

PRIVACY IMPACT ASSESSMENT

National Property Listing and Online Auction Services

Hudson & Marshall, LLC

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FDIC External Services

Table of Contents

[System Overview](#)

[Personally Identifiable Information \(PII\) – H&M](#)

[Purpose & Use of Information – H&M](#)

[Sources of Information – H&M](#)

[Notice & Consent](#)

[Access to Data – H&M](#)

[Data Sharing](#)

[Data Accuracy – H&M](#)

[Data Security – H&M](#)

[System of Records Notice \(SORN\)](#)

[Contact Us](#)

System Overview

The Federal Deposit Insurance Corporation (FDIC) maintains stability and public confidence in the nation's financial system by insuring deposits, examining and supervising financial institutions, and managing receiverships.

When an FDIC-insured financial institution (FI) fails, the Division of Resolutions and Receiverships (DRR) is responsible for managing and disposing of the failed FI's loans and assets in a manner that maximizes their value. The FDIC is responsible for the operation, management, and liquidation of various assets including owned real estate (ORE)¹, subsidiaries assets ("subsidiaries") and other owned assets (OOA). Among the assets it acquires, the FDIC/DRR possesses an inventory of over 400 properties of varying types throughout the United States and Puerto Rico. Due to fluctuating inventory, the FDIC/DRR Franchise and Asset Marketing Branch² (FAMB) requires the ability to make the list of properties available to the public on the internet and maintain the flexibility of conducting online auctions for existing and future inventory regardless of concentration or volume of assets. For this purpose, the FDIC has contracted the services of a licensed real estate auctioneer, Hudson & Marshall, LLC (H&M), to furnish all labor, materials, equipment, personnel, and additional required tasks as necessary. H&M is responsible for providing, managing, and monitoring the following components via an accessible hyperlink on the FDIC.gov website:

- a web-based interactive mapping service;
- a property listing service for FDIC acquired assets for viewing and searching by prospective buyers;
- a web-based document library to house and maintain asset marketing data for the auction assets; and
- an online auction website to sell FDIC assets on a nationwide basis via online-only auction.

The real estate online auction services conducted by H&M assist the FDIC/DRR with fulfilling its mandate to dispose of receivership assets in a cost-effective manner. The H&M contract is separated into four major components for each asset's electronic property data/record:

Component 1 – Mapping Services for Assets

The first component encompasses the setup activities required to establish the framework for the branded web-based software platform referred to as the FDIC National Property Listing Service (PLS). H&M provides the FDIC with a mapping service for assets that are linked to the PLS. Assets are shown on a United States map, with FDIC Logo "pushpins" to differentiate them from other offerings on the site. These pushpins (or other similarly color coded dot) display a thumbnail window of key data and a link to an asset data template referred to as a "Thumbnail Summary" post in the PLS; data listed includes the type of property, size, address, city and state, photo, map, and price. Once an asset has been designated for auction, PLS includes a hyperlink to the asset on the auction website. The mapping

¹ ORE refers to real estate assets acquired by the FDIC in connection with the failure of a financial institution.

²The FDIC FAMB supports the franchise marketing process by providing data processing services related to the failing institution.

services are developed and released within the framework of the Property Listing Service described in Component 2.

Component 2 – Property Listing Service (PLS)

The FDIC PLS is a web-based software platform similar to a multiple listing service and contains key property facts, data, mapping capabilities, and broker/account officer/asset manager contact information and links. These data elements are provided to H&M by FDIC/DRR FAMB staff via the FDIC's ORE Marketing & Management³ (ORE M&M) vendors. The PLS system includes a mapping service, which is internet-accessible and searchable by various property attributes. The key function of the PLS website is to facilitate access to the listing of FDIC/DRR properties by the public and allow prospective bidders/purchasers to search and review property data. The PLS website also directs bidders/purchasers to the listing broker, the ORE M&M Asset Manager, or the FDIC Account Officer (AO) to ask questions about the asset(s). Non-public, personally identifiable information (PII) is not uploaded to the PLS website. Only publicly available information that is open to the general public is maintained on the PLS website; this includes information about the property such as size, type, location, and the listing broker's contact data as well as hyperlinks to the property specific website of the ORE M&M vendor.

Potential purchasers have the ability to sign up for an email notification feature in PLS in order to be informed of changes in price, status, and when the asset has been moved to auction. The potential purchaser may unsubscribe from all notifications from the PLS at any time.

Component 3 – Internet Document Library for ORE Auction Assets

H&M maintains a web based document library to store all property data and documents pertinent to each asset selected for auction by the FDIC. Files are accessible to potential purchasers upon proper registration and acceptance of the confidentiality agreement. Once user authentication is completed, each asset file is able to be viewed, downloaded, and printed. Asset file documents include, but are not limited to: legal description, title report, inspection report, and due diligence data. Additional documents maintained in the document library include but are not limited to the purchase and sale agreements (PSA), purchaser eligibility certification (PEC)⁴ form, auction addenda, and deed forms.

Component 4 – Internet Online Auction Services

H&M utilizes its internet auction platform as an internet portal to market, receive bids, manage contract documents, and assist the close of the sale of FDIC assets designated for online auction. The FDIC periodically selects certain assets that are designated as "Marketable for Sale" in the PLS to be placed for auction via the H&M auction website for sale to the highest bidder.

³ FDIC ORE properties are managed and marketed by ORE Management and Marketing (ORE M&M) vendors and/or FDIC Account Officers. ORE M&M vendors are engaged to manage, market, and sell FDIC assets. Asset portfolios include the following types of property: bank premises, commercial, land (improved and unimproved), single family (1-4 units), multifamily, mixed (combination of multifamily and retail), and other assets within FDIC's capacity. For more information on the FDIC ORE M&M vendors, please refer to the ORE M&M Services privacy impact assessment (PIA) at www.fdic.gov.

⁴ The purpose of the PEC form is to identify prospective purchasers who do not meet eligibility requirements to purchase assets of failed financial institutions from the FDIC under the laws, regulations, and policies governing such sales. PEC forms are screened against the United States Department of Treasury Office of Foreign Asset Control (OFAC) watch lists of terrorists, drug traffickers, "specially designated nationals," etc. Refer to FDIC's Bridger Insight PIA on www.fdic.gov for more information.

H&M prepares and submits to the FDIC a marketing auction plan and budget (APB) for each individual or group of FDIC assets with the appropriate recommendations of how best to dispose of/conduct the sale of the asset. The APB includes specific dates, locations, and associated FDIC properties to be included in each auction, advertising schedule, and the auction budget. The activities performed by H&M include reviewing the selected portfolio of properties, establishing a budget, preparing marketing materials, and buying advertising (online, email, print, radio, television, billboards). The property details shared with H&M in this process/phase may include sensitive business data (SBD). ORE M&M vendors provide H&M with property information packages⁵ (PIPs), which H&M uses to provide prospective bidders/purchasers with pertinent information on the properties listed in the PLS. PIPs may include PII. Typically, ORE M&M vendors are the primary providers of PIP documents to H&M; in limited instances, however, FDIC/DRR staff may directly provide H&M with PIP components. Additional forms included in the PIP include the PSA, confidentiality agreement, PEC, auction addenda, and deed forms, which are pulled from the auction website's document library for viewing by registered potential purchasers.

Auction marketing services include auctioning individual or multiple FDIC properties by an internet based "eBay" type auction method where each asset has its own individual auction timeline and may or may not be tied or coupled to the timeline of another asset. Each asset auction includes pre-auction, auction day, and post-auction activities. H&M conducts the online auction in accordance with the established APB. The bidding process is registered and hosted on secure Amazon Web Services (AWS) servers, and PII is collected in the form of prospective purchaser account registrations, purchaser contracts, and PEC forms.

Personally Identifiable Information (PII) – H&M

H&M collects PII that may include: full name; Social Security number (SSN); home address; phone number(s); email address; and tax identification numbers (TINs).

Purpose & Use of Information – H&M

The data described above is provided to H&M by FDIC/DRR and ORE M&M vendors to facilitate the sale of FDIC/DRR properties in a cost-effective manner via online auctions. Property broker and asset manager information is used to establish points of contact for the sale of each individual property in the portfolio. Property tenant information is provided to prospective bidders/purchasers who are subject to confidentiality agreements for the purpose of due diligence prior to the sale of a property. Environmental assessor information is provided within the data packages to certify the environmental assessments. Prospective bidder/purchaser information is collected to verify the identity of auction participants, and to confirm their eligibility to assume ownership of the listed properties.

⁵ The PIP includes property specific materials such as environment assessments, title work, as-built surveys, maps, diagrams, rent rolls, operating statements, appropriate disclosures, etc. The PIP contains all relevant marketing facts and data, including a hyperlinked printable electronic document library of supporting documents including but not limited to videos, virtual tours, location mapping, title, survey, environmental, bidding information and applicable purchase documents.

Sources of Information – H&M

FDIC Personnel and/or FDIC Systems: The FDIC as receiver assumes control of managing and disposing of the failed FI's assets at or following the closing of the institution. FDIC/DRR ORE Program representatives on site at failed FI closings collect electronic ORE asset data directly from failed FI systems via secure email or encrypted FDIC flash drives and securely transfer relevant information to the ORE M&M vendors via secure email. If the failed FI maintains ORE asset data on physical documents, the FDIC/DRR ORE Program representatives ship the ORE asset hardcopy documents to the ORE M&M vendors via a secure courier. The ORE M&M vendors process failed FI ORE asset data and transmit information such as property tenants' full names and home addresses, along with the environmental assessor's full names, to H&M via secure email. In limited cases where the assets have been selected for online auction and failed FI asset data exists solely in the form of large volumes of physical documents, hardcopy files may be shipped via secure courier to H&M to be scanned and uploaded into the online auction system and returned to the FDIC via secure courier. FDIC/DRR may also provide H&M with auction announcements or disclosures, asset comments (issues, liens, taxes, etc.), title review comments, and environmental review comments via secure email. This information is also uploaded to the online auction system.

FDIC/DRR assigns uniquely-assigned asset numbers to properties in receivership and provides this information to ORE M&M vendors via secure email in the form of Access database files or Excel spreadsheets. FDIC personnel isolate relevant data (which includes asset level information as well as potentially all data elements mentioned above) from these files, and send the data to H&M via secure email. H&M personnel then upload the abridged asset data into PLS to conduct online auctions (for select assets).

ORE M&M Vendors: ORE M&M vendors coordinate communications with property brokers and asset managers and provide information such as property brokers' full names, business phone numbers, business email addresses, and business addresses. Information from the failed FIs are organized into PIPs by the ORE M&M vendors and provided to H&M via SFTP or secure email; H&M then upload this data into their PLS system. Abridged tenant leases, rent rolls of properties, and environmental assessments in FDIC/DRR receivership may also be included along with the general property information in the PIPs, which are provided to H&M by the ORE M&M vendors. These documents may include PII such as tenants' full names and home addresses, and environmental assessors' full names.

Prospective Bidders/Purchasers: Prospective bidders/purchasers input information directly into H&M's online auction website by registering an online account; this information may be business or personal in nature and includes a prospective bidder/purchaser's full name, home address, phone number, and email address.

Winning bidders are required to fill out and submit PEC forms, which contain their full names, TINs or SSNs, home addresses, personal phone numbers, and personal email addresses. PEC forms are used to identify individuals who are not eligible to purchase assets of failed FIs from the FDIC, and are required as a prerequisite to any such purchase. Winning bidders fill out PEC forms and submit them via email to H&M

personnel for processing. Emails containing PEC forms may or may not be transmitted securely, as H&M does not require prospective purchasers to follow a standardized secure method for emailing PEC forms.

Notice & Consent

Individuals whose information is derived from failed FI records (such as tenants of properties included in the portfolio of assets) do not have the opportunity to opt out of providing their data. Their lease and rent roll information is acquired by the FDIC from the failed FI and utilized to resolve the properties in FDIC/DRR receivership.

Property brokers, asset managers, environmental assessors, and prospective bidders/purchasers have the opportunity to opt out of providing their data to the FDIC/DRR and H&M. However, the denial of consent disqualifies them from participation in the online auctions. Property brokers and asset managers who do not consent to the use of their information cannot serve as listing agents or asset managers for the properties. Environmental assessors who do not consent to the use of their information cannot serve as the certified assessors for these properties. Prospective bidders/purchasers who do not consent to the use of their information cannot bid on properties in the online auctions.

Access to Data – H&M

H&M Staff, Subcontractors, and/or Systems: Authorized H&M personnel and H&M subcontractor staff are responsible for coordinating the planning, marketing, and execution of the online auctions and have direct access to H&M's real estate asset management database, which is the primary repository for data entered into PLS. This includes access to all PII from brokers and asset managers, property tenants, and environmental assessors provided by the ORE M&M vendors, and prospective bidders/purchasers who submit their information when they create online accounts with H&M to view and bid on ORE assets.

Additionally, select authorized H&M personnel are the direct recipients of PEC forms which contain sensitive PII from prospective purchasers such as names, SSNs/TINs, addresses, telephone numbers, and email addresses. This information is stored within H&M's real estate asset management database in accordance with the FDIC contract and state-specific real estate legal retention requirements; the emails containing the PEC forms are also stored on an outsourced McAfee mail archiving server. H&M performs an initial validation of completeness of the PEC forms as part of their quality control process, then submits the PEC forms via secure email to FDIC/DRR; FDIC/DRR subsequently forwards the PEC forms to an outsourced Office of Foreign Asset Control (OFAC) checking system via the FDIC's Enhanced File Transfer (EFT) system in order to verify the eligibility of prospective purchasers to acquire properties in the online auctions prior to FDIC/DRR execution of a Purchase and Sale Agreement (PSA).

As H&M personnel involved with PLS and the online auctions are all cross-trained to perform the necessary responsibilities, all personnel may require access to ORE asset data, PSAs, or PEC forms. The primary roles involved are:

- **H&M's Senior Management** require access to all FDIC data in order to ensure proper execution of the contracted services.
- **Auction and Marketing Personnel** are the primary staff members responsible for collecting ORE asset data from the ORE M&M vendors and the FDIC, and uploading information into the online auction.
- **Agent Relations Personnel** are responsible for coordinating with the listing agents and brokers to verify property information, the agents' roles, and collecting any additional information that may assist in selling/marketing the property.
- **Technical Personnel** have full access to all H&M systems and databases and the contents of the systems in order to maintain the integrity and availability of H&M's systems and solutions.
- **Bid Review Personnel** are responsible for confirming bids with prospective purchasers' agents, and working with FDIC personnel to manage reserves, counteroffers, and any potential OFAC denials.
- **Contracts and Closing Personnel** are responsible for accepting auction offers, and assisting winning bidders with completion and submissions of PSAs and PEC forms.
- **Marketing Subcontractors** require limited ORE asset data such as property addresses and images in order to facilitate sign creation, and execution of targeted marketing campaigns.
- **Technical Support Subcontractors** such as Amazon and Pariveda Solutions are used to manage content hosting, creation and maintenance of major systems, websites, and databases such as PLS and H&M's real estate asset management database. These subcontractors may have access to all FDIC data stored on H&M systems.

FDIC Personnel and/or FDIC Systems/Applications: Authorized personnel from the FDIC ORE Program collect electronic data from failed FIs and share the asset data with the ORE M&M vendors via secure email. If failed FIs maintained hardcopy ORE asset documentation, FDIC ORE Program representatives collect and ship the files to the ORE M&M vendors via secure courier. Hardcopy documents containing FI asset data may also be securely shipped via secure courier from the FDIC to H&M for scanning and uploading into the online auction system. Additionally, DRR/FAMB personnel share ORE asset information with the ORE M&M vendors via secure file transfer or secure email; the ORE M&M vendors process the information and transmit relevant asset data as mentioned above to H&M via secure file transfer or secure email. The FDIC/DRR personnel then transmit the PEC forms to the outsourced OFAC checking system via the FDIC's EFT in order to complete the eligibility verification.

The ORE Tracker system is used by the FDIC to track the inventory and status of ORE assets managed by the FDIC or the ORE M&M vendors. Data is collected from the ORE M&M vendors and FDIC ORE Program personnel for inclusion in the ORE Tracker; abridged data from ORE Tracker may be sent via secure file transfer or secure email to H&M to provide any potential updates on the status of a particular asset or group of assets.

H&M also provides various marketing and sales reports to authorized FDIC/DRR personnel which contain information such as the number of times a PIP is downloaded, the number of bidders active in a property auction, general marketing reports, total phone calls (between H&M and potential buyers with interest in a

property), and information on attendees to an open house which may include a bidder's name, address, and phone number.

Individual Members of the Public: Once a prospective bidder/purchaser has created an account with H&M's online auction system and signed the Terms and Conditions/Disclosures/Confidentiality Agreement, they are able to access the PIPs to review additional details on specific properties listed on PLS, and conduct their due diligence prior to the submission of a bid. The PIP contains property specific materials, as well as potential PII such as tenants' full names and home addresses, and environmental assessors' full names.

In some cases, FDIC/DRR may receive requests from prospective purchasers who do not have the ability to receive electronic copies of the PIP. In such cases, a hardcopy of all promotional materials are mailed to the prospective purchaser.

Other Non-FDIC Entities/Parties and/or Non-FDIC Systems/Applications: Prospective purchaser information contained in PEC forms (which includes names, SSNs/TINs, addresses, telephone numbers, and email addresses) is shared with an outsourced OFAC checking system in order to certify purchaser eligibility. Data is securely transmitted to this outsourced OFAC checking system via the FDIC's EFT in order to perform due diligence in accordance with government anti-fraud and corruption regulations. Data is not retained in this system after the verification has been completed and the results have been sent back to the FDIC.

ORE M&M vendors are provided with failed FI asset files from FDIC/DRR FAMB, which may include information such as property descriptions, tenants' full names and home addresses, and environmental assessors' full names to manage the sale of the properties. ORE M&M vendors generate PIPs, manage communications with asset managers and brokers, and provide property information via secure file transfer and secure email to H&M to facilitate the PLS listings and online auction.

Federal, State, and/or Local Agencies: Completed PEC forms are submitted and checked against the U.S. Department of Treasury OFAC watch list to verify if the prospective purchaser meets eligibility requirements. If the outsourced OFAC checking system identifies an exception during the verification process, the individual prospective purchaser's information is transmitted to the United States Treasury Department for further review.

Data Sharing

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

System Name	System Description	Type of Information Processed
N/A	N/A	N/A

Data Accuracy – H&M

Data is collected directly from individuals and failed FIs. As such, the FDIC and its vendors rely on the individuals and FIs to provide accurate data.

As necessary, authorized users or administrators of the H&M PLS check the data for completeness by reviewing the information, verifying whether or not certain documents or data is missing, and as feasible, updating this data when required.

Data Security – H&M

H&M has gone through the security review required by the FDIC's Outsourced Information Service Provider Assessment Methodology to determine and verify their having appropriate physical, technical, and administration security measures to safeguard FDIC-provided PII and other sensitive data.

The FDIC conducts background investigations on key H&M personnel and other applicable personnel prior to their beginning work on the contract.

H&M is subject to periodic compliance reviews by FDIC. Per the contract, scheduled and unannounced inspections and assessments of H&M's facilities, personnel, hardware, software, and their security and privacy practices are conducted by one of the following: the FDIC information technology staff, the FDIC Inspector General, or the U.S. General Accountability Office (GAO). These inspections may be conducted either by phone, electronically, or in-person, on both a pre-award basis and throughout the term of the contract or task order, to ensure and verify compliance with FDIC IT security and privacy requirements.

H&M retains temporary cookies on its online auction website in order to support a user's session; this includes username and password. The temporary information is retained only during the user's session and is deleted at the end of the browser session. The user's activities are not included in audit trails for future reference.

Within FDIC, the H&M Program Manager/Data Owner, Technical Monitors, Oversight Manager, and Information Security Manager are collectively responsible for assuring proper use of the data. In addition, it is every FDIC user's responsibility to abide by FDIC data protection rules which are outlined in the FDIC's Information Security and Privacy Awareness training course which all employees take annually and certify that they will abide by the corporation's Rules of Behavior for data protection.

Additionally, H&M is responsible for assuring proper use of the data. Policies and procedures have been established to delineate this responsibility, and H&M has designated the Director of Administration to have overall accountability for ensuring the proper handling of data by H&M personnel who have access to the data. All H&M personnel with access to the data are responsible for protecting privacy and abiding by the terms of their FDIC Confidentiality and Non-Disclosure Agreements, as well as H&M's corporate policies for data protection. Access to certain data may be limited, depending on the nature and type of data.

H&M must comply with the Incident Response and Incident Monitoring contractual requirement.

System of Records Notice (SORN)

H&M operates under the FDIC Privacy Act SORN 30-64-0013, *Insured Financial Institution 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 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.

