

# PRIVACY IMPACT ASSESSMENT

## Real Estate Open-Outcry Auction Services Hudson & Marshall, LLC (H&M)

May 2015

FDIC External Services

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## 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 fails, the Division of Resolutions and Receiverships (DRR) is responsible for managing and disposing of the failed financial institution's (FI's) loans and assets in a manner that maximizes their value. Among the assets it acquires, the FDIC possesses an inventory of over 900 properties of varying types throughout 37 states, and Puerto Rico.

Due to fluctuating inventories, the FDIC DRR Franchise and Asset Marketing Branch<sup>1</sup> (FAMB) requires the flexibility of conducting open-outcry 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 and Marshall, LLC (H&M), to furnish all labor, materials, equipment, personnel, and additional required tasks as necessary. The real estate open-outcry auction services conducted by H&M assist the FDIC with fulfilling its mandate to dispose of assets in receivership in a cost-effective manner.

To kick off the open-outcry auction process, the FDIC provides a portfolio of various Owned Real Estate (ORE) assets to H&M. Upon receipt of the list of real estate assets (known as the portfolio) from the FDIC, H&M develops and executes an auction plan to sell the properties via a ballroom-style, live open-outcry auction. The auction plan includes a marketing plan and a budget. The activities performed by the contractor include reviewing the portfolio of properties, preparing marketing materials, buying advertising (online, email, print, radio, television, billboards), coordinating the auction event (renting ballroom space, mobilizing personnel and equipment, managing the simulcast), conducting the auction, processing bidder registration, and coordinating the processing of buyer's purchasing documents.

H&M receives an executed purchase contract that includes an FDIC Office of Foreign Assets Control (OFAC) form and Purchaser Eligibility Certification (PEC) form completed by the prospective purchasers. An FDIC OFAC form includes the bidder's full name, address, and SSN; a PEC form includes the bidder's full name, address, SSN and/or TIN, personal phone number, and personal email address. Copies of the FDIC OFAC and PEC forms submitted in hardcopy or via email to H&M are provided to the FDIC for bidder eligibility processing.

## Personally Identifiable Information (PII) in H&M

H&M collects personally identifiable information (PII) that may include: full name; Social Security Number (SSN); home address; phone number (personal); email address (personal); and Employee Identification Number (EIN).

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<sup>1</sup> The FDIC Franchise and Asset Marketing Branch supports the franchise marketing process by providing data processing services related to the failing institution.

## **Purpose & Use of Information REAL ESTATE OPEN-OUTCRY**

H&M uses the property information to gain an understanding of the subject properties in order to effectively market and sell the properties. The contractor collects the personal information from bidders/prospective purchasers at the live auction and submits the information to the FDIC. FDIC personnel use the personal information provided to confirm a prospective bidder's eligibility to purchase property.

## **Sources of Information in REAL ESTATE OPEN-OUTCRY**

H&M receives property information from the FDIC (including 4C asset numbers, property descriptions, property types and characteristics, property addresses, listing agent names and business contact information [phone & email], property valuation information, environmental assessment information, and other asset details) via the FDIC Secure Email Service. This data is collected by the FDIC from failed institutions (FIs) and is used to facilitate the marketing of properties to be auctioned.

H&M collects identifying information from potential buyers on-site at the live auction or via email from simulcast participants. The FDIC uses the personal information provided to confirm the individual or entity's legal eligibility to purchase the property. This information can include the potential buyer's full name, SSN and/or EIN, home address, phone number (personal), and email address (personal).

## **Notice & Consent**

Individuals do have the opportunity to "opt out" of providing their data and/or consenting to particular uses of their information. An individual who objects to providing their personal information may opt out; however, they will be unable to bid on or purchase property from FDIC.

## **Access to Data in REAL ESTATE OPEN-OUTCRY**

Authorized H&M personnel have access to the data collected via the OFAC and PEC forms to perform support services for the open-outcry auctions. H&M does not share PII with any additional H&M personnel not directly servicing this contract.

H&M hand delivers hardcopy FDIC OFAC and PEC forms and printed hardcopies of emailed FDIC OFAC forms from simulcast participants to the FDIC DRR/ORE Program employee on site at the auction. The FDIC/DRR ORE employee inputs data collected from the OFAC and PEC forms into password-protected Microsoft Excel files and sends the Excel files via the FDIC Secure Email Service to an FDIC Claims employee. The FDIC Claims employee requires access to the data to run the OFAC check for approval. Upon completion, the Excel files and approval notifications are loaded into the FDIC Automated Corporate Tracking System (FACTS), and H&M shreds the physical copies of all forms furnished to the on-site FDIC employee. The PII is

processed by the FDIC to verify a prospective purchaser's eligibility to participate in the auction.

## 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 in REAL ESTATE OPEN-OUTCRY

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

H&M works with FDIC to verify the integrity of the data before inputting it into the system or using it to support the project.

## Data Security for REAL ESTATE OPEN-OUTCRY

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 its security and privacy practices can be conducted by either the FDIC Chief Information Office Information Security staff (CIO ISS), the FDIC Office of 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.

Within FDIC, the H&M Program Manager/Data Owner, Technical Monitors, Oversight Manager, and Information Security Manager (ISM) 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 vendor personnel who have access to the data. All vendor 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 the vendor's corporate policies for data protection. Access to certain data may be limited, depending on the nature and type of data.

## System of Records Notice (SORN)

Retrieval of data is not conducted through H&M's service, and therefore does not operate under an FDIC Privacy Act SORN.

## 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.

