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Revenue Asks Appraisers and Real Estate Organizations to Destroy and Replace Real Estate Report

An imbedded file contained confidential seller information

The Wisconsin Department of Revenue (DOR) has contacted appraiser and real estate organizations asking them to destroy and replace a 2011 real estate sale report after the agency was notified it contained personal, confidential information for some sellers. The 2011 historical property sales report that was posted online contained a second, imbedded file, and the imbedded file held the confidential seller information.

From April 5-July 23, 2012, those who downloaded the information had access to the buried file, although they generally would not have been aware the imbedded file contained this confidential information because the information was not visible when you opened the report.

No income, corporate or other tax files were affected, and the agency's computer system was not compromised and remains secure. The report that was incorrectly posted online related to real estate sales in 2011 only. Appraisers and real estate organizations use this historical real estate report to find property sales information across this state to use when appraising property, advising clients and negotiating sales prices.

The annual real estate transfer reports are posted in two formats: (1) a comma-separated values (CSV) file, and (2) an Access file. Both files are zipped because they are large. A second, imbedded zip file was contained in the 2011 Access file, and it was the imbedded file that had social security numbers for the first seller listed on the real estate property return. This information was not visible – the user would have needed to open this specific file to find the confidential information. During the April-July timeframe, the Access report was downloaded 138 times, and the CSV file was not downloaded at all.

"We have a responsibility to protect the sellers who had their personal information included in the report, and we have reached out to the real estate and appraiser organizations to contact their members to destroy the file. We know the individuals who downloaded this file are using it for their own business purposes and have no malicious intent, yet we will be offering free credit monitoring for a year for the individuals who may have been impacted by this situation," said Secretary Richard G. Chandler.

The 2011 report contained 110,795 tax identification numbers (Federal Employer Identification Numbers or social security numbers) that were affected (out of the total 162,002 sales listed in the 2011 report). Some of those 110,795 ID numbers are businesses, and some individuals made multiple sales in 2011, so the actual number of people affected will be less.

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Since 2009, the agency has been posting information online about property sales in Wisconsin to fulfill the statutory requirement to share the non-confidential sales information contained in real estate transfer returns. All of the information in the report is based on public records filed with Registers of Deeds, which are available for public review. A real estate transfer return is filled out when you sell your property, and typically the title company or Realtor completes and files the form for you. This form is used to change the property ownership records with the county Register of Deeds office.

Social security numbers are requested on the real estate transfer return because the department has an agreement with the Internal Revenue Services (IRS) to collect information for auditing purposes if someone has sold property to make sure they have reported the sale on their income tax return. For example, if someone lives in Illinois and owns a cabin up north in Wisconsin and then sells it, they may owe a tax on the gain because it's not their personal residence.

The agency had breaches of confidential information in 2007 and 2008, and there were no cases of identify fraud from these incidents. Since that time, the department has implemented strict internal procedures related to the use of personal information while fulfilling its regulatory duties. These include procedures related to physical security, paper and electronic data security, and employee education and training.

"The inadvertent release of a limited number of users indicates that our internal process for posting reports was not followed. Reports and files are required to be reviewed prior to posting, and I have asked our legal counsel to review which steps were missed and why the personal information was not extracted," said Secretary Chandler. "Customers need to know they can trust the agency with confidential data."

Steps Taken to Protect Sellers

The agency removed the report immediately when it was notified by a user that they found this buried report online. DOR has contacted appraiser and real estate associations to ask them to notify their members that anyone who used the report should destroy it. Since these users only want the information for their business purposes, it is expected they will comply with the request. A new clean report without any unauthorized information has been reposted online.

The agency will be mailing letters to the sellers that may have been impacted, offering them one year of free credit monitoring if they have concerns about the release of this information. These letters were mailed to the last known address of the seller. If the seller does not receive a letter, he or she can contact the department to confirm whether or not their social security number was included on their real estate transfer form:

Toll-free number: 888-947-3453

Email: realestate@wisconsin.gov

In addition to the free credit monitoring, consumer protection agencies suggest that consumers can further protect themselves by placing a security freeze or fraud alert on their credit report. A fraud alert is free, will be active for 90 days and can be removed. This notifies creditors if someone attempts to open an account in your name. A security freeze prohibits any credit agency from releasing information in your credit report without your authorization. The request must be sent by certified mail with a \$10 fee to each of the credit agencies.

Below is the contact information for all three credit agencies to place a security freeze or fraud alert on their credit report:

Equifax

P.O. Box 740250
Atlanta, GA 30374
888-766-0008
TDD: 800-255-0056
www.equifax.com

Experian

P.O. Box 9532
Allen, TX 75013
888-397-3742
TDD: 888-397-3742
www.experian.com/fraud

TransUnion

P.O. Box 6790
Fullerton, CA 92834
800-680-7289
TDD: 877-553-7803
www.transunion.com