

May 19, 2009

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Attorney General Martha Coakley
Office of Attorney General Martha Coakley
One Ashburton Place
Boston, MA 02108

Director Daniel Crane
Office of Consumer Affairs and Business Regulation
Ten Park Plaza, Suite 5170
Boston, MA 02116

Re: LPL Financial Corporation
Notification of Potential Unauthorized use of Personal Information under M.G.L
Chapter 93H, Section 3

Dear Attorney General Coakley and Director Crane:

We write to advise you of an incident involving potentially unauthorized access to personal information of LPL Financial clients. In March, 2009, two desktop computers were stolen from the office of an LPL Financial Advisor in Alpharetta, Georgia. As a result, personal information, including name, address, financial account information, and Social Security numbers may have been breached. This incident affected two Massachusetts residents.

Learning About the Incident. LPL Financial first learned of this incident on April 29, 2009, and took the following actions: (1) determined what information had been compromised; (2) investigated the situation; and (3) notified and offered solutions to the affected individual.

Investigating the Disclosure. We conducted an internal investigation and identified those clients whose personal information may have been accessed; and though we have no evidence of any fraudulent activity, we used the information gathered during our research to generate a customer notification mailing list.

Communicating with Affected Individuals. In order to ensure that affected individuals could take immediate steps to protect themselves from possible identity theft or other monetary damage, we moved quickly to inform them of the incident. We retained Kroll Inc. ("Kroll"), a risk consulting company, to provide toll-free access to its Consumer Solutions Center, along with credit monitoring services and identity theft restoration services. In tandem, we prepared guidance for call center representatives and drafted a communication to affected individuals. The communication was sent by first-class mail in May 2009. The notification materials, attached to this letter as Exhibit A, advise the affected individuals to remain vigilant by reviewing account statements and utilizing the credit monitoring service that Kroll Inc. offers.

Services to Affected Individuals. Kroll will provide access to a credit report to affected individuals who enroll for the service. In addition, the enrolled individual's credit file will be monitored for critical changes, including address changes, inquiries, new trade-lines, derogatory notices, and appearance of certain public records. Individuals will be informed of such changes by either postal or electronic mail. If a person suspects or discovers fraudulent activity, Kroll, as part of the identity restoration services, will provide the affected individual with a toolkit of resources to address issues encountered. Moreover, if the affected individual provides Kroll a Limited Power of Attorney, Kroll will work on the individual's behalf to restore his or her 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 person's name; (3) working with account holders and credit reporting agencies to dispute fraudulent accounts; and (4) working with law enforcement agencies to prevent additional fraudulent activity.

We believe the services offered to our clients will help them immediately respond to any threats of identity theft or other misuse of their data as a result of this isolated incident.

We trust that this letter and its enclosures provide you with all the information required to assess this incident and our response. Please let us know if you have additional questions or if we can be of further assistance.

Sincerely,

Keith H. Fine (by AH)

Keith H. Fine

Enclosures

cc: Marc Loewenthal

Exhibit A

Urgent Message
Please Open Immediately.

[Name]
[Address]

Valued client of Andrew Sullivan and LPL Financial: This is an important message regarding an incident that occurred March 2009.

Dear <FirstName> <MiddleInitial> <LastName>,

Guarding your privacy is a top priority at LPL Financial. We maintain a strong commitment to protecting your information and aim to communicate openly should it ever be compromised. Regrettably, we recently learned of an incident in which your personal information may have been breached.

While we have no evidence that the information has been misused, we wanted to make you aware of the incident and the steps we are taking to help safeguard your personal information.

We have engaged Kroll, Inc. to provide its ID TheftSmart service; in fact, this packet was mailed from Kroll's print facility in Georgia to expedite delivery. Kroll's service, offered at no cost to you, includes access to Enhanced Identity Theft Restoration, Continuous Credit Monitoring, and a Trimerged Credit Report.

ID TheftSmart is one of the most comprehensive programs available to help protect your name and credit against identity theft. We encourage you to take the time to review the safeguards made available to you and review your statements and credit information regularly.

If you have any questions or feel you have an identity theft issue, please call ID TheftSmart at 1-800-588-9839 between 8:00 a.m. and 5:00 p.m. (Central Time), Monday through Friday.

You have the right to obtain a police report if you become a victim of identity theft. You may also obtain a security freeze on your credit report by sending a request in writing to all credit reporting agencies. A security freeze will prohibit the credit reporting agency from releasing your credit report or any information without your express consent. To place a freeze, you must write each of the following three credit reporting agencies:

- Equifax Security Freeze, P.O. Box 105788, Atlanta, Georgia 30348;
- Experian Security Freeze, P.O. Box 9554, Allen, TX 75013; and
- TransUnion Security Freeze, P.O. Box 6790, Fullerton, CA 92834.

The following information must be provided when requesting a security freeze:

- Full name (including middle initial and suffix), address, Social Security Number, and date of birth;
- If you have moved in the past five years, all addresses where you have lived during this time;
- A copy of your driver's license or other government-issued identification card;
- A copy of a utility bill or bank or insurance statement that displays your name, current mailing address, and date of issue; and
- Police report, investigative report, or complaint to a law enforcement agency concerning the identity theft; or
- If police report, investigative report, or complaint is not available, fee of \$5.00 for each placement, temporary lift, or removal of a security freeze.

We apologize for any inconvenience or concern this situation may cause. We at LPL Financial believe it is important for you to be fully informed of any potential risk resulting from this incident. Again, we want to reassure you that we have no evidence that your personal information has been misused. Maintaining the privacy of your information is a key priority for LPL Financial, and we will continue to take the needed steps to protect your information

Sincerely,

Marc Loewenthal
Senior Vice President
Chief Security/Privacy Officer
LPL Financial

Enclosures:

Membership Card
A Summary of Your Rights Under the Fair Credit Reporting Act
Authorization Form for Credit Report and Credit Monitoring Service
Service Overview Brochure
Kroll Privacy Policy