



March 19, 2013

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Attorney General Michael Delaney
Office of the Attorney General
NH Department of Justice
33 Capitol Street
Concord, NH 03301

Dear Attorney General Delaney:

We represent Lyons & Lyons PC ("Lyons"), a Connecticut-based corporation that provides tax preparation services, with respect to an incident involving the exposure of certain personal information described in detail below.

1. Nature of the security breach or unauthorized use or access.

On February 20, 2013, Lyons learned that two of its clients received notification that their tax return had been filed. Lyons had not filed those returns. Lyons immediately initiated an investigation, including an investigation of its computer system. On February 22, 2013, Lyons contacted the Internal Revenue Service ("IRS") and learned that an investigation was under way, and involved the United States Secret Service ("USSS"). Lyons then communicated with the USSS, and learned that an unauthorized individual may have accessed its computer systems and obtained certain tax returns filed last year. Unfortunately, the individual may have obtained the first and last names, social security numbers, address, and other personal information provided to Lyons for tax preparation services. As part of its investigation, the USSS requested that Lyons delay informing its clients of this situation pending certain portions of their investigation. On March 5, 2013 Lyons received authority to inform its clients of this situation. The USSS knows who did this, and they anticipate that their investigation will result in an arrest soon. The impacted individuals have been notified of the incident.

2. Number of New Hampshire residents affected.

Ten (10) New Hampshire residents were affected by the breach. Notification letters were sent to the affected individuals on March 14, 2013, via regular mail. A copy of the notification is included with this letter.

3. Steps you have taken or plan to take relating to the incident.

As mentioned above, immediately upon discovering the security incident, Lyons contacted the IRS to request that the IRS take measures to prevent fraud in connection with the individuals

whose information may have been exposed. The IRS is consulting with its legal department to determine the extent to which existing regulations permit it to act in this situation. Although the IRS is able to address fraudulently filed tax returns, it is unsure as to whether it can take preemptive steps to protect individuals whose information was exposed but on whose behalf fraudulent tax returns have not yet been filed. Lyons is still waiting for a response from the IRS with respect to this request.

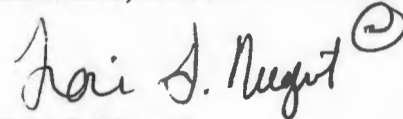
In addition to communicating with the IRS and cooperating with the law enforcement investigation, Lyons has taken numerous steps to address this situation. First, Lyons retained the services of a data breach coach to assist it in complying with all applicable laws. Second, Lyons contracted with ID Experts to provide individuals whose information was exposed with identity theft consultation and restoration services, and credit monitoring for one year for interested individuals. Third, Lyons has taken steps to further enhance the security of the data it holds, including upgrading its firewalls, replacing its servers, and implementing other security measures.

4. Other notification and contact information.

Notification has been provided to the Consumer Reporting Agencies. If you have any additional questions, please contact me at lori.nugent@wilsonelser.com, or (312) 821-6177.

Very truly yours,

WILSON, ELSER, MOSKOWITZ, EDELMAN & DICKER LLP



Lori S. Nugent

cc: Melissa K. Ventrone, Wilson Elser



LYONS & LYONS, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

C/O ID Experts

PO Box 6336

Portland, OR 97228-6336

<<mail id>>

<<Name1>>

<<Name2>>

<<Address1>>

<<Address2>>

<<City>><<State>><<Zip>>

<<Foreign Country>>

<<Date>>

Dear [Name],

We are writing to inform you about a security incident that may have caused the exposure of certain personal information provided to Lyons & Lyons, PC ("Lyons") for tax preparation services. We take the security of the information in our control very seriously, and sincerely apologize for any inconvenience this may cause you.

On February 20, 2013, we learned that two of our clients received notification that their tax return had been filed. We had not filed those returns. We immediately initiated an investigation, including an investigation of our computer system. On February 22, 2013, we contacted the Internal Revenue Service ("IRS") and learned that an investigation was under way, and involved the United States Secret Service ("USSS"). We then communicated with the USSS and have been cooperating with the law enforcement investigation since that time. We learned that an unauthorized individual may have accessed our computer systems and obtained certain tax returns that we filed last year. Unfortunately, the individual may have obtained the first and last names, social security numbers, address, and other personal information provided to Lyons for tax preparation services. As part of its investigation, the USSS requested that we delay informing our clients of this situation pending certain portions of their investigation. We recently received authority to inform you of this situation, so we are sending this letter to you. This letter also informs you of services that we have arranged for you. We understand that the authorities know who did this, and they anticipate that their investigation will result in an arrest soon.

As stated above, we take the security and privacy of information in our control very seriously. In addition to contacting the IRS and cooperating with the law enforcement investigation, we have taken a number of steps to address this situation. We have deployed additional measures to further enhance the security of the data we hold. We are in close communication with the IRS and have requested that the IRS take steps to prevent fraud in connection with individuals whose information may have been exposed. The IRS is consulting with its legal department to determine the extent to which existing regulations permit it to act in this situation. Additionally, we have arranged for you to receive identity theft protection services through ID Experts®, a data breach and recovery services expert, to provide you with FraudStop™ Credit Edition at no cost to you. ID Experts fully managed recovery services will include:

- 12 months of credit monitoring
- \$20,000 insurance reimbursement policy
- Exclusive educational materials
- Access to fraud resolution representatives

With this protection, ID Experts will help you resolve issues if your identity is compromised. We encourage you to contact ID Experts with any questions and to enroll in the free services by calling 1-888-760-4871 or going to www.myidcare.com/lyonsprotection. ID Experts is available Monday through Friday from 9 am - 9 pm Eastern Time. Please note the deadline to enroll is June 14, 2013. You will find detailed instructions for enrollment on the enclosed Recommended Steps document. You will need to reference the following membership code when calling or enrolling on the website, so please do not discard this letter. **Please Note:** Individuals under the age of 18 are under

the age to secure credit and generally do not have a credit history established. Thus, credit monitoring is unavailable for these individuals. All other services provided in the membership will apply.

Your Membership Code: [12345678]

We sincerely regret any inconvenience or concern that this matter may have caused you. Please contact 1-888-760-4871 with any questions or concerns.

Sincerely yours,

A handwritten signature in cursive script that reads "David P. Lyons". The signature is written in black ink and is positioned above the printed name and title.

David P. Lyons
President

Recommended Steps to help Protect your Identity

Please Note: No one is allowed to place a fraud alert on your credit report except you, please follow the instructions below to place the alert.

1. Website. Go to www.myidcare.com/lyonsprotection and follow the instructions for enrollment. Once you have completed your enrollment, you will receive a welcome letter by email (or by mail if you do not provide an email address when you sign up). The welcome letter will direct you to the exclusive ID Experts' Member Website where you will find other valuable educational information.

2. Activate the credit monitoring provided as part of your membership with ID Experts, which is paid for by Lyons & Lyons, PC. Credit monitoring is included in the membership, but you must personally activate it for it to be effective. Note: You must have established credit and access to a computer and the internet to use this service. If you need assistance, ID Experts will assist you.

3. Telephone. Contact ID Experts at 1-888-760-4871 to gain additional information about this event and speak with knowledgeable representatives about the appropriate steps to take to protect your credit identity.

4. Review your credit reports. We recommend that you remain vigilant by reviewing account statements and monitoring credit reports. Under federal law, you also are entitled every 12 months to one free copy of your credit report from each of the three major credit reporting companies. To obtain a free annual credit report, go to www.annualcreditreport.com or call 1-877-322-8228. You may wish to stagger your requests so that you receive a free report by one of the three credit bureaus every four months.

If you discover any suspicious items and have enrolled with ID Experts, notify them immediately by calling or by visiting their Member website and filing a theft report.

If you file a theft report with ID Experts, you will be contacted by a member of the Recovery Department who will help you determine the cause of the suspicious items. In the unlikely event that you fall victim to identity theft as a consequence of this incident, you will be assigned an ID Experts Recovery Advocate who will work on your behalf to identify, stop and reverse the damage quickly.

You should also know that you have the right to file a police report if you ever experience identity fraud. Please note that in order to file a crime report or incident report with law enforcement for identity theft, you will likely need to provide some kind of proof that you have been a victim. A police report is often required to dispute fraudulent items. You can report suspected incidents of identity theft to local law enforcement or to the Attorney General.

5. Place Fraud Alerts with the three credit bureaus. You can place a fraud alert at one of the three major credit bureaus by phone and also via Experian's or Equifax's website. A fraud alert tells creditors to follow certain procedures, including contacting you, before they open any new accounts or change your existing accounts. For that reason, placing a fraud alert can protect you, but also may delay you when you seek to obtain credit. The contact information for all three bureaus is as follows:

Credit Bureaus

Equifax Fraud Reporting
1-800-525-6285
P.O. Box 740241
Atlanta, GA 30374-0241
www.alerts.equifax.com

Experian Fraud Reporting
1-888-397-3742
P.O. Box 9554
Allen, TX 75013
www.experian.com

TransUnion Fraud Reporting
1-800-680-7289
Fraud Victim Assistance Division
P.O. Box 6790
Fullerton, CA 92834-6790
www.transunion.com

It is necessary to contact only ONE of these bureaus and use only ONE of these methods. As soon as one of the three bureaus confirms your fraud alert, the others are notified to place alerts on their records as well. You will receive confirmation letters in the mail and will then be able to order all three credit reports, free of charge, for your review.

6. Security Freeze. By placing a freeze, someone who fraudulently acquires your personal identifying information will not be able to use that information to open new accounts or borrow money in your name. You will need to contact the three national credit reporting bureaus listed above in writing to place the freeze. Keep in mind that when you place the freeze, you will not be able to borrow money, obtain instant credit, or get a new credit card until you temporarily lift or permanently remove the freeze. The cost of placing the freeze varies by the state you live in and for each credit reporting agency. However, if you are a victim of identity theft and have filed a report with your local

law enforcement agency or submitted an ID Theft Complaint Form with the Federal Trade Commission, there may be no charge to place the freeze.

7. You can obtain additional information about the steps you can take to avoid identity theft from the following:

For California Residents:

Visit the California Office of Privacy Protection (www.privacy.ca.gov) for additional information on protection against identity theft

For North Carolina Residents:

Office of the Attorney General of North Carolina
9001 Mail Service Center
Raleigh, NC 27699-9001
www.ncdoj.com/
Telephone: 1-919-716-6400

For Maryland Residents:

Office of the Attorney General of Maryland
Consumer Protection Division
200 St. Paul Place
Baltimore, MD 21202
www.oag.state.md.us/Consumer
Telephone: 1-888-743-0023

For all other US Residents:

Identity Theft Clearinghouse
Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, DC 20580
www.consumer.gov/idtheft
1-877-IDTHEFT (438-4338)
TDD: 1-202-326-2502