

Memo

To: Consumer Protection Division
From: Melissa Hutchings
Date: March 10, 2010
Re: H & R Block Security Breach

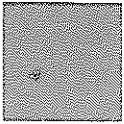
The attached letter from H & R Block was received by the Department of Professional and Financial Regulation; however, since H & R Block is not one of our regulated entities, I am forwarding it to your office for review.

I can be reached at 624-8511 if you have any questions.

CONSUMER PROTECTION DIVISION
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OFFICE OF ATTORNEY GENERAL



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OFFICE OF THE ATTORNEY GENERAL
AND REGISTRATION

February 26, 2010

CONFIDENTIAL

State of Maine
Department of Professional & Financial Regulation
35 State House Station
Augusta, Maine 04333

To Whom It May Concern:

The purpose of this letter is to provide your office with notice of an incident involving certain of our client's personal information. Recently, H&R Block detected some unusual activity with a very limited number of online tax preparation accounts. We investigated immediately, and it became apparent that an unauthorized third party had been able to obtain the login credentials (i.e., username and password) for a small number of online accounts, and then used that login information to unlawfully obtain access to the accounts. **Although the investigation is still under way, we believe that the affected clients were the victims of a "phishing" scam (or some other similar criminal activity) designed to steal login credentials. At this point in time all evidence points to an external theft of login information rather than any breach of Block's site or systems themselves (i.e., our systems weren't "hacked" into).**

Upon realizing that the accounts had been accessed by an unauthorized individual, we immediately locked the impacted accounts from further access. Law enforcement authorities are investigating this incident, and we are doing everything we can to support their investigation. On February 23, 2010, H&R Block initiated the mailing of a letter via First Class U.S. Mail to each individual affected by this incident informing them of what occurred and how to protect themselves. We've offered all affected individuals two (2) years of Identity Theft Protection service at no cost to them.

H&R Block respectfully requests that the information contained in his letter be kept confidential. Any details regarding this incident that are made public could jeopardize the investigation of this matter.

Thank you for your attention to this matter. Should you have any questions regarding this letter, please contact me at 816-854-4845.

Sincerely,

Beth Middleton
Assistant Vice President and Chief Risk Officer
H&R Block