

# PRIVACY IMPACT ASSESSMENT

## Non Deposit Claims (NDC)

March 2010

FDIC Internal System

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## System Overview

When a financial institution fails, the Federal Deposit Insurance Corporation (FDIC), in its capacity as “Receiver,” assumes the task of collecting and selling assets (i.e. loans) of the failed financial institution and settling its debts, including claims of deposits in excess of the insured limit. The FDIC either sells the loans at the time of the financial institution’s closing or retains the loans temporarily.

During the bank closing process, the FDIC’s Division of Resolutions and Receiverships (DRR) has the responsibility of processing insured bank depositor claims, as well as, non-deposit claims. Non-deposit claims may come from a range of businesses, government agencies, or other entities. In some cases, individuals such as former bank officers and bank employees, who potentially are entitled to payment from the FDIC Receivership for a service or other obligation incurred by the bank prior to its failure. Non-deposit claims fall into three claim categories: creditor, stockholder, and subordinated debt (will be referred to as “creditor claims” throughout this document).<sup>1</sup> Claims may be filed by the individual or entity or by someone on behalf of the claimant.

In order to manage the processing of creditor claims in an effective and efficient manner, DRR uses the Non Deposit Claims (NDC) system, which includes an external facing website component called “NDCWeb.” NDC supports manipulations and storage of creditor claims data being sent from both large and small financial institutions, decreases the amount of manual work done by DRR employees, and enables the FDIC to process creditor claims when a financial institution fails.

When a financial institution fails, FDIC DRR performs a mailing to all non-deposit creditors on the bank’s books. FDIC also publishes a notice in the local newspaper(s) about the bank failure and opportunity to file a claim. Any “discovered” creditor claimants are directed to the FDIC website to obtain further information and register on NDCWeb to set up a claimant record in the NDC system. Creditor claimants may use one of the following methods to file a claim: 1) E-File via NDCWeb by completing and uploading the Proof of Claim Form; 2) E-Fax Proof of Claim form to the FDIC; and 3) Mail the form to an office location specified by the FDIC. Upon receipt of creditor claims, authorized FDIC personnel review and process the information and makes a determination within 180 days from the date it receives the claim.

## Personally Identifiable Information (PII) in NDC

NDC contains both PII and non-PII about non-deposit creditor claimants. While a significant amount of data in NDC pertains to businesses, governments or other entities, there are instances where claimants are individuals, such as an independent contractor or bank officer or employee.

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<sup>1</sup> Within each category, there are several types of creditor claims that determines the payment priority by the FDIC Receivership: Creditor types include Vendor (i.e., service, maintenance; data processing, insurance, membership/dues, supplies, utilities, software, real property appraisals); Other Contracts (i.e., letters of credit, lines of credit, dealer reserves, securitizations, unfunded commitments, other real estate); Leases (i.e., bank premises, equipment, warehouses, apartment/home, storage units); Director/Officers/Employees (i.e., employment contracts, vacation, sick, unpaid wages, retirement, healthcare, deferred compensation); Legal (i.e., outside counsel fee bills, litigation); and Government (i.e., the Internal Revenue Service, State unpaid taxes; local unpaid taxes; personal property taxes). Subordinated Debt types include subordinated debt and shareholder debt. Stockholder types include preferred stock, common stock, and Troubled Asset Relief Program (TARP) funds.

Some data for existing creditor claimants is obtained directly from the institution by DRR staff, as part of an overall data files transfer to FDIC during the bank closing process. DRR Staff extract and upload certain PII and non-PII data into NDC to create a Claimant Record, which in turn allows NDC to generate Notice Letters and Proof of Claim forms that are mailed after the bank closes. These Notice Letters contain a special barcode and Claimant ID number assigned to each individual claimant. Data imported into NDC includes Claimant name, Claimant address and Fund number (i.e., a financial institution number). Similar data is obtained and loaded into NDC for Stockholders and Subordinated Debt Holders. For those accessing NDCWeb, they use the barcode, Fund number and Claimant ID to log-in. They can then complete the Proof of Claim form by providing a Social Security Number/Tax Identification Number (SSN/TIN), Claim Description, and Claim Amount and uploading any required supporting documentation.

For discovered creditor claimants, upon seeing the notice in the newspaper, they may register on NDCWeb and create a Claimant Record. NDC then e-mails a Proof of Claim form similar to those sent to existing claimants. They can then follow the same log-in and Proof of Claim process on NDCWeb, as used by existing creditors. Alternatively, they may call a DRR Claims Agent.

For individuals choosing to send back the Proof of Claim form and supporting documentation via mail, their information is scanned into the NDC system by authorized DRR Claims Agents. Claims forms that are e-faxed are processed by a software application that reads the barcode on the Proof of Claim Form, matches the incoming document to the barcode number stored in NDC, and ensures that the correct information is stored with the correct creditor file.

All creditor claimants have a Claimant Record in NDC that contains the following PII and other necessary information:

- Full Name
- Social Security Number (SSN) or Taxpayer Identification Number (TIN)
- Home Address
- Phone Number (non-work)
- E-mail Address (non-work)
- Name of Firm (if applicable)
- Claim Amount
- Claim Description and Date of Claim
- Barcode Number
- Fund number (or Financial Institution Number (FIN) - manually entered by DRR Claims Agents)
- Claimant ID number (tying the claim to the applicable Receivership)
- Name, title, and company of individual completing the Proof of Claim form on behalf of a claimant (if applicable)
- Proof of Claim form with claimant's signature
- Required supporting documentation

## Purpose & Use of Information in NDC

Use of the personal information in NDC is relevant and necessary for the critical business functions supported by FDIC DRR at the time of a bank closing. Personal information is necessary for identification of creditors for the payout of claims.

## Sources of Information in NDC

The PII and other sensitive bank creditor data contained in NDC are obtained from the following sources and methods:

- **Failing/Failed Financial Institution:** DRR Staff obtain a download from the failing or failed institution and extract/prepare the required existing creditor data elements for uploading to NDC. DRR Staff is responsible for ensuring the data downloads prior to use by NDC. NDC generates a Claimant Record for each valid NDC record import and each record is assigned a unique Claimant ID. Overall, this data load process includes populating the data base, processing rejects (e.g., due to an incomplete or bad mailing address), generating the Notice Letter and Proof of Claim forms, and attaching an affidavit of mailing.
- **Existing Individual Creditors:** These individuals must complete the Proof of Claim form that was mailed to them after the bank closing and return the form, along with required supporting documentation, to DRR via mail, e-fax, or e-file (NDCWeb). For those using NDCWeb, the claimant is required to log into the site using their Claimant ID, Fund and barcode numbers. They also must provide an email address to prove account ownership and select the name of the bank for which they are creating a claim. Once logged in, they use the site to complete the Proof of Claim by entering their SSN/EIN, Claim Description and Claim Amount, certify that the information is correct and accurate, and upload required supporting documentation.
- **Discovered Individual Creditors:** As these individuals are not known to the FDIC Receivership at the time of the bank failure, they must register on NDCWeb or call a DRR Claims Agent. If they register on NDCWeb, they must create a Claimant Record (providing name, address, telephone). NDC then generates an e-mail to the individual containing a Notice Letter and Proof of Claim form. They can then log into NDCWeb and complete the Proof of Claim similar to the process described above for existing creditors.

For those not wishing to use NDCWeb, the Proof of Claim form may be filed via mail or e-fax. In those instances, authorized DRR Claims Agents will manually create the Claimant Record and upload all required information. Also, after the initial claim is filed, DRR Claims Agents may require additional information to process the claim. The information is collected via e-fax, mail, via NDCWeb, or telephone call (where data will be manually entered into the record by authorized Claims Agents).

## Notice & Consent

There is no opt-out option for non-deposit creditors. The personal information is necessary to process the claim. Also, in the case of existing creditors, some of their PII is not obtained directly from them, but instead through a download of the data from the institution during the bank closing process. As such, there is no opt-out option for these creditors. In some instances, DRR Claims Agents may require further information from a creditor to resolve a claim. While a creditor may decide not to supply the information, this may cause the claim to be disallowed.

## Access to Data in NDC

The primary internal FDIC users of NDC are authorized employees and contractors within DRR. DRR uses NDC to support their non-depositor/vendor claims administration process as part of the resolution of a failed financial institution. Within DRR, the following groups require the use of NDC to perform:

- **Claims Staff/Claims Agents** - to analyze and determine creditor claims that need to be paid.
- **Business Information Systems (BIS) Staff** - to prepare the existing creditor data obtained from the failing/failed bank for use by NDC.
- **Customer Service Staff** – to respond to creditors about their claim status or to schedule an appointment with a Claims Agent to further resolve questions about claims.
- **Accounting** – to process the payout of creditor claims and other accounting matters.
- **Contractors** - to provide support to the Claims and BIS Staff due to the high workload stemming from increased bank closings.
- **FDIC Legal staff** – to determine the legal validity of a claim or an allowance or disallowance decision, if the claim presents special problems.

Other authorized internal FDIC users include employees in the Division of Information Technology (DIT), which is responsible for providing technical support during the construction of the system, confirming adherence to FDIC policies and standards (e.g., security and privacy), and providing system administration and maintenance support upon completion.

## Data Sharing

### Other Systems that Share or Have Access to Data in the System:

System Name	System Description	Type of Information Processed
<b>Dividend Processing System (DPS)</b>	DPS is an existing DRR system used to generate payments, including payout checks, to creditors following bank closings. NDC sends and receives payout information to DPS containing sensitive PII related to bank creditors. This information includes insurance payments; voided Receivership Certificates (RC); pending claims summary; transaction summary; RC claim totals; and RC claim details - information needed to process payments for claimants.	Full Name, Social Security Number or Taxpayer Identification Number, and Home Address
<b>Claims Administration System (CAS)</b>	CAS supports the downloading of datasets containing depositor information from both large and small financial institutions. The CAS and NDC interface/data sharing is limited to the following non-PII data regarding bank cases: Date of Bank Closing, First Notice Publication Date (i.e., date when notice of bank closing is published by FDIC in the local newspaper(s)).	Date of Bank Closing, First Notice Publication Date (i.e., date when notice of bank closing is published by FDIC in the local newspaper(s)).

## Data Accuracy in NDC

For the NDC system, data entry screens and load modules managed by the DRR BIS Staff include edit checks to ensure that business rules and data relationships are maintained. Data validation has been incorporated within the application (front-end) and the database (back-end) to ensure data is entered in the required format. There are validations at the data field level (e.g., monetary fields must be numeric). There are calculated fields to avoid manual entry errors.

For NDCWeb, individual creditors are responsible for ensuring the completeness of the information, when creating or updating a claimant record or uploading required supporting documentation. Also, the same validation used by the system is enforced on NDCWeb and entries into NDCWeb are checked to ensure that there is no duplication of claimant records.

## Data Security for NDC

An audit trail process captures data manipulations (i.e., Insert, Update or Delete), identifying who performed the data manipulation and when the data manipulation was performed. All authorized users who have access to NDC data must have the approval of their Manager/Supervisor and the NDC Program Manager/Data Owner before access is granted to the system. Additionally, NDC's functional security limits a user's access to specific functions and regulates a user's ability to update data for a specific function.

All access is granted on a "need to know" basis. Guidelines established in the Corporation's Access Control Policies and Procedures document are also followed.

Controls are documented in the system documentation and a user's access is tracked in the Corporation's access control tracking system.

All authorized users will have the ability to view all of the data in the system. NDC uses a Role Based access control system to restrict user edit rights to the minimum necessary to perform daily work tasks.

## System of Records Notice (SORN)

NDC operates under the FDIC Privacy Act System of Records Notice (SORN) 30-64-0013, *Insured Bank Liquidation Records*.

## Contact Us

To learn more about the FDIC's Privacy Program, please visit:  
<http://www.fdic.gov/about/privacy/>.

If you have a privacy-related question or request, email [Privacy@fdic.gov](mailto:Privacy@fdic.gov) or one of the [FDIC Privacy Program Contacts](#). You may also mail your privacy question or request to the FDIC Privacy Program at the following address: 3501 Fairfax Drive, Arlington, VA 22226.

