2

3

4

5

6

7

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA

9 FOR THE COUNTY OF SAP FRANCISCO

t0

11

PEOPLE OF THE STATE OF CALIFORN'IA, Plaintiff, v. TARGET CORPORATION, a corporation, Defendant.	Case No. CGC-17-559105 **FINAL** JUDGMENT AND PERMANENT INJUNCTION

18

19   Plaintiff, the People of the State of California, appearing through its attorney, Xavier

20 Becerra, Attorney Genei-al of the State of Californ ia, by Yen P. Nguyen, Deputy Attorney

2t General, (hereinafter collectively "the People" or "Plaintiff"), and Defendant Target Corporation,

22 a corporation (hereinafter refeii ed to as "Target" or "Defendant"), appearing through its attoniey,

23 Nathan D. Tay for of Morrison & Foerster LLP, leaving stipulated to the entry of this Final

24 Judgment and Penranent Injunction ("Judgment") by the Court without the taking of proof and

25 without trial or adjudication of any fact or law, without this Judgement constituting evidence of or

26 an admission by Target regarding any issue of law or fact alleged in the Complaint on fi Ie, and

27 without Target admitting any liability, and with all parties having waived their right to appeal,

2g and the Court having considered the matter and gOod cause a₁°pearing:

1 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

2 **I. PARTIES AND JURISDICTION**

3 1. The People of the State of California is the Plaintiff in this case.

4 2. Target Corporation is the Defendant in this case.

5 3. The Court has jurisdiction over the subject matter of this action, jurisdiction over

6 the parties to this action, and venue is proper in this Court.

7 4. Defendant, at all relevant times, has transacted business in the State of Califoniia,

8 including, but not limited to, San Francisco County.

9 S. This I:idgii,e:n.t is cute:ed pizr_.u-ctrl to ar'.d sabj. Act to Ca!ifornia Business and

10 Professions Code section 17200 et seq.

11 **II. DEFINITIONS**

12 6. For the purposes of this Judgment, the following definitions shall apply:

13 a. "Cardholder Data Environment" shall mean TARGET's technologies that

14 store, process, or transmit payment card authentication data, consistent with the Payment Card

15 Industry Data Security Standard ("PCI DSS").

16 b. "Consumer" shall mean any individual who initiates a purchase of or

17 purchases goods from a TARGET retail location; any individual who returns merchandise to a

18 TARGET reta:1 location; or any individual who otherwise provides Personal Information to

19 TARGET in connection with any other retail transaction at a TARGET retail location.

20 c. "Unfair Competition Law" shall mean California Business and Professions

21 Code section 17200 ct seq.

22 d. "Effective Date" shall be the date on which this Judgment is entered by the

23 Court.

24 e. "Personal Information" shall mean the following:

25 i. The data elements in the definition of personal information as set

26 forth in the Reasonable Data Security Law;

27 ii. For purposes of Paragraph 8.rn, the first name or first initial and last

28 name of a Consumer residing in California in combination with any one or more of the following

1   dfifd CJCl22CIâtS that rClatc to sucla ii4di idual: fa) Socrat Security number; (b) dri›'er's license

2   nurnbci, (c) state-is sticd ideiitificati on card nlnnbTl'; or (d) financial account nuinbcr, cred it of-

3   debit car-d iaurnbcr, in couch ination i› itli any rcqii ired security code, acces s code or pass oi-d that

4   would permit access to the Consumer' s financ ial account.

5   f.   ' Reasonabie Data Security Law" slaall iaican California Livil Code section

6   1798.81.5.

7   •   "Data E reach Notification Law" steal1 mean Ca1ifornia Civil Codc section

8   1798.82.

9   la.   "TA RGE 1 "' sha11 mean Taiget Corporation, its affil iates, subsidiai-ies and

10 div is ions, suc lessors and assi yns doi ng busiiies s in the the ited States.

11   i.   ' Scciiri9' Event" shall mean ° •y 1° * °tia1 cornpI'OIiiise to the

12 confidentiality, inte grit, or ava ilabili ty of a TANG IT information assetthat includes Personal

13 Information.

14   ).   "Intrusion" shall mean a data breach, publically airaounccd b TANGE4

15 on December 19, 20.13 and .January 10, 201. 4, in wit ich a pei'son or persons gained unaiitliorize d

16 access to portions ot TARGET's computer systems that process payment car d transactions at

17 TARGET's retail stores and *to* portions of fARGE f's cona|auter systems that store TARGEF

18 custoiiier contact infoiiratioia.

19 III.   PEIOIANENT INJUA'CTIVE RELIEF

20   7.   The duties, responsibilities, burdens, and obligations undertaken in connection

21 with this Jud gnaent shall apply to TARCiET, its aIfi1iates, subs id iaries, succ essors and assigns.

22 end its officers and ernplo jees.

23   S.   In accordancc itla section 17203 of the Calilorn ia Business and Pt ofcssion sCode,

24 Defendant shall coiiapl y with the follow ing conduct i eqn irerne nts:

25   a.   FARGET shall comply ›vitla tiac Unfa i r Com₁aetiti on LaW and the

26 Reason able Data Security Law in connection ›s ith its co Election, rata i ntcnanc e, and safeguarding

?7 of Personal Infoi ination.

1   b.   TARGET shaII not naisrepresent the extent to vhich T\RGET maintains

2 and protects the lori vocy. sec ri rnv. confidcntial Qty, or integrity of any Personal Infonration

3 collected from or about Consuiners.

4   c.   TARGET shall coiiaply ›vitla the Data Blcacti Notification La v.

5   In formation Security Program

6   d.   TARGET shall, v ithin one hundred and ei glaty (150) days after the

7 EUective Date ot this Judgment, develop, irnplenient, and maintain a compre1aensi›'e infonaaation

8 security program ("I nf onnation Security Program) that is reasonably desk gned to protectthe

9 security, integi jty, and corlfidcntlality ot Personal Information it collects or obtains from

10 Consunaci s.

11   e.   T\RGET's Information Securi9 Program shall be » ritten and shall

12 contain adiaa inistrative, teclinica1, and play sical safeguards appropt rate to:

13   i.   The size and complexi9 o1 TARGET'S operati O14S;

14   ii.   '1 lae nature and sco}ae of TARG ET's activities; and

15   iii.   . The sensitiv ity of the Personal Information that TARGET rna intains.

16   *Y.*   EA RGET may satisfy the insplenaentatioia and maintenance of the

17 Information Secui'ity Prograiii and the safeguards required by th is Iudgirent th ou gis review,

18 maintcnanc e, and, if necessary. U1°dating, of an existing information security program or existlng

19 safeguards. prtividcd that such existing infoiiaaation security program and existirig safeguards

20 meet the requirciaients set forth herein.

21   _   EA RGET Shall employ an cxecuti e or officer ›¥ ltli appro}r iate

22 background or expcrienc e 1 n information seen rity vloo shall be responstitle for irnpleiaaeiiti ng and

23 iaiaintain in_ thc Information Sector itj Pi ogi"drn .

24   li.   TARGE I shall ensrii e that the role of the designated executi› e or oficer.

25 referenced in Paragraph 8.g, includes advising the Chief Executive Officer and the Board of

?6 Dircctors o1. 1 ARGET 's seciiri9 postar re, sec unity i isks fdced by TARGIT. and security

27 implications of TARGET's decisions.

1   i.   TARGET shall ensure that its Information Security Program receives the

2   resources and support reasonably necessary to ensure that the Information Security Program

3   functions as intended by this Judgment.

4   **Administrative Safeguards**

5   j.   TARGET shall develop, implement, and revise as necessary written, risk-

6   based policies and procedures for auditing vendor compliance wlth TARGET's Infonnation

7   Security Progrmn.

8   k.   TARGET's Information Security Program shall be designed and

9   implemented to ensure the appropriate handling and in.vestige.tion. of S.•r‹ty Events in*o!ving

10   Personal Information.

11   1.   TARGET shall make reasonable efforts to maintain ated support the

12   software on its networks, taking into consideration the impact an update will have on data

13   security in the context of TARGET's overall network and its ongoing business and network

14   operations, and the scope of the resources required to address an end-of-life software issue.

15   m.   TARGET shall maintain encryption protocols and related policies that are

16   reasonably designed to encrypt Personal Information identified in Paragraph 6.e.ii that TARGET

17   stores on desktops located within the Cardholder Data Environment, and shall encrypt the data

18   elements of Personal Information identified in Paragraph 6.e.ii, as well as any other data elements

19   required by state law to be so encrypted, that are:

20   i.   Stored on laptops or other portable devices; or

21   ii.   Transmitted wirelessly or across public networks.

22   n.   TARGET shall comply with the Payment Card Industry Data Security

23   Standard ("PCI DSS") with respect to its Cardholder Data Environment, as defined in this

24   Judgment, and any TARGET system component the compromise of which TARGET should

25   reasonably believe would impact the security of the Cardholder Data Environment.

26   **Specific Safeguards**

27   o.   Segmentation:

28

1   i.   TARGET shall take reasonable, rlsk-based steps to scan and tnap

2   the connections between its Cardholder Data Environment and the rest of its computer network in

3   order to detennine avenues of traffic to the Cardholder Data Environment and to identify and

4   assess potential penetration vulnerabilities to the Cardholder Data Environment.

5   ii.   TARGET's Cardholder Data Environment shall be segmented from

6   the rest of the TARGET computer network.

7   iii.   TARGET shall develop and implement a risk-based penetration

8   testing program reasonably designed to identify, assess, and remediate penetration vulnerabilities

9   within TA.RGET's computer network.

10   p.   Access Control and Management:

11   i.   TARGET shall implement and maintain appropriate risk-based

12   controls to manage access to, and use of, TARGET's individual accounts, TARGET's service

13   accounts, and vendor accounts, including strong passwords and password-rotation policies.

14   ii.   TARGET shall evaluate, and as appropriate, restrict and/or disable

15   all unnecessary network programs that provide access to TARGET's Cardholder Data

16   Envirorirnent and/or to any TARGET system component the compromise of which TARGET

17   reasonably believes would also impact the security of the Cardholder Data Environment.

18   iJi.   TARGET shall adopt a reasonable and risk-based approach to

19   integrate two-factor authentication into TARGET's individual accounts, TARGET's

20   administrator accounts, and vendor accounts.

21   q.   File Integrity Monitoring: TARGET shall deploy and maintain controls,

22   including, but not limited to, a file integrity monitoring solution, designed to notify personnel of

23   unauthorized modifications to critical applications or operating system files within the Cardholder

24   Data Environment.

25   r.   Whitelisting: TARGET shall deploy and maintain controls, such as, for

26   example, an application whitelisting solution, designed to detect and/or prevent the execution of

27   unauthorized applications within its point-of-sale terminals and in-store point-of-sale servers.

28   s.   Logging and Monitoring:

1   i. TARGET shall, to the extent technically feasible, implement

2 reasonable controls to manage the access of any device attempting to connect to the Caydholder

3 Data Environment, through hardware or software tools such as firewalls, authentication

4 credentials, or other such access restricting mechanisms.

5   ii. TARGET shall maintain an appropriate system to collect logs and

6 monitor network activity, such as through the use of a security lnfonnation and event

7 management tool.

8   t. Change Control: TARGET shall develop and maintain policies and

9 procedures with respect to managing and documenting changes to nefivorksystems.

10   u. Development: TARGET shall take steps reasonably designed to

11 appropriately maintain the separation of development and production environments.

12   v. Payment Card Security: TARGET shall implement where appropriate

13 steps designed to reasonably manage the review and, where reasonable and appropriate, the

14 adoption of improved, industry-accepted payment card security technologies relevant to

15 TARGET's business and Cardholder Data Environment, such as chip and PIN technology.

16   w. Devalue Payment Card Information: TARGET shall make reasonable

17 efforts to devalue payment card information, including, but not limited to, encrypting payment

18 card information throughout the course of a retail transaction at a TARGET retail location.

19 IV. SETTLEMENT COMPLIANCE ASSESSMENT

20   9. TARGET shall obtain an information security assessment and report from a third-

21 party professional ("Third-Party Assessor"), using procedures and standards generally accepted in

22 the profession ("Tlilrd-Party Assessment"), within one (1) year after the Effective Date of this

23 Judgment. The Third-Party Assessor's report on the Tliii-d-Party Assessment shall:

24   a. Set forth the specific administrative, technical, and physical safeguards

25 maintained by TARGET;

26   b. Explain the extent to which such safeguards are appropriate in light of

27 TARGET's size and complexity, the nature and scope of TARGET's activities, and the sensitivity

28 of the Personal Information maintained by TARGET;

1   c.   Explain the extent to which the safeguards that have been implemented

2   meet the requireInents of the Information Security Program; and

3   d.   Identify TARGET's Qualified Security Assessor for purposes of PCI DSS

4   compliance.

5   10.   TARGET's Third-Party Assessor shall be: (a) a Certified Information Systems

6   Securlty Professional ("CISSP") or a Certified Information Systems Auditor ("CISA"), or a

7   similarly qualified person or organization; and (b) have at least five (5) years of experience

8   evaluating the effectiveness of computer systems or information system security.

9   **V.   SUBMISSION TO THE .ATTORNEY GENERAL**

10   11.   TARGET shall provide a copy of the Third-Party Assessor's report on the Tlird-

11   Party Assessment to the Connecticut Attorney General's Office within one hundred and eighty

12   (180) days of the completion of the report.

13   a.   State Access to Report: The Connecticut Attorney General's Office may

14   provide a copy of the report on Third-Party Assessment recelved from TARGET to the California

1J   Attorney General upon request, and the California Attorney General shall, to the extent permitted

16   by the laws of the State of California, treat such report as exempt from disclosure under the

17   relevant public records laws.

18   **VI.   MONETARY PAYMENT**

19   12.   As inemorialized in the Assurances of Voluntary Compliance ("AVC") with the

20   Attorneys General of other states resolving similar allegations, TARGET shall pay a total of

21   Eighteen Million Five Hundred Thousand Dollars ($18,500,000) to the states, a portion of which

22   Defendant shall pay within thirty (30) days of the Effective Date of this Judgment to the

23   California Attorney General in the amount communicated to Defendant by the Illinois Attorney

24   General and Connecticut Attorney General.

25   13.   Said payment shall be used to defray the costs of the investigation leading to this

26   Judgment, and for the California Attorney General's enforcement of consumer protection laws, at

27   the sole discretion of the California Attorney General.

28

VII.   RELEASE AND EXPIRATION

14.   Following full payment of the amount due undet this Judgment, the California Attorney General shall release and discharge TARGET from all civil claims that the California Attorney General could have brought under the Unfair Competition Law, the Reasonable Data Secuiity Law, and the Data Breach Notification Law based on TARGET's conduct related to the Intrusion. Nothing contained in this paragraph shall be construed to limit the ability of the California Attorney General to enforce the obligations that TARGET has under this Judgment. Further, nothing in this Judgment shall be construed to create, waive, or limit any private right of action.

15.   The obligations and other provisions of this Judgment set forth in paragraphs 8.g, 8.h, 8.m, 8.n, 8.o.i, 8.o.ii, 8.p, 8.q, 8.r, and 8.u shall expire at the conclusion of the five (5) year period after the Effective Date of this Judgment, unless they have expired at an earlier date pursuant to their specific terins. Provided, however, that nothing in this paragraph should be construed or applied to excuse TARGET from its obligation to comply with all applicable state and federal laws, regulations, and rules.

VIII.   GENERAL PROVISIONS

16.   If the California Attorney General determines that TARGET has failed to comply g with any of the terms of this Judgment, and if in the California Attorney General's sole discretion the failure to comply does not threaten the health or safety of the citizens of California and/or does not create an emergency requiring immediate action, the California Attorney General will notify TARGET in writing of such failure to comply and TARGET shall have thirty (30) days from receipt of such written notice to provide a good faith written response to the California Attorney General's determination. The response shall include: (A) a statement explaining why TARGET believes it ts in full compliance with this Judgment; or (B) a detailed explanation of how the alleged violat:on(s) occurred, and (i) a statement that the alleged violation has been addressed and how, or (ii) a statement that the alleged violation cannot be reasonably addressed within thirty (30) days from receipt of the notice, but (a) TARGET has begun to take corrective action(s) to address the alleged violation, (b) TARGET is pursuing such corrective action(s) with

1   reasonable diligence, and (c) TARGET has piovided the California Attorney General with a

2   reasonable timetable for addressing the alleged violation.

3   17.   Nothing herein shall prevent an Attorney General from agreeing in writing to

4   provide TARGET with additional time beyond the thirty (30) day period to respond to the notice

5   provided under Paragraph 16.

6   18.   Nothing herein shall be construed to exonerate any failure to comply with any

7   provision of this Judgment after the Effective Date, or to compromise the authority of the

8   California Attorney General to initiate a proceeding for any failure to comply with this Judgment.

9   19.   Nothlng in this Judgment shall be construed to limit the authority or ability of the

10   California Attorney General to protect the interests of California or the people of California. This

11   Judgiiient shall not bar the California Attorney General or any other governmental entity from

12   enforcing laws, regulations, or rules against TARGET for conduct subsequent to or otherwise not

13   covered by this Judgment. Further, nothing in this Judgment shall be construed to limit the ability

14   of the California Attorney General to enforce the obligations that TARGET has under this

15   Judgment.

16   20.   Nothing in this Judgment shall be construed as relieving TARGET of the

17   obligation to comply with all state and federal laws, regulations, and rules, nor shall any of the

18   provisions of this Judgment be deemed to be periuission to engage in any acts or practices

19   prohibited by such laws, regulations, and rules.

20   21.   TARGET shall deliver a copy of this Judgment to, or otherwise fully apprise, its

21   Chief Executive Officer, Chief Information Officer, Chief Information Security Officer, the

22   executive or officer of Paragraph 8.g, and General Counsel, and its Board of Directors within

23   ninety (90) days of the Effective Date. TARGET shall deliver a copy of this Judgment to, or

24   otherwise fully apprise, any new Chief Executive Officer, new Chief Information Officer, new

25   Chief Information Security Officer, new executive or officer of Paragraph 8.g, and new General

26   Counsel, and each new member of its Board of Directors, within ninety (90) days from which

27   such person assumes his/her position with TARGET.

28   22.   TARGET shall pay all court costs associated with the filing of this Judgment.

1   23.   TARGET shall not participate in any activity or four a separate entity or

2   corporation for the purpose of engaging in acts or practices in whole or in part that are prohlbited

3   by this Judgment or for any other purpose that would otherwise circumvent any term of this

4   Judgment. TARGET shall not knowingly cause, permit, or encourage any other persons or

5   entities acting on its behalf, to engage in practices prohibited by this Judgment.

6   24.   TARGET agrees that this Judgment does not entitle it to seek or to obtain

7   attonieys' fees as a prevailing party under any statute, regulation, or rule, and TARGET further

8   waives any right to attorneys' fees that may arise under such statute, regulation, or rule.

9   25.   This .Iudgment shall n.ot b• nonstriied to waive any c!aim.s <f sovereign inmiunity

10   California may have in any action or proceeding.

11   26.   If any clause, provision, or section of this Judgment shall, for any reason, be held

12   illegal, invalid, or unenforceable, such illegality, invalidity or unenforceability shall not affect any

13   other clause, provision or section of this Judgment and this Judgment shall be construed and

14   enforced as if such illegal, invalid or unenforceable clause, section or provision had not been

15   contained herein.

16   27.   Whenever TARGET shall provide notice to the California Attorney General under

17   this Judgment, that requirement shall be satisfied by sending notice: Yen P. (TiTi) Nguyen,

18   Deputy Attorney General, Office of the Attorney General, 455 Golden Gate Avenue, Suite 11000,

19   San Francisco, CA 94102-7004. Any notices or other documents sent to TARGET pursuant to

20   this Judgment shall be sent to the following address: (1) Targ'et Corporation, ATTN: General

21   Counsel, 1000 Nicollet Mall, Minneapolis, MN 55403; and (2) Nathan Taylor, Morrison &

22   Foeister LLP, 2000 Pennsylvania Ave., NW, Suite 6000, Washington DC 20006. All notices or

23   other documents to be provided under this Judgment shall be sent by United States mail, ceitified

24   mail return receipt requested, or other nationally recognized courier service that provides for

25   tracking services and identification of the person signing for the notice or document, and shall

26   have been deemed to be sent upon mailing. Any party may update its address by sending written

27   notice to the other party

28

1   28.   Jurisdiction is retained by the Court for the purpose of enabling atiy party to the

2   Judgment to apply to the Court at any time for such further or-ders and directions as may be

3   necessary or appropriate for the construction or the carrying out of this Judgment, for the

4   modification of any of the injunctive provisions hereof, for enforcement of compliance herewith,

5   and for the punishment of violations hereof, if any.

6   29.   The clerk is ordered to enter this Judgment forthwith.

7

8   ORDERED AND ADJUDGED at San Francisco, California, this_____day of May, 2017.

9   HAROLD KAHN___

0   Judge of the Superior Court

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28