



**Wine Library**™

[www.winelibrary.com](http://www.winelibrary.com)

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586 Morris Avenue  
Springfield, New Jersey 07081  
Tel: (888) 980-WINE (9463)  
[www.WineLibrary.com](http://www.WineLibrary.com)

January 24, 2011

Attorney General Michael A. Delaney  
Office of the Attorney General  
Attn: Security Breach Notification  
33 Capitol Street  
Concord, NH 03301

**Re: Wine Library Data Loss Event**

Dear Attorney General Delaney:

We are writing to notify you of a data security event that compromised the security of personal information. Wine Library, 586 Morris Ave, Springfield NJ 07081, is informing your office of the pertinent facts that are known at this time related to the theft of personal information from Wine Library's website, [Wine Library.com](http://WineLibrary.com), and of the actions taken in response. Upon discovery of the theft, Wine Library retained breach notification legal counsel, Nelson, Levine, de Luca & Horst, LLC, and forensic computer analysts, Kroll OnTrack and Trustwave, to assist with its investigation of and response to this incident. The investigation is ongoing. Should new significant facts be learned we will supplement this notice. By providing this notice, Wine Library does not waive any rights or defenses regarding the applicability of New Hampshire law or personal jurisdiction.

#### **Nature of the Security Event**

Between October 20, 2011 and November 7, 2011, customer personal information, including name, current credit card information (including the three or four digit code on the back of the card and the expiration date), and website user account information (including passwords, user names, billing addresses, and shipping addresses) was illegally accessed or taken from our website by computer hackers based in China. For some customers, this included multiple credit cards and/or expired credit cards.

The below timeline of facts related to the event has been confirmed by our independent forensic investigators.

- October 20, 2011 – Wine Library began receiving reports of possible fraudulent credit card charges and began to investigate.
- November 11, 2011 – Wine Library had not yet confirmed a data breach, however, we took the precautionary step of removing stored credit card data from WineLibrary.com.
- November 16, 2011– Wine Library’s investigation determined that there was a data breach of customer credit card and other information involving an unauthorized IP address from China.
- November 17, 2011 – Wine Library contacted privacy counsel and an independent forensic investigator who immediately began the process of confirming the facts related to the breach and preparing customer notifications.
- November 18, 2011 – Wine Library published notice of the potential breach and its investigation on the WineLibrary.com blog. (See Exhibit B.)
- November 21, 2011 – Once the affected individuals were identified, Wine Library informed them via email about the loss of their credit card information and what Wine Library was doing in response. (See Exhibit C.)
- December 5, 2011 – Wine Library’s independent forensic investigator confirmed that the breach occurred between October 20 and November 7 and that no information was taken after November 7.
- December 30, 2011 – Printed notification was sent to all involved individuals. (See Exhibit A.)

Wine Library is continuing to investigate the extent of the data breach to confirm that all affected individuals have been identified and informed.

#### **Notice to New Hampshire Residents**

As listed above, Wine Library provided written notice to its affected customers on December 30, 2011, including all two hundred thirty (230) affected New Hampshire residents in substantially the same form as the sample notice attached as Exhibit A. The message posted on the WineLibrary.com website blog on November 17, 2011 is attached as Exhibit B. Additionally, the email notification sent on November 21, 2011 to all customers whose credit card information was compromised is attached as Exhibit C. These notices were sent in order to provide prompt information to the affected individuals and instruct them to monitor their credit card accounts and mitigate the chances of fraudulent charges.

#### **Other Steps Taken and To Be Taken**

Wine Library retained forensic computer experts to conduct an investigation of its computer network security. This investigation is ongoing. In addition to removing all credit card information from its website, Wine Library launched a new website which has best-in-class security protocols to safeguard against these situations. Wine Library has taken numerous steps to increase the security of this new website, including but not limited to tokenizing credit card data and encrypting the transfer of customer data through the latest versions of SSL technology. The security of our new processes is being confirmed through our independent forensic investigators.

Attorney General Michael A. Delaney  
Office of the Attorney General  
January 24, 2012

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In accordance with New Jersey law, on November 17, 2011, Wine Library notified the New Jersey State Police Regional Operations Intelligence Center, which works in conjunction with the state attorney general's office in data breach matters. Wine Library is providing notice of this data loss event to other state regulators. Wine Library provided notice of the breach to the three major consumer credit reporting agencies (Experian, Equifax and Trans Union).

Sincerely,

A handwritten signature in black ink, appearing to read 'Alex Vaynerchuk', with a long horizontal flourish extending to the right.

Alexander Vaynerchuk  
President  
Winelibrary.com

Enclosure

**Wine Library Data Loss Event**

**Exhibit A**

Return mail will be processed by: IBC  
P.O. Box 802  
Fort Mill, SC 29716-0802  
PO #5027  
1 1 00000001 949277



**Wine Library**™  
www.winelibrary.com

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586 Morris Avenue  
Springfield, New Jersey 07081

December 30, 2011

Dear

I am writing today to follow-up on our email to you of November 21, 2011, with important information that affects you. This letter concerns the same events that we discussed in that email and does not reference a new event.

As explained in our November 21, 2011 email, we are writing to advise that your personal information, including your name, credit card information (including the three or four digit code on the back of the card and the expiration date), and website user account information (including passwords, user names, billing addresses, and shipping addresses) was illegally accessed or taken from our website by computer hackers sometime between October 20 and November 7, 2011. For some customers, this may include multiple credit cards and/or expired credit cards. Credit card information from transactions occurring in our store was not involved.

We want to assure you that Wine Library takes this matter very seriously. The privacy and security of your personal information remains our highest priority. As such, we retained independent forensic and legal experts to assist with our ongoing investigation and are taking a series of steps to ensure that this does not happen again. In addition to removing all credit card numbers and information from our website, we launched a new website which has best-in-class security protocols to safeguard against these situations. The new website will never store credit card information, and it tokenizes the credit card information (meaning that even if someone takes the information they can't do anything with it). We continue to encrypt data that is transferred through our website. The security of our new processes is being confirmed through our independent forensic investigator as well.

Here is a timeline of facts related to the website data breach incident and the specific steps taken. This information has been confirmed by our independent forensic investigator.

- October 20, 2011 – Wine Library began receiving reports of possible fraudulent credit card charges and immediately began to investigate.
- November 11, 2011 – Wine Library had not yet confirmed a data breach had occurred; however, we took the precautionary step of removing stored credit card data from WineLibrary.com.
- November 16, 2011 – Wine Library's investigation determined that there was a data breach of customer credit card and other information involving an unauthorized IP address from China.
- November 17, 2011 – Wine Library contacted privacy counsel and an independent forensic investigator who immediately began the process of confirming the facts related to the breach and preparing customer notifications.
- November 18, 2011 – Wine Library published notice of the potential breach and its investigation on the WineLibrary.com blog.
- November 21, 2011 – Once the affected individuals were identified, Wine Library informed them via email about the loss of their credit card information and what Wine Library was doing in response.
- December 5, 2011 – Wine Library's independent forensic investigator confirmed that the breach occurred between October 20 and November 7 and that no information was taken after November 7.
- December 30, 2011 – Notification in accordance with state laws sent to all involved individuals.

To protect against possible identity theft or other financial loss, we encourage you to remain vigilant, to review your account statements and to monitor your credit reports. Specific steps you can take to protect the possibility of identity theft include closely monitoring your financial statements for any unusual activity, notifying your credit card company of this notice, changing your online passwords and monitoring your credit report. Under U.S. law, you are entitled to one free credit report annually from each of the three major credit bureaus. To order your free credit report, visit [www.annualcreditreport.com](http://www.annualcreditreport.com) or call toll-free (877) 322-8228.

You can obtain a free credit report from any one or more of the three national consumer reporting agencies listed below. At no charge, you can also have these credit bureaus place a "fraud alert" on your file that alerts creditors to take additional steps to verify your identity prior to granting credit in your name. This service can make it more difficult for someone to get credit in your name. Note, however, that because it tells creditors to follow certain procedures to protect you, it also may delay your ability to obtain credit while the agency verifies your identity. As soon as one credit bureau confirms your fraud alert, the others are notified to place fraud alerts on your file. Should you wish to place a fraud alert, or should you have any questions regarding your credit report, please contact any one of the agencies listed below.

Equifax  
P.O. Box 740241  
Atlanta, GA 30348  
800-685-1111  
[www.equifax.com](http://www.equifax.com)

Experian  
P.O. Box 2104  
Allen, TX 75013  
888-397-3742  
[www.experian.com](http://www.experian.com)

TransUnion  
P.O. Box 2000  
Chester, PA 19022  
800-888-4213  
[www.transunion.com](http://www.transunion.com)

To further educate yourself regarding identity theft and the steps you can take to avoid identity theft, you may contact the Federal Trade Commission. They can be reached at: Federal Trade Commission, 600 Pennsylvania Avenue, NW, Washington, DC 20580, or at [www.ftc.gov/bcp/edu/microsites/idtheft/](http://www.ftc.gov/bcp/edu/microsites/idtheft/) 1-877-ID-THEFT (1-877-438-4338); TTY: 1-866-653-4261.

The Federal Trade Commission also encourages those who discover that their information has been misused to file a complaint with them. Your state Attorney General may also have advice on preventing identity theft, and you should report instances of known or suspected identity theft to law enforcement, your State Attorney General, and the FTC. **For North Carolina residents**, the Attorney General can be contacted at 9001 Mail Service Center, Raleigh, NC 27699-9001; telephone (919) 716-6400; or [www.ncdoj.gov](http://www.ncdoj.gov). **For Maryland residents**, the Attorney General can be contacted at 200 St. Paul Place, 16th Floor, Baltimore, MD 21202; telephone: (888) 743-0023; or [www.oag.state.md.us](http://www.oag.state.md.us).

Please be assured that the safety and security of your personal information is very important to us. We regret any inconvenience or concern that this matter may have caused you. If you have any questions, please contact us Monday - Friday from 9 am - 5 pm EST by calling 888-980-9463. However, we ask that you please be patient as voluminous calls could prevent us from being able to answer your questions timely. It is unlikely we will be able to provide you with any more information than what is contained in this letter. Please also look to this letter for resources that may be able to assist you.

Very truly yours,



**Sasha Vaynerchuk, President and Owner  
Wine Library**

**Wine Library Data Loss Event**

**Exhibit B**

## Wine Library – November 18, 2011 Web Site Blog Post

We wanted to get this to the forum ASAP. Once we have full details on what exactly happened, we will be letting everyone who might be affected know. We are very upset to report that our website was recently hacked and some customers' credit card information and web site user account information may have been compromised as a result. We know this is upsetting to you as well as to us. We are doing everything we can – as quickly as we can – to fix this issue and make sure something like this does not happen again. The following is what we know, what we're doing about it, and what you can expect next:

**What we know:** When we began hearing from a few customers about possible fraudulent credit card charges in the middle of October, we quickly launched an investigation. At that time, we did not know a data breach had occurred. However, as number of these concerns increased in early November, we removed all credit card data from our site on November 11<sup>th</sup> since it became clearer that, although we couldn't find a breach, something was going on. Finally, two days ago (November 16<sup>th</sup>) we confirmed that an IP address from China was used to hack our website and potentially compromised customer credit card information. As far as we can tell, this did not affect any in store transactions.

**What we're doing about it:** We are taking this breach very seriously. This is the first time in 15 years of being on the web and, in the 28-year history of our company, that we've ever encountered an issue as serious as this. Here's what we're doing to make sure it never happens again:

- We already removed all credit card numbers from our website.
- We are accelerating the launch of our new website, which has new and best in class backend security protocols to safeguard against these situations. On our new website:
  - o **Credit card information will never be stored**
  - o All credit card data will be tokenized through a third party, meaning that even if someone takes the data they can't do anything with it
  - o Will continue to use SSL (Secure Socket Layer) protocol to encrypt data
  - o Will be run on an upgraded system using modern software
- We have an independent forensic investigator already looking into the situation to tell us the facts of the breach, to validate our new website protocols, and to tell us what we can do better moving forward.
- We are notifying all relevant authorities, per state law.

**What you can expect next:** While we believe that the data breach is over (we have not seen any additional breaches), all of our customers (and anyone who does business on the Internet) should still be vigilant. This means you should continue to monitor your credit card for any fraudulent charges and notify your bank/credit card company immediately of anything suspicious. Per Federal law, you can also get a free credit report once a year via <https://www.annualcreditreport.com/cra/index.jsp>.

For future purchases, existing customers can utilize our new website by logging onto [winelibrary.com](http://winelibrary.com) and clicking the beta link at the top of the page, even though some of the inventory, search capabilities, etc. are still being finalized. We will soon switch to this new site permanently. If you are having trouble using our new website, our current website is no longer



storing credit card data at all. If you are not comfortable making purchases via the website, you can always call 888-980-9463. Lastly, if your data was breached you will receive formal notification in the coming weeks regarding any additional measures you can take.

We cannot stress enough how sorry we are that this happened. We are working as hard as we can, as quickly as we can, and with whatever internal and external resources necessary to ensure this doesn't happen again and that you all can shop WineLibrary.com without concern.

In the meantime, we are committed to keeping you up to date. We value your business tremendously and appreciate your support and confidence.

Wine Library

## Wine Library Data Loss Event

### Exhibit C

## Chris J. DiIenno

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**From:** Brandon Warnke  
**Sent:** Tuesday, November 22, 2011 9:46 AM  
**To:** Chris J. DiIenno; John Mullen  
**Subject:** Email sent to customer

Dear Valued Wine Library Customer:

We are writing you today regarding a security breach that may have involved the credit card information you used to make a purchase at [WineLibrary.com](http://WineLibrary.com). While the full extent of the breach has not been verified - and it is possible you were not affected - we wanted to be sure to share with you what we could. This email is not intended to comply with statutory duties to notify you. We will comply with those duties separate and apart from this email. We wanted to get this email to you so that you could confirm that any credit accounts you used with us are not experiencing any adverse activity.

**What you can do:** Before we get into the specifics of what happened, we appreciate that you understandably want to know what you should do to ensure your private information is protected. We encourage you to consider the following:

- Contact the financial institution that issued the credit card you used to make a purchase at [WineLibrary.com](http://WineLibrary.com) and make it aware of this notice and discuss how this may impact your account.
- If you call us, at this time it is unlikely we will be able to provide you with any more information than what is contained in this email. Voluminous calls and emails could prevent us from being able to answer your questions.
- Additionally, per Federal law, you are entitled to a free credit report once a year via <https://www.annualcreditreport.com/cra/index.jsp>

Please know that we are working hard and doing what we can to resolve this issue and make sure something like this does not happen again. The following is what we know, what we're doing about it, and what you can expect next.

**What we know:** When we began hearing from a few customers about possible fraudulent credit card charges in the middle of October, we launched an investigation. At that time, we did not know a data breach had occurred. However, as the number of these concerns increased in early November, we removed all credit card data from our site on November 11th since it became clearer that, although we couldn't find a breach, something was going on. Last week we confirmed that an IP address from China was used to hack our website and potentially compromised customer credit card information. As far as we can tell, this did not affect any in store transactions.

**What we're doing about it:** We are taking this breach very seriously. This is the first time in 15 years of being on the web and, in the 28-year history of our company, that we've ever encountered an issue as serious as this. Here's what we're doing to make sure it never happens again:

- We already removed all credit card numbers from our website.
- We are accelerating the launch of our new website, which has new and best in class backend security protocols to safeguard against these situations.

On our new website:

- o **Credit card information will never be stored**
- o All credit card data will be tokenized through a third party, meaning that even if someone takes the

data they can't do anything with it

- o Will continue to use SSL (Secure Socket Layer) protocol to encrypt data
- o Will be run on an upgraded system using modern software
- We have an independent forensic investigator looking into the situation to tell us the facts of the breach, to validate our new website protocols, and to tell us what we can do better moving forward.
- We are notifying all relevant authorities and individuals required by law.

**What you can expect next:** If it has been confirmed that your data was breached you will receive formal notification in the coming weeks regarding any additional measures you can take.

For future purchases, existing customers can utilize our new website by logging onto [WineLibrary.com](http://WineLibrary.com) and clicking the beta link at the top of the page, even though some of the inventory, search capabilities, etc. are still being finalized. We will soon switch to this new site permanently. If you are having trouble using our new website, our current website is no longer storing credit card data at all. If you are not comfortable making purchases via the website, you can always call 888-980-9463.

We cannot stress enough how sorry we are that this happened. We are working as hard as we can, as quickly as we can, and with whatever internal and external resources necessary to ensure this doesn't happen again and that you all can shop [WineLibrary.com](http://WineLibrary.com) without concern.

We know you may have questions or concerns and we are committed to keeping you up to date. However, as discussed above, if you call us, at this time it is unlikely we will be able to provide you with any more information than what is contained in this email. Voluminous calls and emails could prevent us from being able to answer your questions. Instead, we assure you that we will continue to keep you informed via email, our blog and in accordance with any applicable laws. We value your business tremendously and appreciate your support and confidence.

Wine Library

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Brandon Warnke  
Vice President of Operations  
[winelibrary.com](http://winelibrary.com)  
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