

JUSTIFICATION FOR
EMERGENCY PROCUREMENT

Based upon the following determination, the proposed procurement action described below is being procured pursuant to the authority of Section 11-35-1570 of the South Carolina Procurement Code and 19-445.2110 of the Rules and Regulations, 1976 South Carolina Code of Laws.

This governmental body proposes to procure Credit Protection
Services⁽¹⁾

as a emergency procurement from Experian Consumer Direct
Consumer Info. Com, Inc⁽²⁾

The basis for this emergency determination and the reason no other vendor is suitable is:

see⁽³⁾ attached

Oct 25, 2012
DATE

SC DOR
GOVERNMENTAL BODY
[Signature]
AUTHORIZED SIGNATURE
Director
TITLE

- NOTES:
- (1) Enter description of goods or services to be procured.
 - (2) Enter name of emergency contractor.
 - (3) Enter the determination and basis for emergency procurement.

THE DRUG FREE WORK PLACE ACT APPLIES TO ALL EMERGENCY PROCUREMENTS OF \$50,000 OR GREATER.

Determination of the Need for Emergency Procurement of Credit Monitoring Services

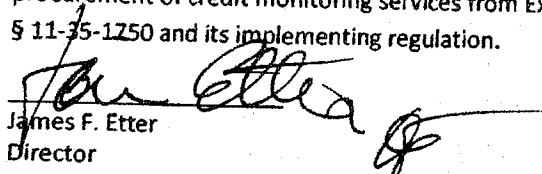
In order to protect and preserve identities of all South Carolina taxpayers, as well as the financial resources of the State of South Carolina, the Director of the Department of Revenue (Department) hereby determines that an emergency procurement must be made. The Director makes this Determination in accordance with the Emergency Procurement provisions of S.C. Code Ann. § 11-35-1570 and the accompanying 19 S.C. Code Ann. Regs. 445.2110. Through the use of illegal and unauthorized means, a criminal or criminals attacked the Department and stole confidential taxpayer information contained with the Department's computer networks. The illegally obtained information includes personal taxpayer information, Social Security numbers, tax identification numbers, and credit card account information. The illegally intrusion into the Department's networks constitutes an immediate and serious threat to the identities and financial wellbeing of all South Carolina taxpayers, as well as the financial reserves of the State. The illegally obtained information enables criminals to steal identities of South Carolina taxpayers, thereby exposing those taxpayers and the State to millions of dollars in losses and damages. Without prompt and immediate action by the Department, the taxpayers of the State could have their identities stolen and their financial wellbeing destroyed without their knowledge.

The Department requires the services of Experian -- a credit monitoring service -- to assist the Department and the taxpayers of this State in protecting their identities from theft. Identity theft occurs when someone uses personal identifying information, without authorization, in order to perpetrate fraud or other offenses, such as obtaining loans, services or credit. Experian provides credit monitoring and identity theft services that will enable the State and its taxpayers to identify and eliminate any identity thefts. Moreover, Experian offers insurance coverage to reimburse South Carolina taxpayers for losses suffered as a result of an identity theft. For those taxpayers that choose to utilize Experian's services, Experian will monitor any activity impacting taxpayers' credit reports and notify taxpayers of any suspicious activities. Because information capable of allowing identity theft has already been stolen from the Department, the threat of identity theft of citizens of South Carolina is imminent. Monitoring of credit reports needs to begin immediately so as to minimize the extent to which any given identity can be illegally utilized. Moreover, the insurance protection provided by Experian needs to be in place immediately so as to protect the financial wellbeing of the State and its citizens. If the Department had waited to obtain the necessary credit monitoring and identity theft services expertise through traditional procurement methods, widespread use of the wrongfully obtained personal identifying information of South Carolina taxpayers could occur without knowledge by our residents. The longer an identity theft goes unidentified the greater financial damage it creates. Because of the serious and immediate nature of this threat, the Department determined it was essential that the Department utilize the Emergency Procurement provisions of S.C. Code Ann. § 11-35-1570 and the accompanying 19 S.C. Code Ann. Regs. 445.2110 to immediately retain Experian to protect the State and its citizens.

The Department utilized Experian because it provides credit monitoring and identity theft solutions to business and individuals throughout the world. Experian provides services to clients in more than 80 countries and employ more than 15,000 people. The expertise of Experian enables Experian to protect

the State and its citizens. Moreover the size of Experian enables Experian to offer insurance coverage to all South Carolina taxpayers impacted by this theft.

Because of the crisis facing the Department, the Department hereby finds that the emergency procurement of credit monitoring services from Experian is necessary in accordance with S.C. Code Ann. § 11-35-1750 and its implementing regulation.


James F. Etter
Director