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DEPT OF JUSTICE

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August 20, 2012

VIA FEDERAL EXPRESS

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

New Hampshire Insurance Department
Attn: Security Breach Notification
21 South Fruit Street
Suite 14
Concord, NH 03301

Bureau of Securities Regulation
Attn: Security Breach Notification
New Hampshire Department of State
107 North Main Street #204
Concord, NH 03301

Re: Lincoln Financial Securities Corporation

Dear Mr. Delaney:

We write to advise you of the discovery of unauthorized access to a virtual server used by Red Boat Advisor Resources ("Red Boat"), an independently-owned financial planning office associated with our client Lincoln Financial Securities Corporation ("LFS"). LFS is a broker-dealer subsidiary of Lincoln National Corporation ("LNC"). It appears Red Boat's server was accessed without authorization between January 2012 and early April 2012. Based upon the

facts available, we believe the purpose of the intrusion was to use the virtual server as a “jumping off point” for attempted intrusions into third party computer systems.

The virtual server contains an SQL database with TIFF-formatted images of applications for brokerage accounts, life insurance and annuities, and other documents related to the business of LFS broker-dealer representatives. The customer data within those images includes some or all of the following information: names, addresses, email addresses, Social Security numbers, government issued identification numbers, and financial account information. Records involving approximately 4,657 customers, of whom approximately 2,417 are New Hampshire residents, were in the database and could have been accessed. LFS is reviewing each of those documents to determine whether they contain personal information regarding others, such as named beneficiaries or other family members. However, it is important to note that a forensic review by outside consultants engaged in connection with this matter has revealed no evidence or reason to believe that this database was in fact accessed or that these individuals’ personal information was acquired or misused.

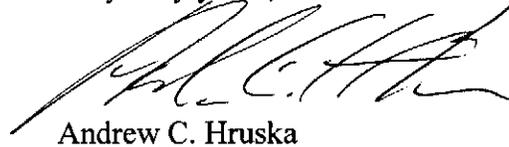
Upon discovery of the intrusion in late April 2012 by LFS IT Security, LFS diligently investigated the incident and took immediate steps to eliminate the potential of unauthorized access to the virtual server. Specifically, LFS ensured that the virtual server was replaced and any vulnerabilities were remediated in the new server brought online. Further, LFS immediately retained the services of an independent forensic investigator to review and determine what had occurred. To date, LFS has found no evidence or reason to believe that the customers’ personal information was acquired or misused. LFS also is unaware of any reported instance of identity theft or fraud related to this intrusion.

Nevertheless, LFS is providing this notice and preparing to provide notification to individuals—including customers, beneficiaries, family members and others—whose personal information was made vulnerable by the intrusion and, as part of this notification, offering free credit report monitoring to the individuals. The notices to affected individuals will alert them of the vulnerability of their information and enable them to take immediate steps to protect themselves against possible identity theft or other monetary damage. The notification to the identified customers will be provided in the form enclosed as Exhibit A, by first-class mail on or about August 22, 2012. The notification to identified beneficiaries, family members and others will occur once the review identified above is concluded. These notifications will, among other things, advise the affected individuals to remain vigilant by reviewing account statements and monitoring credit reports.

While LFS has not determined that a breach of security as defined by New Hampshire law has occurred, it has elected to provide this notice to you and to affected individuals. LFS does so out of an abundance of caution and with full reservation of its rights in all respects. We trust that this letter and its enclosures provide you with the information required to assess this matter. If any of LFS’s clients contact you directly, please feel free to direct them to contact LFS

at 1-800-258-3648, ext. 6181. Please let us know if you have additional questions or if we may be of further assistance.

Very truly yours,

A handwritten signature in black ink, appearing to read "A. C. Hruska", written in a cursive style.

Andrew C. Hruska

Enclosure

cc (w/encl.): Paula Mango, Privacy Officer, Lincoln Financial Group

EXHIBIT A



URGENT — Please Open Immediately.

<<Firstname>> <<Middlename>> <<Lastname>> <<Date>> (Format: Month Day, Year)
<Address1>>
<Address2>>
<City>>, <<Stateprovince>> <<Postalcode>>
<<Intelligent Mail Barcode>>

Dear <<Firstname>> <<Middlename>> <<Lastname>>,

The purpose of this letter is to inform you that, as a current or former customer of Red Boat Advisor Resources ("Red Boat") or of a financial advisor who worked with Red Boat, some of your personal information, which may include your name and Social Security number, was made vulnerable to potential unauthorized access by an unrelated party. We are advising you of this matter because Red Boat is associated with Lincoln Financial Securities Corporation (LFS).

Specifically, it was discovered that a Red Boat computer server was accessed without authorization between January and early April of this year. The server contained a database that housed images of customer documents that included your personal information. In addition, the customer documentation may have contained personal information about your beneficiaries, family members or others. We are reviewing each image in the database and will provide separate notice if any such personal information was also vulnerable.

In response to this discovery, we immediately took steps to secure the server and engaged outside forensic consultants to conduct an investigation. Although there is no evidence or reason to believe that your information was accessed, acquired or misused by an unauthorized person, we take our relationship with you very seriously and felt it was important to advise you of this matter.

As a safeguard against any potential misuse of your personal information, we are providing you with free credit monitoring for a 12-month period. We have engaged Kroll Advisory Solutions to provide its IDTheftSmart™ service. Please see the enclosed information explaining how you can enroll in this service, which includes Continuous Credit Monitoring and Enhanced Identity Theft Consultation and Restoration services. In order to expedite delivery, this packet was prepared and mailed, on behalf of LFS, from Kroll's secure print facility in Georgia. Your beneficiaries, family members or others will receive the same offer in a separate letter if we determine that their personal information was also vulnerable due to this unauthorized access.

Please note that to be eligible for the credit monitoring service, you need to be over the age of 18, have a credit history established in the United States, have a Social Security number issued in your name, and have a United States residential address associated with your credit file. With parental approval, affected individuals who are under the age of 18 can enroll in an alternate service.

To enroll online for the credit monitoring services, please visit www.idintegrity.com to complete your authorization. If you would prefer to order and receive your credit monitoring services through the mail, please fill out and return the enclosed *Consumer Credit Report and Credit Monitoring Authorization Form*. Please be aware that if you fill out and return the authorization form to receive credit services through the mail, you cannot sign up online.

We encourage you to take the time to review the safeguards we are making available to you. As always, we recommend that you review your statements and credit reports regularly. Please note that an enclosure to this letter contains certain information required to be provided to residents of certain states.

If you have any questions about the incident, would like to speak with someone to clarify or discuss the contents of this letter, or believe you may have an identity theft issue related to this incident, contact Kroll at 1-866-779-0488. To confirm the validity of this letter, you may either contact your financial advisor or the offices of LFS directly at 1-800-258-3648, ext. 6181.

We take our obligation to protect client information seriously, and we deeply regret and apologize for any inconvenience or concern that this incident may cause you.

Sincerely,



Casey J. Trumble
Senior Vice President

Enclosure



<<FirstName>> <<MiddleName>> <<LastName>>
Membership Number: <<MembershipNumber>>

Member Services: 1-866-779-0488
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.

U.S. State Notification Requirements

For residents of California, Hawaii, Iowa, Maryland, Michigan, Missouri, North Carolina, Oregon, Vermont, Virginia, West Virginia, and Wyoming:

It is required by state laws to inform you that you may obtain a copy of your credit report, free of charge, whether or not you suspect any unauthorized activity on your account. It is recommended by state law that you remain vigilant for incidents of fraud and identity theft by reviewing credit card account statements and monitoring your credit report for unauthorized activity. You may obtain a free copy of your credit report by contacting any one or more of the following national consumer reporting agencies:

Equifax
P.O. Box 740241
Atlanta, GA 30374
1-800-685-1111
www.equifax.com

Experian
P.O. Box 2104
Allen, TX 75013
1-888-397-3742
www.experian.com

TransUnion
P.O. Box 2000
Chester, PA 19022
1-800-888-4213
www.transunion.com

For residents of Iowa:

State law advises you to report any suspected identity theft to law enforcement or to the Attorney General.

For residents of Oregon:

State laws advise you to report any suspected identity theft to law enforcement, as well as the Federal Trade Commission.

For residents of Maryland and North Carolina:

You can obtain information from the Maryland and North Carolina Offices of the Attorneys General and the Federal Trade Commission about steps you can take to avoid identity theft.

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

**North Carolina Office of the
Attorney General**
Consumer Protection Division
9001 Mail Service Center
Raleigh, NC 27699-9001
1-877-566-7226
www.ncdoj.com

Federal Trade Commission
Consumer Response Center
600 Pennsylvania Avenue, NW
Washington, DC 20580
1-877-IDTHEFT (438-4338)
www.ftc.gov/bcp/edu/microsites/idtheft/

For residents of Illinois:

It is required by state law to inform you that you can obtain information from the national consumer reporting agencies and the Federal Trade Commission about fraud alerts and security freezes.

For residents of Massachusetts and West Virginia:

It is required by state law that you are informed of your right to obtain a police report if you are a victim of identity theft. You also have the right to place a security freeze on your credit report. A security freeze is intended to prevent credit, loans and services from being approved in your name without your consent; however, using a security freeze may delay your ability to obtain credit.

To place a security freeze on your credit report, you need to send a request to a consumer reporting agency by certified mail, overnight mail, or regular stamped mail. The following information must be included when requesting a security freeze (note that if you are requesting a credit report for your spouse, this information must be provided for him/her as well): (1) full name, with middle initial and any suffixes; (2) Social Security number; (3) date of birth; (4) current address and any previous addresses for the past five years; and (5) any applicable incident report or compliant with a law enforcement agency or the Registry of Motor Vehicles. The request must also include a copy of a government-issued identification card and a copy of a recent utility bill or bank or insurance statement. It is essential that each copy be legible, display your name and current mailing address, and the date of issue. The consumer reporting agency may charge a fee of up to \$5.00 to place a freeze or lift or remove a freeze, unless you are a victim of identity theft or the spouse is a victim of identity theft, and you have submitted a valid police report relating to the identity theft incident to the consumer reporting agency.

Equifax Security Freeze
P.O. Box 105788
Atlanta, Georgia 30348
www.equifax.com

Experian Security Freeze
P.O. Box 9554
Allen, TX 75013
www.experian.com

TransUnion (FVAD)
P.O. Box 6790
Fullerton, CA 92834-6790
www.transunion.com