PRESS RELEASE

Argus Information & Advisory Services Agrees to Pay $37M to Settle Allegations that it Misused Data Obtained Under Government Contracts

Tuesday, March 12, 2024

For Immediate Release

Office of Public Affairs

Argus Information & Advisory Services Inc. (Argus) has agreed to pay the United States $37 million to resolve claims under the False Claims Act and the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), in connection with its access to and use of credit card data obtained pursuant to contracts with various federal regulators, including the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (FRB) and the Consumer Financial Protection Bureau (CFPB).

Argus is incorporated in Delaware, with offices in White Plains, New York. Argus analyzes economic transactions, credit card data and credit bureau data to provide benchmarking and market analysis products to commercial and government clients. Between March 2009 and 2020, Argus executed contracts with the OCC, the independent bureau of the Department of Treasury that charters and regulates national banks and federal savings associations; the FRB, the independent federal regulator for certain banks and bank holding companies; the CFPB, an independent regulator of consumer practices at certain depository institutions; and the Federal Reserve Bank of Philadelphia. Under these contracts, Argus was tasked with performing validating, aggregating, storage, retrieval and reporting services for anonymized credit card data that the regulatory agencies directed the banks to provide. The contracts

each placed restrictions on Argus' ability to use, disclose or distribute credit card data collected from banks for purposes other than the performance of the work under the government contracts.

The settlement announced today resolves allegations that, from 2010 through 2020, Argus improperly accessed, used and retained anonymized credit card data that it received under the contracts. The United States alleged that Argus used this anonymized data to create synthetic (proxy) data that it incorporated into the products and services it sold to some commercial customers in place of actual data from certain banks. The United States further alleged that Argus failed to disclose its improper access, use and retention of credit card data to the United States and the extent to which it relied on synthetic data to its commercial clients. The synthetic data in question did not include personally identifiable information.

"Companies that do business with the federal government are expected to abide by the terms of their agreements, including any restrictions on the use or disclosure of government supplied data," said Principal Deputy Assistant Attorney General Brian M. Boynton, head of the Justice Department's Civil Division. "We will not permit contractors to profit from the misuse of such data and to put the data at risk."

"Those who collect sensitive information for federal regulators should never disregard their contractual obligations to appropriately use and protect that information," said First Assistant U.S. Attorney Raj Parekh for the Eastern District of Virginia. "We will hold companies accountable when they breach their agreements with regulators and misuse sensitive data for their own commercial gain."

"The American public expects integrity in the processes by which its government provides services and contractors who seek unfair advantage undermine this integrity," said Acting Inspector General Rich Delmar of the Department of Treasury's Office of Inspector General (OIG). "Treasury OIG is committed to conducting investigations, audits, and other work to detect and prevent these violations of the public trust."

"Companies that breach their agreements to properly protect and use sensitive financial data must be held accountable," said Special Agent in Charge John T. Perez of Headquarters Operations for the Office of Inspector General for the FRB and the CFPB. "I commend our agents and their federal law enforcement partners for their hard work, which ultimately led to today's announcement."

The settlement was the result of a coordinated effort by the Civil Division's Commercial Litigation Branch, Fraud Section; the U.S. Attorney's Office for the Eastern District of Virginia; the Department of Treasury OIG; and the Office of the Inspector General for the FRB and the CFPB.

Senior Special Agent Jacob Heminger from the Department of the Treasury OIG and Special Agent Will Burmeister from the Office of the Inspector General for the FRB and the CFPB investigated the case.

Senior Trial Counsels David W. Tyler and Don Williamson from the Civil Division's Commercial Litigation Branch and Assistant U.S. Attorney Tanya Kapoor for the Eastern District of Virginia handled the matter.

The claims resolved by the settlement are allegations only. There has been no determination of liability.

Updated March 12, 2024

Attachment

Argus Settlement Agreement.pdf [PDF, 396 KB]

Topic

FALSE CLAIMS ACT

Component

Civil Division

Press Release Number: 24-281

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March 13, 2024

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March 6, 2024

PRESS RELEASE

Georgia Laboratory Owner Pleads Guilty to Felony Charge and Pays $14.3 Million to Resolve Liability Relating to Kickbacks and Unnecessary Testing

Andrew (Drew) Maloney, 57, of Roswell, Georgia, has pleaded guilty to a criminal information charging him with conspiracy to pay health care kickbacks, the Justice Department announced today. Additionally, Maloney…

February 28, 2024

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