

# Beleaguered FDIC Was Repeatedly Hacked by China Amidst Own Internal Security Lapses

## Details on the Cyber Incidents at the Federal Deposit Insurance Corporation

### Chinese Cyberattacks

- A House Science Committee report concluded that **hackers, most likely from China, frequently infiltrated FDIC computers from 2010 to 2013, accessing 12 workstations and 10 servers**
- Among the victims were FDIC's chairman, chief of staff, and general counsel

### Internal Security Lapses

- **The persistent network intrusions from China were not disclosed, violating FDIC's own reporting rules**, allegedly to avoid negatively impacting the FDIC chairman's confirmation
- The breaches were instead revealed when the inspector general investigated **an incident from October 2015** in which an FDIC employee removed the private information of 44,000 individuals (including Social Security numbers) and 30,715 banks on a USB drive
- Once these episodes were finally acknowledged, FDIC admitted to a host of others (also involving employees downloading customers' personal data)

### Criminal Investigation

- Though the removal of sensitive customer information by employees has been said to be "inadvertent" (aside from the October 2015 incident carried out by a "disgruntled" staff member), and thus far there is no evidence that the data has fallen into anyone else's hands, **the FDIC is now the subject of a criminal investigation for covering up the incidents and misleading Congress**

### In Other Chinese Hacking News...

- The U.S. sentenced a Chinese national to 46 months in prison for his participation in Chinese cyber espionage operations
- Su Bin helped the Chinese government steal military information, including details on fighter jets and other sensitive data, from U.S. defense contractors
- This case represents **a continuation of the tougher stance the U.S. is taking toward individuals implicated in cyber espionage** (including the indictments of five officers from China's People's Liberation Army as well as the Iranian linked hackers who breached the sites of U.S. banks and targeted the dam in Rye, N.Y.)

Sources: Katie Bo Williams, "Chinese Government Likely Hacked FDIC: Report," The Hill, July 13, 2016; Katie Bo Williams, "Criminal Investigation Underway into Banking Regulator Data Breach," The Hill, May 12, 2016; Sean Gallagher, "FDIC Was Hacked by China, and CIO Covered It Up," Ars Technica, July 13, 2016; Matt Zapotsky, "46-Month Sentence for Businessman Who Helped Chinese Military Hackers", The Washington Post, July 13, 2016;