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FILED
Superior Court of California
County of Los Angeles

11/03/2023

David W. Slayton, Executive Officer / Clerk of Court

By: N. DiGiambattista Deputy

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

THE PEOPLE OF THE STATE OF CALIFORNIA,

Plaintiff,

v.

ACI WORLDWIDE CORP., a Nebraska corporation,

and

ACI PAYMENTS, INC., a Delaware corporation,

Defendants.

Case No. 23STCV25337

~~PROPOSED~~ FINAL JUDGMENT AND PERMANENT INJUNCTION

1 The People of the State of California (“People”), appearing through their attorney, Rob
2 Bonta, Attorney General of the State of California, by Supervising Deputy Attorney General Tina
3 Charoenpong, and Defendants ACI Worldwide Corp. and ACI Payments, Inc. (“Defendants” or
4 “ACI”), appearing through their attorney, insert, having stipulated to the entry of this Judgment
5 by the Court without the taking of proof and without trial or adjudication of any fact or law,
6 without this Judgment constituting evidence of or an admission by Defendants regarding any
7 allegations in the Complaint or any issue of law or fact alleged in the Complaint, without
8 Defendants admitting any liability regarding allegations of violations that occurred prior to entry
9 of this Judgment, and with all parties having waived their right to appeal, and the Court having
10 considered the matter and good cause appearing:

11 **IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:**

12 1. This Court has jurisdiction over the allegations and subject matter of the People’s
13 Complaint filed in this action, and the parties to this action; venue is proper in this County; and
14 this Court has jurisdiction to enter this Judgment.

15 2. Nothing in this Judgment alters the requirements of federal or state law to the
16 extent they offer greater protection to consumers.

17 **I. DEFINITIONS**

18 3. For purposes of this Judgment, the following definitions shall apply:

19 a. “Client” means the entity for whom ACI is processing payment
20 transactions of any type.

21 b. “Consumer” means a natural person who has authorized ACI, either
22 directly or through a third-party Client, to process any payment, including any ACH debit or
23 credit transaction.

24 c. “Consumer Information” has the same meaning as “customer information”
25 as that term is defined in 16 C.F.R. 314.2(d).

26 d. “Day” or “Days” means calendar days.

27 e. “Effective Date” means October 17, 2023.

28

1 f. “Money Transmission Instruction Error” means the incident that occurred
2 on or around April 23, 2021 in which ACI impermissibly initiated 1,432,821 ACH debit and
3 credit transactions, impacting 478,568 customer borrowers of a mortgage company with a total
4 dollar value of \$2,389,173,559.05.

5 g. “Participating Attorneys General” means the Attorneys General of the
6 States of Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware,
7 Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Maine, Maryland,
8 Massachusetts, Michigan, Minnesota, Mississippi, Montana, Nebraska, Nevada, New Hampshire,
9 New Jersey, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island,
10 South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Washington, West Virginia,
11 Wisconsin, Wyoming, the Commonwealths of Kentucky, Pennsylvania, Puerto Rico, and
12 Virginia, and the District of Columbia.

13 h. “Security Event” means any compromise by (1) unauthorized access, (2)
14 unauthorized use, or (3) inadvertent disclosure, that impacts the confidentiality, integrity, or
15 availability of any Consumer Information held or stored by ACI or any Third-Party Vendor,
16 including but not limited to a data breach as defined by the laws of California.

17 i. “State Money Transmission Regulators’ Consent Order” means the
18 Settlement Agreement and Consent Order that ACI and the respective state money transmission
19 regulatory agencies of the States of Alabama, Alaska, Arizona, Arkansas, California,
20 Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Iowa, Kansas, Maine,
21 Maryland, Michigan, Minnesota, Mississippi, Nebraska, Nevada, New Hampshire, New Jersey,
22 New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island,
23 South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Washington, West Virginia, the
24 Commonwealths of Kentucky, Pennsylvania, Puerto Rico, and Virginia, and the District of
25 Columbia entered into on or around October 16, 2023 regarding the Money Transmission
26 Instruction Error.

27 j. “Synthetic Data” means data that is artificially manufactured, rather than
28 generated by real-world transactions. Synthetic Data is not traceable to any specific Consumer

1 Information and is used to protect Consumer Information from inadvertent or unauthorized
2 disclosure, use, or access.

3 k. "Third-Party Vendor" means any third-party hired by ACI to process or
4 assist in the processing of Consumer payments or who otherwise has access to Consumer
5 Information on ACI's internal software or systems.

6 All definitions shall equally apply to any plural or possessive forms of the defined term.

7 **II. INJUNCTIVE RELIEF**

8 4. The duties, responsibilities, burdens, and obligations undertaken in connection
9 with this Judgment shall apply to ACI, its successors and assigns, and its officers, directors, and
10 employees.

11 5. The injunctive terms contained in this Judgment are being entered pursuant to
12 Business & Professions Code section 17203.

13 6. ACI shall not process any payment, which includes any ACH debit or credit
14 transaction, that it knows or should know, with the exercise of reasonable diligence, exceeds the
15 Consumer's express authorization or instruction, whether made directly to ACI or through a third-
16 party Client for whom ACI is processing payments.

17 7. ACI shall not use Consumer Information, including ACH information or other
18 Consumer payment information, except (1) as authorized by the Consumer, (2) when necessary to
19 process the transaction, or (3) as required by law, regulation, or rule.

20 8. When testing ACI software or systems, ACI shall use only Synthetic Data. The
21 "Qualified Individual(s)", as described in further detail below, may permit an exception to the
22 requirement in the prior sentence only if the Qualified Individual determines that (a) it is not
23 reasonably practical to obtain rigorous and reliable results from a given test without using data
24 that reflects the structure, volume, specificity, and diversity of Consumer Information and (b)
25 such Consumer Information is subject to documented controls, as approved by a Qualified
26 Individual, to ensure it is handled, processed, and disposed of in a secure manner and in
27 conformity with the obligations in this Judgment. If the Qualified Individual grants an exception
28 under this paragraph, the decision must be documented in writing and include the following

1 items: the purpose and nature of the test; the date on which the test will be performed; a
2 description of the specific dataset to be used in the test; and the reason(s) why Synthetic Data
3 could not have reasonably been used. ACI shall produce all documents relating to the granting of
4 any exception to this paragraph upon request by the California Attorney General’s Office. This
5 term shall expire five (5) years after the Effective Date. Nothing in this Paragraph should be
6 construed or applied to excuse ACI from its obligation to comply with all applicable state and
7 federal laws, regulations, and rules.

8 9. ACI shall maintain at all times the segregation of any testing, development, or
9 quality assurance environment from its production environment.

10 10. ACI shall ensure that any ticketing system used to request or obtain Consumer
11 Information, including but not limited to the Jira ticketing system, cannot be circumvented
12 through other forms of communication including but not limited to emails, phone calls, or
13 messaging.

14 11. ACI shall maintain at all times a comprehensive information security program
15 (“Information Security Program”) with the core objectives (a) to ensure the security and
16 confidentiality of Consumer Information; (b) to protect against any reasonably anticipated threats
17 or hazards to the security or integrity of such information; and (c) to protect against unauthorized
18 access to or use of such information that could result in substantial harm or inconvenience to any
19 Consumer. An Information Security Program that satisfies the requirements of the State Money
20 Transmission Regulators’ Consent Order shall satisfy the requirements of this paragraph.

21 12. As part of its Information Security Program, ACI shall promptly ascertain and
22 remediate any Consumer harm caused by a breach of the security or confidentiality of Consumer
23 Information or unauthorized access or use of such information.

24 13. ACI shall maintain at all times a cybersecurity program (“Cybersecurity
25 Program”) designed to timely: (a) assess the nature, scope, and impact of a cyber incident; (b)
26 contain the incident and mitigate its impact; (c) notify appropriate internal and external
27 stakeholders (such as law enforcement, regulators, and other public authorities, as well as
28 shareholders, third party service providers, and Consumers); (d) coordinate joint response

1 activities as needed; and (e) promptly ascertain and remediate any Consumer harm. A
2 Cybersecurity Program that satisfies the requirements of the State Money Transmission
3 Regulators' Consent Order shall satisfy the requirements of this paragraph.

4 14. ACI shall utilize at all times one or more "Qualified Individuals" who are
5 responsible for overseeing, implementing, and enforcing the Information Security Program and
6 the Cybersecurity Program (collectively, the "Programs").

7 15. Each Qualified Individual shall directly deliver reports, make presentations, and
8 have the authority to unilaterally escalate issues to the appropriate ACI Board of Directors, the
9 appropriate committee(s) of the Board of Directors, and the appropriate members of senior
10 management.

11 16. Each Qualified Individual shall have the requisite background, experience, and
12 skillset necessary to fulfill the responsibilities of this position.

13 17. Each Qualified Individual shall have all of the authorities and responsibilities
14 needed to oversee, implement, and enforce the Programs given a business enterprise having the
15 size, operational complexity, and overall risk profile of ACI.

16 18. ACI shall, at all times, document the Programs in writing and shall ensure that the
17 Programs are, at all times, appropriate to ACI's size, its complexity, the nature and scope of its
18 activities, and the sensitivity of the data at issue.

19 19. ACI shall regularly test or monitor the effectiveness of the Programs in accordance
20 with the State Money Transmission Regulators' Consent Order.

21 20. ACI shall utilize at all times processes to monitor and reconcile all ACH entries
22 submitted to the Originating Depository Financial Institution ("ODFI") to ensure the accuracy
23 and integrity of such entries. Controls shall include the prevention of duplicate ACH files from
24 being processed by the ODFI and address potentially duplicative ACH files in a timely matter.
25 ACI shall also perform daily reviews when the ACH Network is operating of ACH files to
26 reconcile the ACH files sent to the ODFI with the information provided to ACI by the ODFI.

27 21. ACI shall dispose of Consumer Information in any format no later than two years
28 after the last date the information is used in connection with the provision of a product or service

1 to which it relates, unless such information is necessary for historic payments research, is
2 otherwise required to be retained by law, rule or regulation, or where targeted disposal is not
3 reasonably feasible due to the manner in which the information is maintained. Disposal of
4 Consumer Information shall be by means that protect against unauthorized access to the
5 Consumer Information, such as by shredding, erasing, or otherwise modifying the Consumer
6 Information in the records, to make the Consumer Information unreadable or undecipherable
7 through any means.

8 22. ACI shall make the applicable parts of the Information Security Program,
9 Cybersecurity Program, Disposal Policy, and any training, FAQs, or other descriptive materials
10 related to the Programs and the Disposal Policy easily accessible to ACI employees and any
11 relevant employees of Third-Party Vendors on an easy-to-find page of ACI's intranet or similar
12 electronic form.

13 23. All ACI employees shall attend a training, at least annually, pertaining to ACI's
14 Information Security Program, Cybersecurity Program, and Disposal Policy. All new employees
15 must be trained on ACI's Information Security Program, Cybersecurity Program, and Disposal
16 Policy within 30 days of hire.

17 24. ACI shall: (a) take reasonable steps to select and retain Third-Party Vendors that
18 are capable of maintaining appropriate safeguards to ensure, at a minimum, the confidentiality,
19 integrity, and availability of the Consumer Information at issue; (b) periodically assess ACI's
20 Third-Party Vendors based on the risk they present and the continued adequacy of their
21 safeguards; and (c) require ACI's Third-Party Vendors by contract to implement and maintain
22 such safeguards.

23 25. ACI shall require that all relevant Third-Party Vendors' employees with access to
24 Consumer Information on ACI's system attend ACI's annual training pertaining to ACI's
25 Information Security Program, Cybersecurity Program and Disposal Policy.

26 26. ACI shall provide a copy of this Judgment (a) to all existing Third-Party Vendors
27 within 30 days of the Effective Date and (b) for a period of two (2) years from the Effective Date,
28 to any new Third Party Vendors prior to entering into any contract for services. For a period of

1 two (2) years from the Effective Date, ACI shall collect and preserve a written statement from the
2 Third-Party Vendor acknowledging receipt of this Judgment before the Third-Party Vendor
3 performs any services for ACI.

4 27. By entering into the Stipulation for Entry of Final Judgment and Permanent
5 Injunction (“Stipulation”), ACI has certified that all known Consumer financial harm arising out
6 of the Money Transmission Instruction Error has been compensated or remediated. To the extent
7 additional Consumer harm becomes known and can be verified, ACI shall compensate or
8 remediate any such harm.

9 28. ACI shall promptly ascertain and compensate or remediate all Consumer harm
10 caused by ACI’s failure to comply with the terms of this Judgment, including Consumer harm
11 related to acts or omissions by a Third-Party Vendor, or any future money transmission error.

12 **III. MONITORING**

13 29. Within 14 days of the Effective Date, ACI shall provide to the California Attorney
14 General’s Office the contact information of an executive-level employee who may be contacted to
15 discuss any issues related to this Judgment.

16 30. In addition to complying with any law applicable to security breaches, for a period
17 of five (5) years from the Effective Date of this Judgment, if ACI experiences a Security Event
18 impacting Consumer Information, ACI shall notify the California Attorney General’s Office of
19 the Security Event and provide the following information within 30 days of ACI’s determination
20 that a Security Event has occurred:

- 21 A. The facts of the incident;
- 22 B. The number of California Consumers impacted;
- 23 C. The amount of harm experienced by California Consumers;
- 24 D. The steps ACI has taken to correct the incident; and
- 25 E. The steps ACI has taken to make California Consumers whole.

26 ACI shall send (electronically and via first class mail or common carrier) any notice
27 required by this Paragraph to the contact person for the California Attorney General’s
28 Office as designed in Paragraph 40 of this Judgment. The California Attorney General’s

1 Office may update its designee or address by sending written notice to ACI informing
2 ACI of the change.

3 **IV. MONETARY PAYMENT**

4 31. ACI shall cause to be paid \$1,280,053.00 to the California Attorney General's
5 Office. Half of the amount shall be paid by the Attorney General to the treasurer of the county in
6 which this Judgment is entered. The remainder of the payment shall be deposited into the Unfair
7 Competition Fund. The payment, and any interest thereon, shall be used solely for the purpose of
8 supporting Attorney General and District Attorney enforcement of consumer protection laws.
9 Payment to the California Attorney General shall be made within twenty (20) calendar days of
10 receiving written payment processing instructions from the California Attorney General's Office.

11 32. The Parties acknowledge and agree that ACI is entering into separate agreements
12 with each of the Participating Attorneys General and that the aggregate amount of the required
13 payments under those agreements and this Judgment is \$10,000,000.

14 **V. RELEASE**

15 33. Upon full payment of the amounts due under this Judgment, the California
16 Attorney General's Office shall hereby release and forever discharge ACI and its past and present
17 officers, directors, employees, successors and assigns from all civil claims that it could have
18 brought under California Business and Professions Code sections 17200 et seq. based on ACI's
19 conduct related to the Money Transmission Instruction Error. Nothing contained in this paragraph
20 shall be construed to limit the ability of the California Attorney General's Office to enforce the
21 obligations that ACI has under this Judgment. Further, nothing in this Judgment shall be
22 construed to create, waive, limit, settle, release, or resolve any private right of action, including
23 such private causes of action, claims, or remedies that could be brought under California Business
24 and Professions Code sections 17200 et seq.

25 **VI. PRESERVATION OF AUTHORITY**

26 34. Nothing in the Parties' Stipulation or this Judgment shall be construed to limit the
27 authority or ability of the California Attorney General's Office to protect the interests of the State
28 of California or the people of the State of California. The Stipulation and this Judgment shall not

1 bar the California Attorney General's Office or any other governmental entity from enforcing
2 laws, regulations, or rules against ACI for conduct subsequent to or otherwise not covered by this
3 Judgment. Further, nothing in the Stipulation or this Judgment shall be construed to limit the
4 ability of the California Attorney General's Office to enforce the obligations that ACI has under
5 this Judgment.

6 **VII. GENERAL PROVISIONS**

7 35. The Parties understand and agree that the Parties' Stipulation and this Judgment
8 shall not be construed as an approval or sanction by the California Attorney General's Office of
9 ACI's business practices, nor shall ACI represent that the Stipulation or this Judgment constitutes
10 an approval or sanction of its business practices. The Parties further understand and agree that any
11 failure by the California Attorney General's Office to take any action in response to any
12 information submitted pursuant to this Judgment shall not be construed as an approval or sanction
13 of any representations, acts, or practices indicated by such information, nor shall it preclude
14 action thereon at a later date.

15 36. Nothing in the Stipulation or this Judgment eliminates or alters ACI's obligation to
16 comply with any applicable federal or state laws, regulations, rules, or any other requirements
17 imposed by a federal or state agency. In the event there is a conflict between this Judgment and
18 any federal or state laws, regulations, rules or other requirements imposed by a federal or state
19 agency, such that ACI cannot comply with this Judgment without violating these requirements,
20 ACI must document such conflicts and notify the California Attorney General's Office that it
21 intends to comply with the requirements to the extent necessary to eliminate the conflict. The
22 California Attorney General's Office may request a meeting, to be held within 30 days of the
23 request, to discuss the steps ACI has implemented to resolve the conflict, and ACI must comply
24 with any such reasonable request.

25 37. ACI shall deliver a copy of this Judgment to, or otherwise fully apprise, each of its
26 current officers of the rank of executive vice president or above, the executive management
27 officer having decision-making authority with respect to the subject matter of this Judgment, and
28 each member of ACI Corp's Board of Directors within ninety (90) days of the Effective Date. For

1 a period of five (5) years from the Effective Date, ACI shall deliver a copy of this Judgment to, or
2 otherwise fully apprise, any new officers of the rank of executive vice president or above, any
3 new executive management officer having decision-making authority with respect to the subject
4 matter of this Judgment, and each new member of ACI Corp's Board of Directors, within ninety
5 (90) days from which such person assumes their position with ACI. Upon expiration of this
6 paragraph ACI is still obligated to comply with the terms of this Judgment.

7 38. ACI shall not participate in any activity or form a separate entity or corporate
8 entity for the purpose of engaging in acts or practices in whole or in part that are prohibited by
9 this Judgment or for any other purpose that would otherwise circumvent any term of this
10 Judgment. ACI shall not knowingly cause, permit, or encourage any other persons or entities
11 acting on its behalf to engage in practices prohibited by this Judgment.

12 39. If any clause, provision, or section of this Judgment shall, for any reason, be held
13 illegal, invalid, or unenforceable, such illegality, invalidity, or unenforceability shall not affect
14 any other clause, provision or section of this Judgment, and this Judgment shall be construed and
15 enforced as if such illegal, invalid or unenforceable clause, section or provision had not been
16 contained herein.

17 40. Any notices or other documents required to be sent under this Judgment (including
18 the notice requirements required by Paragraph 30 of this Judgment) shall be sent to the following
19 designated contacts:

20 **For the California Attorney General's Office:**

21 Tina Charoenpong
22 Supervising Deputy Attorney General
23 California Department of Justice
24 300 South Spring Street, Suite 1702
25 Los Angeles, CA 90013
26 tina.charoenpong@doj.ca.gov

27 **For ACI:**

28 Courtney Snyder
Jones Day
500 Grant Street, Suite 4500
Pittsburgh, PA 15219
clsnyder@jonesday.com

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Dennis Byrnes
ACI Worldwide
6060 Coventry Drive
Elkhorn, NE 68022
dennis.byrnes@aciworldwide.com

41. Any party may update its designee or address by sending written notice to the other party informing them of the changes.

42. All notices or other documents to be provided under the Parties' Stipulation or this Judgment shall be sent by electronically and via first class mail or other nationally recognized courier service that provides for tracking services and identification of the person sending for the notice or document and shall be deemed to be sent upon mailing.

43. This Judgment is not intended for use by any third-party in any other proceeding and is not intended, and should not be construed, as an admission of any wrongdoing or liability by ACI related to the Money Transmission Instruction Error.

44. Except as otherwise expressly provided, the terms of this Judgment shall remain in full force and effect unless and until modified by an order of this Court. The Court shall retain jurisdiction of this matter for purposes of construction, modification, and enforcement of this Judgment. No provision of this Judgment shall be construed as providing a private right of action to enforce its terms, nor shall any provision of this Judgment be construed as a release of any claim that a Consumer may have against ACI.

45. The clerk is ordered to enter this Judgment forthwith.

ORDERED AND ADJUDGED at Los Angeles, California.

DATED: 11/03/2023



Lia Martin

JUDGE OF THE SUPERIOR COURT

Lia Martin / Judge

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