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February 25, 2008

New York State Consumer Protection Board
5 Empire State Plaza, Suite 2101
Albany, New York 12223

Re: Independent Financial Marketing Group, Inc. ("IFMG") Response to Compromise of Personal Information

Dear Sir or Madam:

We write to advise you of an incident involving unauthorized person(s) who obtained access to IFMG's client access clearing platform's trading and account view system by obtaining the password of one retail customer of IFMG.

The incident permitted unauthorized access to certain personal information belonging to the customer. As described below, IFMG first learned of the details of this incident on **January 15, 2008** and took immediate action to: complete an investigation, ensure that law enforcement was informed; notify our primary regulator, Financial Industry Regulatory Authority; determine what information had been compromised; investigate the situation; and notify and offer solutions to the affected individual.

Learning About the Incident. On December 13, 2007, unknown person(s) logged into My Streetscape (IFMG's clearing firm's customer facing system). We then initiated an investigation that led to obtaining more details surrounding the situation.

Investigating the Disclosure. To our knowledge, there was **one customer** logon accessed. Internal reports were run to identify the information that could have been viewed with the affected logon.

Communicating with Affected Individual. In order to ensure that the affected individual could take immediate steps to protect themselves from possible identity theft or other monetary damage, IFMG moved quickly to change the customer's password and inform him of the incident. IFMG retained Kroll Inc. to provide toll-free access to its Consumer Solutions Center, along with credit monitoring services and identity theft restoration services. The communication, which is Attachment 1 to this letter, was sent out by first-class mail on February 8, 2008. It informed the customer of:

- The incident in general terms.
- The type of personal information that was potentially accessible.
- The steps IFMG is taking to protect the personal information from further unauthorized access.

Confidential

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SECURITIES AND INSURANCE AGENCIES ARE:
NOT FDIC/NCUA INSURED • MAY LOSE VALUE • NO BANK/CREDIT UNION GUARANTEE
NOT A DEPOSIT • NOT INSURED BY ANY FEDERAL GOVERNMENT ENTITY

- The telephone number that the individual could call for further information and assistance.
- Information about Kroll Inc.'s ID TheftSmart™ service, which includes (at no cost to customers) access to Enhanced Identity Theft Restoration, Continuous Credit Monitoring, and a Trimerged Credit Report.

The material also advised them to remain vigilant by reviewing account statements and monitoring free credit reports.

Services to Affected Individual. We also took proactive steps to help this customer protect himself against identity theft by purchasing credit monitoring and identity restoration services from Kroll for this customer. Kroll will provide access to a credit report to the customer if he chooses to enroll for the service. In addition, the enrolled customer's credit file will be monitored for critical changes, including address changes, inquiries, new trade-lines, derogatory notices and appearance of certain public records. The customer will be informed of such changes by either postal or electronic mail. If the customer suspects or discovers fraudulent activity, Kroll, as part of the identity restoration services, will provide the customer with a toolkit of resources to address issues he encounters. Moreover, if the customer provides Kroll a Limited Power of Attorney, Kroll will work on his behalf to restore his identity, including, among other services, (1) issuing fraud alerts to government agencies and credit reporting agencies; (2) conducting a search of non-credit-data records to detect any other fraudulent activity committed in the customer's name; (3) working with the customer and credit reporting agencies to dispute fraudulent accounts; and (4) working with law enforcement agencies to prevent additional fraudulent activity.

Fortunately, at this time, IFMG has no specific knowledge that any customer information was accessed or misused. We also are unaware of any reported instance of identify theft.

We believe the services we are offering to this customer will help him immediately respond to any threats of identity theft or other misuse of their data as a result of this isolated theft.

We hope that this letter and its enclosures provide you with all the information you need. Please let us know if you have additional questions or if we can be of further assistance.

Sincerely,



Michael Weiss

President

Independent Financial Marketing Group, Inc