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A PROFESSIONAL ASSOCIATION
ATTORNEYS AT LAW

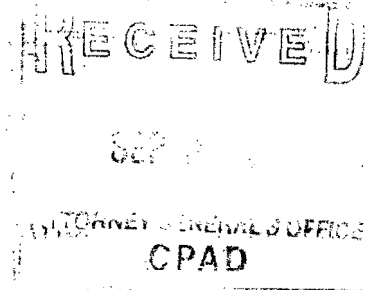
www.osbornmaledon.com

Jean-Jacques Cabou

Direct Line 602.640.9399
Direct Fax 602.664.2064

jjcabou@omlaw.com

August 31, 2009



Shannon Choy-Seymour
Assistant Attorney General
Consumer Protection Division
One Ashburton Place
Boston, MA 02108

Re: American Barcode and RFID, Inc.'s Security Breach

Dear Ms. Choy-Seymour:

Please note that this firm and I represent American Barcode and RFID, Inc. ("American Barcode") with respect to a security breach involving consumers in Massachusetts. As you requested in your letter to American Barcode of August 26, 2009, enclosed is a copy of the form letter sent out to American Barcode consumers within the State of Massachusetts.

Should you have any further questions, please do not hesitate to contact me directly.

Sincerely,

Jean-Jacques Cabou

JJC:jal

Enclosure

cc: Michael E. Stryczek, CEO
2727958



AMERICAN BARCODE
AND RFID

August 14, 2009

[Customer Name]
[customer address line 1]
[customer address line 2]
[city, state, zip]

Dear [customer]:

Some time ago you purchased products from Scansmart.com, a division of American Barcode and RFID Inc. ("American Barcode"). I am writing to you today to inform you of a recent online security incident that may affect you. We recently discovered that computer hackers illegally accessed the Scansmart.com database here at American Barcode which contained information about you. At this time, we do not know whether this information has been improperly used. Because we place the highest degree of importance on your trust and confidence, we want to inform you of the situation, provide background information concerning what happened and offer some assistance to help protect you and your information from any negative consequences resulting from this security breach, including credit card fraud and identity theft.

What Happened?

During the week of July 27, American Barcode discovered that hackers had illegally broken into American Barcode's web server and had access to the personal information of many of its online customers. This customer information included: (i) user name and password to access the www.scansmart.com website; (ii) names, company names, email addresses, and phone numbers; (iii) delivery and billing addresses; (iv) credit card information; as well as (v) product purchase history. American Barcode immediately began conducting a thorough internal investigation, which is ongoing, and restored the integrity of its web server. We have also filed a criminal report with federal investigators. We will of course provide you with any additional significant information as it becomes available to us.

What Should YOU do Now?

While we don't want to unnecessarily alarm or concern you, we want you to be aware of the situation and give you the information that you need to protect yourself against credit card fraud and identity theft. We recommend that you remain vigilant for incidents of fraud or identity theft by carefully reviewing your account statements and monitoring your credit reports. Also, we urge you to promptly report any incidents of suspected identity theft to your credit card company, American Barcode, and to the proper authorities in your home state. We further

recommend that you report this incident to your credit card company, cancel your existing credit card accounts and ask that they report it as "closed at customer request."

Contact Information for Further Information and Assistance

American Barcode considers information privacy an important priority. Although we believe that this security breach is an aberration, consistent with our commitment to maintaining the confidentiality of your private information, we will strive to refine our procedures even further to endeavor to avoid any repetition of this type of situation.

If you wish to contact the major consumer reporting companies directly, their contact information is set forth below:

TransUnion 1-800-680-7289 Fraud Victim Assistance Division P.O. Box 6790 Fullerton, CA 92834-6790 www.transunion.com	Equifax 1-800-685-1111 or 1-888-766-0008 P.O. Box 740241 Atlanta, GA 30374-0241 www.equifax.com	Experian 1-888-397-3742 P.O. Box 2104 Allen, TX 75013 www.experian.com
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The Federal Trade Commission also works with consumers to help prevent, and provide information concerning, identity theft. The contact information for the Federal Trade Commission is as follows:

Federal Trade Commission at 1-877-ID-THEFT (1-877-438-4338) or www.ftc.gov
Consumer Response Center, 600 Pennsylvania, NW, H-130, Washington, D.C. 20580

It is possible that people falsely purporting to be representatives of Scansmart or American Barcode could contact you and offer "assistance." Naturally, you should not communicate any information to these persons.

If you have any additional questions regarding ways to protect yourself or company from identity theft, please contact American Barcode at toll-free (877) 456-3143. We will have an associate available 8:30 a.m. through 4:30 p.m. Pacific Time Monday through Friday to provide you assistance. We thank you in advance for your patience.

We sincerely apologize for any inconvenience or concern that this incident may cause.

Sincerely,

M. Stryczek

Michael E. Stryczek
Chief Executive Officer
American Barcode and RFID Inc.
3431 East Elwood Street
Phoenix, Arizona 85040

The Phoenix Plaza
21st Floor
2929 North Central Avenue
Phoenix, Arizona 85012-2793
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jjcabou@omlaw.com

September 11, 2009

Ms. Shannon Choy-Seymour
Assistant Attorney General
Consumer Protection Division
One Ashburton Place
Boston, MA 02108

RECEIVED

SEP 14 2009

OFFICE OF THE ATTORNEY GENERAL
P.P.A.B.

Re: American Barcode and RFID, Inc.'s Security Breach

Dear Ms. Choy-Seymour:

Thank you for your letter of September 4, 2009, which I received today.

My sincere apologies but my office inadvertently enclosed, with my letter to you of August 31, 2009, the incorrect form letter mailed out to the American Barcode consumers within the Commonwealth of Massachusetts. In fact, the footer of the document mailed to you notes that this letter was **not** used in Massachusetts.

Enclosed is a copy of the actual letter mailed to Massachusetts consumers on August 14, 2009. In advance of mailing the enclosed letter to consumers within your Commonwealth, we worked diligently with our client and co-counsel to ensure that the notification met the requirements of Massachusetts law. Please let us know if, now that you have the correct document, you still believe there is some deficiency with it.

Again, I apologize for any confusion this may have caused. Of course, should you have any further questions, please do not hesitate to contact me directly.

Sincerely,

A handwritten signature in black ink, appearing to be 'JJ Cabou', written over the typed name.

Jean-Jacques Cabou

JJC:jal

Enclosure

cc: Michael E. Stryczek, CEO

2747317



AMERICAN BARCODE
AND RFID

August 14, 2009

[Customer Name]
[customer address line 1]
[customer address line 2]
[city, state, zip]

Dear [customer]:

Some time ago you purchased products from Scansmart.com, a division of American Barcode and RFID Inc. ("American Barcode"). I am writing to you today to inform you of a recent online security incident that may affect you. We recently discovered that a web server here at American Barcode which contained personal information about our online customers was accessed without our authorization. This customer information included: (i) user name and password to access the www.scansmart.com website; (ii) names, company names, email addresses, and phone numbers; (iii) delivery and billing addresses; (iv) credit card information; as well as (v) product purchase history. At this time, we do not know whether this information has been improperly used. Because we place the highest degree of importance on your trust and confidence, we want to inform you of the situation and offer some assistance to help protect you and your information from any negative consequences resulting from this security breach, including credit card fraud and identity theft.

What Should YOU do Now?

While we don't want to unnecessarily alarm or concern you, we want you to be aware of the situation and give you the information that you need to protect yourself against credit card fraud and identity theft. We recommend that you remain vigilant for incidents of fraud or identity theft by carefully reviewing your account statements and monitoring your credit reports. Also, we urge you to promptly report any incidents of suspected identity theft to your credit card company, American Barcode, and to the proper authorities in your home state. We further recommend that you report this incident to your credit card company, cancel your existing credit card accounts and ask that they report it as "closed at customer request."

Contact Information for Further Information and Assistance

American Barcode considers information privacy an important priority. Although we believe that this security breach is an aberration, consistent with our commitment to maintaining the confidentiality of your private information, we will strive to refine our procedures even further to endeavor to avoid any repetition of this type of situation.

If you wish to contact the major consumer reporting companies directly, their contact information is set forth below. You may also request a security freeze on your consumer report from one of the

consumer reporting companies listed below. To request a security freeze from a consumer reporting company, you must make the request in writing to the location designated by the consumer reporting company to accept such requests. The company may require certain personal information prior to enacting the security freeze. Fees for the security freeze vary from state to state. It is advisable to check with the consumer reporting companies listed below to determine their requirements and procedures prior to requesting a security freeze.

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

Equifax
1-800-685-1111
or 1-888-766-0008
P.O. Box 740241
Atlanta, GA 30374-0241
www.equifax.com

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

The Federal Trade Commission also works with consumers to help prevent, and provide information concerning, identity theft. The contact information for the Federal Trade Commission is as follows:

Federal Trade Commission at 1-877-ID-THEFT (1-877-438-4338) or www.ftc.gov
Consumer Response Center, 600 Pennsylvania, NW, H-130, Washington, D.C. 20580

In addition to the above information, you have the right to obtain a copy of any police report concerning the incident.

It is possible that people falsely purporting to be representatives of Scansmart or American Barcode could contact you and offer "assistance." Naturally, you should not communicate any information to these persons.

If you have any additional questions regarding ways to protect yourself or company from identity theft, please contact American Barcode at toll-free (877) 456-3143. We will have an associate available 8:30 a.m. through 4:30 p.m. Pacific Time Monday through Friday to provide you assistance. We thank you in advance for your patience.

We sincerely apologize for any inconvenience or concern that this incident may cause.

Sincerely,

M. Stryczek

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