I close, I want to express my personal appreciation to Rick Smith. Through this challenging transition, he has been fully supportive, as I knew he would be. His contributions to the company have been significant, and I am grateful for his service.

Equifax is made up of 10,000 talented and dedicated people. Our business is not well understood, but it is essential for the economy and for helping consumers obtain the credit they need. Because of our industry, consumers are able to obtain loans for homes, cars, education, and other vital needs. Our business plays an important role in the economy, and our top job must be to protect the data entrusted to us. We did not meet the public's expectations, and now it is up to us to prove that we can be trusted again. We are committed to working with consumers, customers, Congress, and regulators to remedy these issues and restore public trust. This has been my focus during my first six weeks as CEO. It will continue to be my focus every day I am in this job.

Thank you for your attention. I welcome your questions.