



Target Pays \$39 Million In Settlement Of Financial Data Breach Claims

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In a first of its kind settlement, Target Corp. has reached an agreement with the financial institution plaintiffs in a putative class action pending in the United States District Court for the District of Minnesota alleging claims related to the highly publicized late-2013 breach of more than 40 million credit cards used for payment at Target. In the settlement, announced on December 2, 2015 and reached just before the district court's consideration of the plaintiffs' motion for class certification, Target agreed to pay \$20.25 million directly to the settlement class members, and to pay \$19.1 million to fund MasterCard's Account Data Compromise program (these payments are in addition to amounts already paid by Target to Visa's Global Compromised Account Recovery program). Target agreed to separately pay up to \$20 million for any service awards to the representative plaintiffs or attorneys' fees and expenses to class counsel awarded by the district court. The settlement – on behalf of all United States financial institutions that issued payment cards identified as having been at risk as a result of the data breach – does not apply to financial institutions that previously released their claims against Target by signing separate settlements with Visa and MasterCard. The settlement must still be approved by the district court. According to the parties, a final approval hearing is expected to be held next year.

This settlement highlights the importance of financial institutions taking care to comply with financial data and privacy rules, and of instituting programs to ensure the security of customer data. The large settlement is likely to only increase the interest of class action attorneys in bringing lawsuits relating to privacy and data breaches in the future.

The case is *In re Target Corp. Customer Data Security Breach Litig.*, Case No. 0:14-MD-02522 (D. Minn.).

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