



bulletin

National Veterans Affairs and Rehabilitation Commission

1608 K Street, N.W. • Washington, D.C. 20006

K. Robert Lewis, Chairman - Connecticut

Peter S. Gaytan, Director - Maryland

04-09

January 29, 2009

VA to Settle Identity Theft Claims

Background

WASHINGTON, DC (January 27, 2009) — The Department of Veterans Affairs (VA) agreed to pay \$20 million to veterans for exposing them to possible identity theft in 2006 by losing their sensitive personal information.

In court filings, lawyers for the VA and the veterans said they had reached agreement to settle a class-action lawsuit originally filed by five veterans groups alleging invasion of privacy. The money, which will come from the U.S. Treasury, will be used to pay veterans who can show they suffered actual harm, such as physical symptoms of emotional distress or expenses incurred for credit monitoring.

The lawsuit came after a VA data analyst in 2006 admitted that he had lost a laptop and external drive containing the names, birth dates and Social Security numbers of up to 26.5 million veterans and active-duty troops. The laptop was later recovered intact, but a report by the VA inspector general faulted both the data analyst and his supervisors for putting veterans at unreasonable risk. The data analyst had lost the information when his suburban Maryland home was burglarized on May 3, 2006, after taking the data home without permission.

The VA employee promptly notified his superiors, but due to a series of delays, veterans were not told of the theft until nearly three weeks later, on May 22. Then-VA Secretary James Nicholson later said he was “mad as hell” that he wasn’t immediately told about the burglary.

According to the proposed settlement, veterans who show harm from the data theft will be able to receive payments ranging from \$75 to \$1,500. If any of the \$20 million is left over after making payments, the remainder would be donated to veterans’ charities agreed to by the parties, such as the Fisher House Foundation Inc. and The Intrepid Fallen Heroes Fund.

Notices about the proposed settlement will be published in magazines and newspapers around the country, with a toll-free number and other contact information for veterans. VA has yet to provide details of the application process or the 1-800 number, but The American Legion will provide a detailed update of this information when it is made available by VA.



PETER S. GAYTAN, Director
National Veterans Affairs and
Rehabilitation Commission