KAHN CONSULTING, INC. INSIGHTS NEWSLETTER

A&T Fined $13 Million for Vendor Data Mismanagement

In July 2024, the Federal Communications Commission (FCC) imposed a $13 million fine on AT&T following a data breach that exposed sensitive information of 8.9 million wireless customers. The breach was traced back to a vendor's failure to properly dispose of customer data after a project concluded. AT&T had provided this data for a video content project between 2015 and 2017, and the vendor failed to comply with destruction protocols, resulting in the breach.

The FCC has mandated that AT&T strengthen its vendor management practices, including ensuring proper data disposal, tightening access controls, and conducting annual compliance audits. While AT&T's systems weren't directly breached, this case underscores the importance of managing third-party data handling responsibly.

Further details and key documents:

- FCC's Official Press Release [FCC Settles with AT&T for Vendor Cloud Breach | Federal Communications Commission](#)

SEC Fines for Recordkeeping Violations

In 2024, the SEC levied hefty fines totaling $88 million on multiple firms for failing to preserve electronic communications. These violations occurred due to the widespread use of unauthorized messaging platforms, like personal text messages and WhatsApp, by employees to conduct business. The SEC stressed that such off-channel communications hinder their ability to oversee and protect investors effectively. Notably, firms like Stifel and Invesco Distributors bore the brunt of the fines, paying $35 million each. These penalties highlight the increasing regulatory focus on maintaining comprehensive and auditable records, particularly in the financial sector, where the stakes of non-compliance are high.

In response to these enforcement actions, organizations are rethinking their communication protocols, ensuring that all business-related messages are captured and stored on approved platforms. This is a critical step for firms aiming to avoid penalties and ensure they remain compliant with federal recordkeeping laws. The SEC's action serves as a reminder that record retention policies must evolve alongside new communication technologies to avoid major compliance gaps.

Amendments to SEC's Regulation S-P

The SEC's recent amendments to Regulation S-P are designed to reinforce data breach response protocols and heighten investor protection. These changes obligate financial institutions to develop stricter incident response policies, including the requirement to notify customers within 30 days if unauthorized access to personal information is likely to cause substantial harm. The SEC also introduced tighter controls on third-

party service providers, requiring them to report breaches within 72 hours. These measures aim to ensure that institutions are not only safeguarding sensitive customer data but also responding rapidly to potential breaches.

The regulation places a spotlight on how companies manage customer data and emphasizes the need for thorough oversight. Compliance teams are now updating their internal protocols to meet these new requirements, which include documentation of all security breaches and clear communication plans in case of incidents. Additionally, updating information retention schedules to know what information is stored with third parties. For firms looking to enhance customer trust, adopting a proactive approach to these updated guidelines is key to avoiding fines and reputational damage.

New Data Retention and Deletion Regulations

In the past few years, regulatory bodies have placed increasing pressure on companies to streamline their data retention and deletion practices. New laws aim to limit the unnecessary retention of sensitive data, which can heighten legal and operational risks. For instance, recent updates to California Privacy Rights Act (CPRA) and similar privacy laws require companies to justify their data retention periods and mandate the deletion of information once it is no longer needed for its original purpose.

These changes are pushing companies to critically assess their records retention schedules and ensure they aren't storing information longer than necessary. This not only reduces storage costs but also helps avoid complications in case of regulatory audits. A robust information deletion policy is now a competitive advantage, as companies that efficiently manage their information lifecycle are better positioned to respond to regulatory demands and protect themselves from data breaches.

The Impact of Expanding Data Protection Laws on Records Retention

Updating retention schedules to reflect these evolving requirements is crucial. Companies need to ensure that records containing personal data are identified, and retention periods are both justifiable and manageable. As data protection laws continue to expand, compliance teams must stay ahead of regulatory changes to ensure that their data management practices align with legal requirements, thereby mitigating the risk of hefty fines or legal action.

Join Us November 14 for a Webinar: Addressing Information Governance in a M365 Environment

Join us on Thursday, November 14 as panelists from Kahn Consulting and X1 discuss Addressing Information Governance in a M365 Environment. Successful information governance in a Microsoft 365 environment can be extremely challenging. Organizations are tasked with executing on the goals of their information governance policies and procedures while continuously faced with time, technology and resource limitations. Organizations require ways to gain deeper insights into M365 data and operationalize their compliance processes, in order to effectively address their information governance use cases, such as PCI compliance, ROT, Data separation, and GDPR. Addressing current challenges provides a blueprint to forward-looking solutions that can help proactively manage data, inform strategic decisions, and reduce time and resources required for operational efficiency. In this session, panelists from Kahn Consulting and X1 will discuss:

• Historical challenges and current strategies to address the IG in Microsoft 365

• Ways to proactively identify and manage compliance and data governance policies with scalable, fast and efficient technology solutions

• Case studies from recent successful engagements involving large data sets in Microsoft 365

This session will also include an interactive Q&A.

Note: Can't make it? Register anyway and we will send you a link to the recorded session!

Registration

Contact Us You can schedule a time to discuss information management topics with a subject expert on the Kahn team here or by emailing awcollison@kahnconsultinginc.com or calling (989) 763 - 6611. We enjoy sharing industry knowledge and learning from others, so please feel free to reach out to us.