

012, 703/007 8700

North Carolina Security Breach Reporting Form
Pursuant to the Identity Theft Protection Act of 2005

Name of Business Owning or Licensing Information Affected by the Breach: MERCHANT AMERICA
Address: 730 PASSEO CAMARILLO
CAMARILLO, CA 93010
Telephone: 800-291-3242 X3704
Fax: 866-280-8839
Email: KWINCKLER@ECHO-INC.COM

PLEASE SUBMIT FORM TO:
Consumer Protection Division
NC Attorney General's Office
9001 Mail Service Center
Raleigh, NC 27699-9001
Telephone: (919) 716-6000
Toll Free in NC: (877) 566-7226
FAX: (919) 716-6050

Date Security Breach Reporting Form submitted: Letter dated 3/22/07; THIS FORM 4/4/07
Date the Security Breach was discovered: 1/24/07-SUSPICION; 2/6/07-REPORT FROM OUTSIDE FORENSIC TEAM
Estimated number of affected individuals: 130,000
Estimated number of NC residents affected: 3,237

Name of business maintaining or possessing information that was the subject of the Security Breach, if the business that experienced the Security Breach is not the same entity as the business reporting the Security Breach (pursuant to N.C.G.S. § 75-65(b)): N/A

Describe the circumstances surrounding the Security Breach and state whether the information breached was in electronic or paper format: ELECTRONIC FORMAT, SEE ATTACHED LETTER SURROUNDING CIRCUMSTANCES

Regarding electronic information breached, state whether the information breached or potentially breached was password protected or encrypted in some manner. NO If so, please describe the security measures protecting the information: _____

Describe any measures taken to prevent a similar Security Breach from occurring in the future: OUTSIDE SECURITY ANALYSIS; INSTALLED INTRUSION/DETECTION SYSTEM; ENCRYPTION IN PROGRESS

Date affected NC residents were/will be notified: 3/23/07 - 4/4/07

If there has been any delay in notifying affected NC residents, describe the circumstances surrounding the delay pursuant to N.C.G.S. § 75-65(a) and (c): FORENSIC EXPERTS CONDUCTED INVESTIGATION INTO SCOPE OF INTRUSION; INVESTIGATION TO CONFIRM SYSTEM SECURITY; ID OF EFFECTED INDIVIDUALS

If the delay was pursuant to a request from law enforcement pursuant to N.C.G.S. § 75-65(c), please include the written request or the contemporaneous memorandum.

How NC residents were/will be notified? (pursuant to N.C.G.S. § 75-65(e))

- written notice
 electronic notice (email)
 telephone notice
 substitute notice

Please attach copy of the notice if in written form or a copy of any scripted notice if in telephonic form.

Signature: Kris Winckler Date: 4/4/07
Contact Person, Title: KRIS WINCKLER, SVP
Address: 215 CENTRAL NW, 3RD FLOOR
(if different from above) ALBUQUERQUE, NM 87102
Telephone: 800-291-3242 X3704 Fax: 866-280-8839 Email: KWINCKLER@ECHO-INC.COM

Below is the list of NC Merchants:

COMMERCIAL FIRST LEASING
GULISTAN CARPET
OAK RIDGE INCOME TAX, INC
A TOTAL YOU FOR WOMEN
RAINBOW SOCCER
PROPERTY SOLUTIONS REALT
SOLIDSPACE LLC
UPTOWN DAY SHELTER INC



PO Box 37420 | Oak Park, MI 48237

Please Open Immediately.

<<NAME>>
<<ADDRESS 1>>
<<ADDRESS 2>>
<<CITY, STATE ZIP>>

<<POSTNET CODE>>

Dear <<NAME>>,

We recently became aware of a computer intrusion that occurred in early December that may have allowed some of your personal information to be viewed online for a brief time. We are aware of no evidence that your information was stolen or used fraudulently. However, we consider any unauthorized system intrusion to be a serious matter. For that reason, we are making available to you a number of resources to minimize any possible cost or inconvenience this might cause.

How Your Information May Have Been Exposed

Our organization, Merchant America, processes payment transactions for a number of merchants, including one where you may have made a purchase in or prior to early December 2006 using funds from your checking account. During the intrusion, a database was accessed that contained information about you. Such information may have included a combination of any one or more of the following: your name, address, account number, account routing information, telephone number, e-mail address and/or driver's license number. After the incident was detected, our internal information technology team and an outside forensic security firm conducted an extensive investigation. This in-depth examination was recently concluded. Based upon the findings we believe that no information was electronically copied or downloaded. However, data may have been viewed and manually copied during the brief time the database was illegally accessed.

We have closed off the avenue the unauthorized person used to access the database and are taking several other steps to tighten up our overall security systems. We are also reviewing and strengthening the procedures already in place to safeguard against a breach of data security in the future.

Resources Available to You

Among the immediate steps we are taking to guard against potential problems is to offer services to you, free of charge, to help secure the privacy of your personal information.

We have engaged Kroll Inc., a leading worldwide risk consulting company, to provide you with access to its ID TheftSmart™ service — which includes Enhanced Identity Theft Restoration and Continuous Credit Monitoring — at no cost to you for a period of 12 months. ID TheftSmart is designed to help protect your name and credit against identity theft. We urge you to take the time to read the enclosed information about the safeguards now available to you.

We encourage you to stay aware and remain vigilant by monitoring your credit reports, credit history and your bank account activity in the event there was any unauthorized access to your personal information. You may obtain a free copy of your credit report by contacting one of the three national credit reporting agencies shown toward the bottom of this letter.

Contact Information

If you have questions about this incident or feel you may have an identity theft issue related to this incident, please call ID TheftSmart member services at the number listed on the attached card.

Please accept our deepest apology for any inconvenience this incident may cause. We are committed to protecting your personal information, and we hope that you take advantage of the free resources we are making available.

Sincerely,

Merchant America and ID TheftSmart

Equifax: 1-800-525-6285; www.equifax.com; P.O. Box 740241, Atlanta, GA 30374-0241

Experian: 1-888-EXPERIAN (397-3742); www.experian.com; P.O. Box 2002, Allen, TX 75013

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



MEMBER: MR. JOHN Q. SAMPLE
MEMBERSHIP ID#: 000000000

Member Services: 1-800-588-9839
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



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PS: Your ID TheftSmart credit monitoring service cannot be provided without your authorization.
You must complete and return the enclosed authorization form to begin the process.

Office of the Attorney General
State of North Carolina
Consumer Protection Division
9001 Mail Service Center
Raleigh, NC 27699-9001

Delivery Via USPS Tracking No. EQ 214304325 US

RE: Notification of Data Security Breach Incident

Dear Sir/Madame:

This letter is being sent in accordance with North Carolina law to inform your office that our company recently suffered an unauthorized computer intrusion into one of our databases. The database that was accessed by an unauthorized person contains a combination of one or more of the following types of personal information about consumers who engaged in transactions with one or more of the merchants to whom we provided payment processing services: name; bank account number; and/or drivers license number. We have enclosed a copy of the notice letter that we will be sending to potentially affected individuals on a nationwide basis on March 23, 2007.

Approximately 3,237 North Carolina residents will be receiving notice letters. Should you have any additional questions, you may contact me directly at 505-998-3141, ext. 3704.

Sincerely,

Kris Winckler, AAP
SVP, Strategy & Marketing
Merchant America