

Gone into the ether

A huge theft of unencrypted data infuriates taxpayers

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The logo for The Economist, featuring the words "The Economist" in white serif font on a red rectangular background.

Columbia, South Carolina

Her hopes of joining a Romney administration now vanished, Nikki Haley, the Republican governor of South Carolina, is expected to announce next summer that she will seek a second term in 2014. But her chances may be crippled by the fact that, in October the news broke that an international computer hacker had stolen from the South Carolina Department of Revenue's data base the tax records of every South Carolinian who has filed a state tax return online since 1998—3.8m individuals and almost 700,000 businesses. It is believed to be the largest cyber-attack against a state tax agency in America's history, and it went on for ten days after detection before the intruder's access could be blocked.

Hijacked information included anything listed on the tax returns, from Social Security numbers and bank-account information to details about taxpayers' children. Most of the data were not encrypted, and the incident also showed up the fact that South Carolina has neither a centralised technology office nor a technology chief to oversee it. The hacker's identity is still unknown; the governor says she just wants him "brutalised".

Ms Haley, a 40-year-old Indian-American who is, or was, considered a rising star in the national Republican Party, originally blamed the debacle on archaic state hardware and claimed that nothing could have been done to prevent the hacking. More recently, however, she has ordered all Social Security numbers to be encrypted as quickly as possible. Last week she accepted the resignation of the director of the Revenue Department. And she has offered all affected taxpayers free credit-monitoring support and identity-theft protection from a private company for one year. The state will pay the \$12m it is expected to cost. Almost 850,000 South Carolinians have signed up for the protection so far. The governor is one of them.