



Assisted Living Concepts, LLC

March 28, 2014

Via E-Mail to attorneygeneral@doi.nh.gov

Office of the Attorney General

Attn: Joseph A. Foster

33 Capitol Street

Concord, NH 03301

To Whom it May Concern:

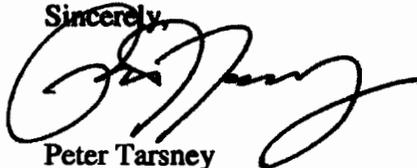
Pursuant to N.H. Rev. Stat. §359-C:19 *et seq.*, we are writing to follow up on our letter to you dated February 26, 2014 about a security concern involving the personal information of one New Hampshire resident. As a result of our ongoing investigation, Assisted Living Concepts ("ALC") discovered on March 13, 2014 that information regarding approximately 7,810 dependents of certain of our current or former employees was also accessed by an unauthorized third party between the dates of December 14, 2013 and January 14, 2014. The information involved was names, addresses, genders, telephone numbers and social security numbers. Two additional New Hampshire residents were affected.

ALC is continuing to investigate the matter, and has reported it to the FBI.

Enclosed please find a sample notification that ALC intends to send to the affected individuals on or about March 29. The notification provides important details with respect to how this breach was discovered and the actions taken by ALC. To mitigate potential risk to the dependents of our current and former employees, we are also offering all affected individuals free credit monitoring for one year through Experian's ProtectMyID, which includes daily credit monitoring, identity theft resolution, and identity theft insurance, and for minor dependents, Experian's FamilySecure, Experian's product for monitoring child identity theft.

If you have any questions or need any additional information, please do not hesitate to contact me at 262-257-8844 or ptarsney@enlivant.com. Please also feel free to direct any questions to our outside counsel with respect to these issues, Stephanie Vasconcellos of Neal, Gerber & Eisenberg LLP. Her telephone number is 312-827-1042, and her email address is svasconcellos@ngelaw.com.

Sincerely,



Peter Tarsney

Executive Vice President & General Counsel

cc: James T. Boffetti

Letter to current/former
employees with
affected dependents



330 N Wabash Ave Suite 3700
Chicago, IL 60611



March 31, 2014

Sample A. Sample
123 Anystreet
Anytown, US 12345-6789



Dear Sample A. Sample,

We recently mailed you a notice regarding a security concern involving your personal information. As a result of our ongoing investigation, we have since discovered that information regarding dependents of certain of our current and former employees was also accessed by an unauthorized third party in connection with the security breach. We believe it is important to inform you that the personal information of your dependent(s) may be at risk, and to offer to help you to take precautions to protect your dependents. Assisted Living Concepts is committed to safeguarding the confidential information that has been entrusted to us, and we have made arrangements to assist your dependents in this matter, as detailed below.

Assisted Living Concepts utilizes an external vendor that provides us with payroll services. On February 14, 2014, the payroll vendor notified us that there appeared to be some evidence of possible unauthorized access to our payroll information. We immediately began an investigation. That investigation determined that an unauthorized third party improperly obtained access to our vendor user credentials and then gained access into the vendor's systems, which contained our payroll files for current and former employees, including names, addresses, birthdates, social security numbers and pay information. This activity occurred between December 14, 2013 and January 14, 2014. We sent a notice to all affected current and former employees regarding this breach on March 4, 2014, and continued our investigation. On March 13, 2014, we discovered that names, addresses, genders, phone numbers and social security numbers of dependents of certain current and former employees were also accessed. In your case, the following dependents were affected:

Assisted Living Concepts takes the protection of the personal information of you and your dependents seriously, and we regret that this unauthorized situation has occurred. We have reported the incident to law enforcement authorities, including the Federal Bureau of Investigation (FBI), and are cooperating with them. In addition, upon learning of this issue, we immediately took steps to prevent any further unauthorized access to our payroll systems, deactivating the user credentials that were compromised and taking our payroll systems offline until the issues were resolved. Our vendor has also implemented a new, two-factor authentication procedure for access to sensitive payroll records. We are utilizing this new additional capability going forward.

The FBI and IRS have advised us that they believe that the personal information accessed in this case may be used by criminals to file fraudulent tax returns. We are working with the FBI and the IRS to take steps to reduce the chance that this occurs. To help with that process, the IRS has asked us to encourage your dependents to file their tax returns as soon as reasonably possible. Further, your dependents should complete IRS Identity Theft Affidavit, which is available at <http://www.irs.gov/pub/irs-pdf/f14039.pdf>. Your dependents may also contact the IRS Identity Protection Specialized Unit at 1-800-908-4490 with any questions.

S-72231016-001-00000001

To mitigate potential risk to your dependents, Assisted Living Concepts has arranged for a complimentary one-year membership of Experian's® ProtectMyID® Alert (for spouses/adult dependents) and/or Experian's® FamilySecure® Plan (for minor dependents; an adult must enroll these dependents). These products will help you and your dependents detect possible misuse of their personal information and provide superior identity protection support focused on immediate identification and resolution of identity theft. We encourage you and your dependents to take advantage of these services. Please note that each activation code will work only for its respective URL and can only be redeemed once. You can enroll multiple children from the same household with one Family Secure code.

For Spouses/Adult Dependents: Activate ProtectMyID Now in Three Easy Steps

1. ENSURE That You Enroll By: **June 30, 2014** (Your code will not work after this date.)
2. VISIT the **ProtectMyID Web Site to enroll: www.protectmyid.com/redeem**
3. PROVIDE Your Activation Code: **999999999**

Additional Details Regarding the 12-Month ProtectMyID Membership: A credit card is not required for enrollment.

Once the ProtectMyID membership is activated, the affected individual will receive the following features:

- *Free copy of your Experian credit report*
- *Surveillance Alerts for:*
 - *Daily Bureau Credit Monitoring:* Alerts of key changes & suspicious activity found on the individual's Experian, Equifax® and TransUnion® credit reports.
- *Identity Theft Resolution & ProtectMyID ExtendCARE:* Toll-free access to US-based customer care and a dedicated Identify Theft Resolution agent who will walk the individual through the process of fraud resolution from start to finish for seamless service. They will investigate each incident; help with contacting credit grantors to dispute charges and close accounts including credit, debit and medical insurance cards; assist with freezing credit files; contact government agencies.
 - It is recognized that identity theft can happen months and even years after a data breach. To offer added protection, the individual will receive ExtendCARE™, which provides you with the same high-level of Fraud Resolution support even after the ProtectMyID membership has expired.
- *\$1 Million Identity Theft Insurance*:* Immediately covers certain costs including, lost wages, private investigator fees, and unauthorized electronic fund transfers.

For Minor Dependents: Activate Family Secure Now in Three Easy Steps

4. ENSURE That You Enroll By: **June 30, 2014** (Your code will not work after this date.)
5. VISIT the **Family Secure Web Site to enroll: <http://www.familysecure.com/enroll>**
6. PROVIDE Your Activation Code: **999999999**

What features does your 12-MONTH Family Secure membership include once activated?

Parent or Legal Guardian:

- Daily monitoring of your Experian credit report with email notification of key changes, as well as monthly "no-hit" reports
- 24/7 credit report access: Unlimited, on-demand Experian reports and scores
- Experian credit score illustrator to show monthly score trending and analysis.

Children:

- Monthly monitoring to determine whether enrolled minors in your household have an Experian credit report
- Alerts of key changes to your children's Experian credit report

All Members:

- Identity Theft Resolution assistance: Toll-free access to US-based customer care and a dedicated Identity Theft Resolution agent who will walk you through the process of fraud resolution from start to finish for seamless service. They will investigate each incident; help contacting credit grantors to dispute charges and close accounts including credit, debit and medical insurance cards; assist with freezing credit files; contact government agencies
- \$2,000,000 Product Guarantee**

Once enrollment in ProtectMyID and/or FamilySecure is complete, your dependents should carefully review their credit reports for inaccurate or suspicious items. If you or your dependents have any questions about ProtectMyID, need help understanding something on a credit report or suspect that an item on a credit report may be fraudulent, please contact Experian's customer care team at 888-451-6560.

In addition, if you or your dependents have questions about which product to enroll in, if you have more than one adult dependent, or if you or your dependents need an alternative to enrolling online, please call 888-451-6560.

Your dependents are also entitled under U.S. law to one free credit report annually from each of the three major credit bureaus:

Equifax
800-525-6285
www.equifax.com
P.O. Box 740241
Atlanta, GA 30374

Experian
888-397-3742
www.experian.com
P.O. Box 9532
Allen, TX 75013

TransUnion Corp.
800-680-7289
www.transunion.com/fraud
P.O. Box 2000
Chester, PA 19022

Your dependents may obtain a free copy of the applicable credit report by going to www.AnnualCreditReport.com or by calling 877-322-8228. Please remain vigilant by regularly monitoring the free credit reports of your dependents and reviewing account statements for any unauthorized activity, fraud or identity theft. Your dependents may additionally wish to consider taking some or all of the following proactive steps:

- Contacting the Federal Trade Commission (FTC) by phone at 1-877-IDTHEFT (1-877-438-4338), by visiting their website at <http://www.ftc.gov/idtheft>, or by writing to Federal Trade Commission, Consumer Response Center, 600 Pennsylvania Avenue, NW, Washington, DC 20580, for further information and suggested practices to protect against identity theft.
- Reviewing credit card and bank account statements and immediately reporting any suspicious activity to your local police and the FTC.
- Placing a fraud alert on the credit file of your dependents. A fraud alert is a statement added to an individual's credit file alerting creditors of possible fraudulent activity and requesting that they contact the individual prior to establishing any new credit account, or increase in a credit account limit, in the individual's name. To place a fraud alert on a credit file, contact any one of the above three major credit bureaus. The agency that processes the fraud alert will notify the other two bureaus, which must then also place a fraud alert in your credit file. You or your dependents may obtain further information from the FTC about fraud alerts.
- Placing a security freeze on the credit report of your dependents. You or your dependents may contact any one of the above major credit bureaus regarding if and how you to place a security freeze on a credit report, which would prohibit a credit bureau from releasing information from a credit report without the individual's advance written authorization. You or your dependents may also obtain further information from the FTC about security freezes.

For North Carolina residents: You and your dependents may contact the FTC (contact information above) or the North Carolina Attorney General's Office to obtain information about preventing identity theft. The North Carolina Attorney General's Office can be reached at:

North Carolina Department of Justice
Attorney General Roy Cooper
9001 Mail Service Center
Raleigh, NC 27699
Phone: 877-566-7226
<http://www.ncdoj.com/>

For California residents: This notice was not delayed as a result of law enforcement investigation.

For Maryland residents: You and your dependents may contact the FTC (contact information above) or the Maryland Office of the Attorney General to obtain information about steps you can take to avoid identity theft. The Maryland Office of the Attorney General can be reached at:

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

For Iowa residents: You and your dependents may contact local law enforcement or the Iowa Attorney General to report suspected incidents of identity theft. Iowa's Attorney General can be reached at:

Iowa Attorney General
1305 E. Walnut Street
Des Moines IA 50319
Phone: 515-281-5164
Fax: 515-281-4209
<http://www.iowaattorneygeneral.gov/>

Again, we want to apologize for any inconvenience this issue may cause to you and your dependents. If you have any questions or would like additional information, please contact us at 888-451-6560.

Sincerely,



Jack R. Callison, Jr.
Chief Executive Officer

* Identity theft insurance is underwritten by insurance company subsidiaries or affiliates of AIG. The description herein is a summary and intended for informational purposes only and does not include all terms, conditions and exclusions of the policies described. Please refer to the actual policies for terms, conditions, and exclusions of coverage. Coverage may not be available in all jurisdictions.

**The Family Secure Product Guarantee is not available for individuals who are residents of the state of New York.

Ref. #: PC81739 & PC81740

S-72231016-001-00000001

Letter to affected dependents



330 N Wabash Ave Suite 3700
Chicago, IL 60611



March 31, 2014

Sample A. Sample or Parent or Guardian
123 Anystreet
Anytown, US 12345-6789



Dear Sample A. Sample or Parent or Guardian,

We write to inform you about a security concern involving your personal information. We have recently learned that payroll records regarding our current and former employees were accessed by an unauthorized third party, and that in some instances the information accessed included information regarding our employees' dependents. We have identified you as such a dependent whose information was accessed. We believe it is important to inform you that your personal information may be at risk, and to offer to help you to take precautions to protect yourself. Assisted Living Concepts is committed to safeguarding the confidential information that has been entrusted to us, and we have made arrangements to assist you in this matter, as detailed below.

Assisted Living Concepts utilizes an external vendor that provides us with payroll services. On February 14, 2014, the payroll vendor notified us that there appeared to be some evidence of possible unauthorized access to our payroll information. We immediately began an investigation. That investigation determined that an unauthorized third party improperly obtained access to our vendor user credentials and then gained access into the vendor's systems, which contained our payroll files for current and former employees, including names, addresses, birthdates, social security numbers and pay information. This activity occurred between December 14, 2013 and January 14, 2014. We sent a notice to all affected current and former employees regarding this breach on March 4, 2014, and continued our investigation. On March 13, 2014, we discovered that names, addresses, genders, phone numbers and social security numbers of dependents of certain current and former employees were also accessed. Your information was in our system as a dependent of [redacted]. We have also written to [redacted] regarding this incident, but are providing additional notice as you are listed with a different address in our files.

Assisted Living Concepts takes the protection of your personal information seriously, and we regret that this unauthorized situation has occurred. We have reported the incident to law enforcement authorities, including the Federal Bureau of Investigation (FBI), and are cooperating with them. In addition, upon learning of this issue, we immediately took steps to prevent any further unauthorized access to our payroll systems, deactivating the user credentials that were compromised and taking our payroll systems offline until the issues were resolved. Our vendor has also implemented a new, two-factor authentication procedure for access to sensitive payroll records. We are utilizing this new additional capability going forward.

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return as soon as reasonably possible. Further, you should complete IRS Identity Theft Affidavit, which is available at <http://www.irs.gov/pub/irs-pdf/f14039.pdf>. You may also contact the IRS Identity Protection Specialized Unit at 1-800-908-4490 with any questions.

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3. PROVIDE Your Activation Code: 999999999

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 - *Daily Bureau Credit Monitoring:* Alerts of key changes & suspicious activity found on your Experian, Equifax® and TransUnion® credit reports.
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In addition, if you have questions about which product to enroll in or if you need an alternative to enrolling online, please call 888-451-6560.

You are also entitled under U.S. law to one free credit report annually from each of the three major credit bureaus:

Equifax
800-525-6285
www.equifax.com
P.O. Box 740241
Atlanta, GA 30374

Experian
888-397-3742
www.experian.com
P.O. Box 9532
Allen, TX 75013

TransUnion Corp.
800-680-7289
www.transunion.com/fraud
P.O. Box 2000
Chester, PA 19022

You may obtain a free copy of your credit report by going to www.AnnualCreditReport.com or by calling 877-322-8228. Please remain vigilant by regularly monitoring your free credit reports and reviewing your account statements for any unauthorized activity, fraud or identity theft. You may additionally wish to consider taking some or all of the following proactive steps:

- Contacting the Federal Trade Commission (FTC) by phone at 1-877-IDTHEFT (1-877-438-4338), by visiting their website at <http://www.ftc.gov/idtheft>, or by writing to Federal Trade Commission, Consumer Response Center, 600 Pennsylvania Avenue, NW, Washington, DC 20580, for further information and suggested practices to protect against identity theft.
- Reviewing your credit card and bank account statements and immediately reporting any suspicious activity to your local police and the FTC.
- Placing a fraud alert on your credit file. A fraud alert is a statement added to your credit file alerting creditors of possible fraudulent activity and requesting that they contact you prior to establishing any new credit account, or increase in a credit account limit, in your name. To place a fraud alert on your credit file, contact any one of the above three major credit bureaus. The agency that processes your fraud alert will notify the other two bureaus, which must then also place a fraud alert in your credit file. You may obtain further information from the FTC about fraud alerts.
- Placing a security freeze on your credit report. You may contact any one of the above major credit bureaus regarding if and how you may place a security freeze on your credit report, which would prohibit a credit bureau from releasing information from your credit report without your advance written authorization. You may also obtain further information from the FTC about security freezes.

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North Carolina Department of Justice
Attorney General Roy Cooper
9001 Mail Service Center
Raleigh, NC 27699
Phone: 877-566-7226
<http://www.ncdoj.com/>

For California residents: This notice was not delayed as a result of law enforcement investigation.

For Maryland residents: You may contact the FTC (contact information above) or the Maryland Office of the Attorney General to obtain information about steps you can take to avoid identity theft. The Maryland Office of the Attorney General can be reached at:

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

For Iowa residents: You may contact local law enforcement or the Iowa Attorney General to report suspected incidents of identity theft. Iowa's Attorney General can be reached at:

Iowa Attorney General
1305 E. Walnut Street
Des Moines IA 50319
Phone: 515-281-5164
Fax: 515-281-4209
<http://www.iowaattorneygeneral.gov/>

Again, we want to apologize for any inconvenience this issue may cause to you. If you have any questions or would like additional information, please contact us at 888-451-6560.

Sincerely,



Jack R. Callison, Jr.
Chief Executive Officer

* Identity theft insurance is underwritten by insurance company subsidiaries or affiliates of AIG. The description herein is a summary and intended for informational purposes only and does not include all terms, conditions and exclusions of the policies described. Please refer to the actual policies for terms, conditions, and exclusions of coverage. Coverage may not be available in all jurisdictions.

**The Family Secure Product Guarantee is not available for individuals who are residents of the state of New York.

NGEDOCS: 2160434.1

Ref. #: PC81739 & PC81740

D-72231016-001-00000021