

July 24, 2008

Attorney General Kelly A. Ayotte  
New Hampshire State Attorney General's Office  
33 Capitol Street  
Concord, NH 03301

**Re: Notification of Potential Security Breach under N.H. Rev. Stat. § 359-C:20  
Stolen Laptop**

Dear Attorney General Ayotte:

We write to advise you of an incident involving a burglary of an office of LPL Financial ("LPL"), which resulted in a stolen laptop. The office is located in Lansing, MI and the break-in occurred on April 4, 2008. To our knowledge, the laptop contained certain personal information of one New Hampshire resident.

The stolen laptop contained certain personal information belonging to customers of LPL that was not encrypted. As described below, LPL first learned of this incident on April 4, 2008 and took the following actions: (1) notified law enforcement; (2) determined what information had been compromised; (3) investigated the situation; and (4) notified and offered solutions to the affected individuals.

**Learning About the Incident.** On April 4, 2008 one or more unknown persons broke into and entered the office identified above and stole a laptop computer. The laptop contained unencrypted names, Social Security numbers and account statements of customers and non customer beneficiaries. A list of the names and addresses of each New Hampshire resident affected by the incidents is provided in Exhibit A to this letter.

**Investigating the Disclosure.** As noted above, we determined that the stolen laptop contained certain personal information of one New Hampshire resident. Internal reports were run to identify all of the clients whose information could have been accessed on the laptop. The information of these residents was unencrypted. These internal reports were then used to generate mailing lists for the customer notification.

**Communicating with Affected Individuals.** In order to ensure that affected individuals could take immediate steps to protect themselves from possible identity theft or other monetary damage, LPL moved quickly to inform them of the incident. LPL retained Kroll Inc. ("Kroll"), a risk consulting company, to provide toll-free access to its Consumer Solutions Center, along with credit monitoring services and identity theft restoration services. In tandem, client personnel

prepared guidance for call center representatives and drafted a communication to affected individuals. The communication was sent by first-class mail in July, 2008. The notification materials, attached to this letter as Exhibit B, advise affected individuals to remain vigilant by reviewing account statements and monitoring free credit reports.

**Services to Affected Individuals.** We also took proactive steps to help individuals protect themselves against identity theft by purchasing credit monitoring and identity restoration services from Kroll for affected individuals. Kroll will provide access to a credit report to affected individuals who enroll for the service. In addition, the enrolled individual's credit file will be monitored for critical changes, including address changes, inquiries, new trade-lines, derogatory notices and appearance of certain public records. Individuals will be informed of such changes by either postal or electronic mail. If a person suspects or discovers fraudulent activity, Kroll, as part of the identity restoration services, will provide the affected individual with a toolkit of resources to address issues encountered. Moreover, if the affected individual provides Kroll a Limited Power of Attorney, Kroll will work on his or her behalf to restore his or her identity, including, among other services, (1) issuing fraud alerts to government agencies and credit reporting agencies; (2) conducting a search of non-credit-data records to detect any other fraudulent activity committed in the person's name; (3) working with account holders and credit reporting agencies to dispute fraudulent accounts; and (4) working with law enforcement agencies to prevent additional fraudulent activity.


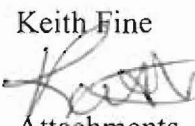
**Efforts to Deter Future Breach.** LPL has taken several important steps to improve the level of its data security by increasing the profile of data security issues within the company at all levels, up to and including senior management. In March 2008, LPL hired Marc Loewenthal as SVP – Chief Security/Privacy Officer, a newly created position at LPL. Mr. Loewenthal has extensive experience in the area of data protection. As a member of senior management, he reports directly to the Chief Risk Officer of LPL.

In addition, LPL has developed a new, comprehensive information privacy and security program, with new policies and procedures that were implemented in April 2008. LPL has also begun a project to encrypt data maintained on the laptops used by its employees and representatives.

We trust that this letter and its enclosures provide you with all the information required to assess this incident and LPL's response. Please let us know if you have additional questions or if we can be of further assistance.

Sincerely,

Keith Fine



Attachments



Secure Processing Center | PO Box 37420 | Oak Park, MI 48237

**Urgent Message.**  
Please Open Immediately.

<Date (Month Date, Year)>

<FirstName> <MiddleInitial> <LastName> <Suffix>  
<Address> (Line 1)  
<Address> (Line 2)  
<City> <State> <Zip>  
<POSTNET BARCODE>

Valued Client of William and Nathanael Flynn; this is an important message regarding an incident which occurred in April, 2008.

Dear <FirstName> <MiddleInitial> <LastName> <Suffix>,

Guarding your privacy is a top priority at LPL Financial. We maintain a strong commitment to protecting your information and aim to communicate openly should it ever be compromised. Regrettably, a laptop that contained personal information was stolen from the office of William and Nathanael Flynn. Your name, Social Security number, account number, and date of birth may have been contained on the laptop.

While we have no evidence that the information has been misused, we wanted to make you aware of the incident and the steps we are taking to help safeguard your personal information.

We have engaged Kroll Inc. to provide its ID TheftSmart™ service; in fact, this packet was mailed from Kroll's print facility in Georgia to expedite delivery. Kroll's service, offered at no cost to you, includes access to Enhanced Identity Theft Restoration, Continuous Credit Monitoring, and a Trimergerd Credit Report.

ID TheftSmart is one of the most comprehensive programs available to help protect your name and credit against identity theft. We encourage you to take the time to review the safeguards made available to you and also to review your statements and credit information regularly. If you do suspect identity theft, report it immediately to law enforcement, as well as the Federal Trade Commission.

If you have any questions or feel you have an identity theft issue, please call ID TheftSmart member services at 1-800-XXX-XXXX between 8:00 a.m. and 5:00 p.m. (Central Time), Monday through Friday.

You may also obtain information regarding steps you can take to avoid identity theft from the following sources:

**Equifax Credit Information Services, Inc.**

P.O. Box 105788  
Atlanta, GA 30348  
1-888-766-0008

**TransUnion Fraud Victim Assistance Department**

P.O. Box 6790  
Fullerton, CA 92834  
1-800-680-7289

**Experian**

P.O. Box 9554  
Allen, TX 75013  
1-888-397-3742

**Federal Trade Commission  
Consumer Response Center**

600 Pennsylvania Avenue, NW  
Washington, DC 20580  
1-877-FTC-HELP (1-877-382-4357)  
<http://www.ftc.gov>

We apologize for any inconvenience or concern this situation may cause. We at LPL Financial believe it is important for you to be fully informed of any potential risk resulting from this incident. Again, we want to reassure you that we have no evidence that your personal information has been misused. We remain committed to maintaining privacy of your information as a key priority and will continue to take the needed steps to protect your information.

Sincerely,

Marc Loewenthal  
Senior Vice President  
Chief Security/Privacy Officer  
LPL Financial

Enclosures:

Membership Card  
A Summary of Your Rights Under the Fair Credit Reporting Act  
Authorization Form for Credit Report and Credit Monitoring Service  
Service Overview Brochure  
Kroll Privacy Policy

**ID TheftSmart™**

<FirstName> <MiddleInitial> <LastName> <Suffix>  
Membership Number: <Membership Number>

Member Services: 1-800-XXX-XXXX  
8:00 a.m. to 5:00 p.m. (Central Time), Monday through Friday  
If you have questions or feel you may have an identity theft  
issue, please call ID TheftSmart member services

**ID TheftSmart™**

<FirstName> <MiddleInitial> <LastName> <Suffix>  
Membership Number: <Membership Number>

Member Services: 1-800-XXX-XXXX  
8:00 a.m. to 5:00 p.m. (Central Time), Monday through Friday  
If you have questions or feel you may have an identity theft  
issue, please call ID TheftSmart member services

Please detach cards and keep in a convenient place for your reference