

COLLECTION
TECHNOLOGY
INC.

CTi

Student loan focused, committed to providing innovative solutions that propel your portfolio to superior results.

David Cortis

May 20, 2010

The Honorable Janet T. Mills
6 State House Station
Augusta, ME 04333
Fax: (207) 287-3145

Dear Madame Attorney General,

We are writing to inform you about a security incident we have discovered that may impact the credit card information of residents of your state or jurisdiction. Collection Technology Inc. (CTi) is a national debt recovery agency that provides a variety of debt recovery services and solutions for our clients, including collecting on student loans on behalf of the US Department of Education.

On or about April 20, 2010, CTi learned that our former employee was accessing CTi electronic files and viewing credit card authorization forms that were received by CTi from borrowers or someone affiliated with a borrower. These authorization forms contained the individual's name, address, credit card number and expiration date. The employee used the credit card information to make unauthorized payments on other defaulted loans handled by CTi. The payments were in the amount of \$5.00 or \$10.00. We have identified 12 credit card numbers that were used to make payment on other loans. The total known impact at this point is \$80.00. We are working with our payment processor, pay.gov, to refund the money to the credit card accounts of those individuals. In an abundance of caution, we have also identified all credit cardholders that forwarded third party credit card authorization forms to CTi that could have been accessed by the former CTi employee. Our current estimate is that the credit card information of approximately 2 individuals in your state or jurisdiction was included in the electronic files containing these authorization forms.

We take very seriously our responsibility to protect the privacy of all borrower information. Upon learning of this incident, we immediately locked down the electronic files, segmented the correspondence folders that contain payment authorization and tightened our access and payment authorization procedures to ensure that there are no future opportunities for unauthorized access to private credit card information.

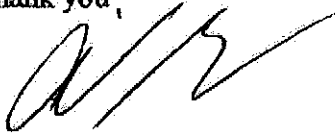
In order to protect any affected individuals we have hired Debix, Inc. to offer credit protection services for one year to all impacted individuals, and to manage a dedicated call center to quickly address any questions or concerns of those affected.

The affected individuals residing in your state or jurisdiction will be sent one of the two attached written notification letters (and state specific attachment) on May 20th depending on whether we have confirmed the use of their credit card by our former employee, or their information was included in the file accessible to him.

We have also notified the US Department of Education, the US General Services Administration and the Office of Inspector General for both of those agencies, as well as the Treasury Department and pay.gov. We have contacted local police in Monterey Park, California and will work with the OIG's to determine if additional law enforcement action is needed.

If you have any questions regarding this incident, please contact me at 800-743-4284, ext. 1400 or cvandellen@collectiontechnology.com.

Thank you,



Chris Van Dellen
President
Collection Technology, Inc.
1200 Corporate Center Drive, Suite 325
Monterey Park, CA 91754
(800) 743-4284 Ext. 1400 (office)
(323) 446-0646 (fax)
cvandellen@collectiontechnology.com

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<Month Year>

<Borrower/Third Party First Name> <Borrower/Third Party Last Name>

<Address 1>

<Address 2>

<Address 3>

<City Name>, <State> <Zip Code>

Dear <First Name> <Last Name>:

Collection Technology Inc. (CTi) is a national debt recovery agency that provides a variety of debt recovery services and solutions for our clients, including collecting on student loans on behalf of the US Department of Education. We are writing to inform you about a recent incident involving one of our employees.

On or about April 20, 2010, CTi learned that our former employee was accessing CTi electronic files and viewing credit card authorization forms that were received by CTi from you as a borrower or someone affiliated with a borrower. The authorization form contained your name, address, credit card number and expiration date. This employee used the credit card numbers to make unauthorized payments in the amount of \$5.00 or \$10.00 on other defaulted loans handled by CTi. While we have not identified any instances where your credit card was used to make an unauthorized payment, in an abundance of caution, we are notifying everyone whose credit card information was contained in the electronic files that could have been accessed by the former CTi employee. We are informing you of this incident to allow you to take whatever action you deem necessary to protect yourself and your credit card account, including contacting the bank that issued your credit card and changing your credit card number or monitoring future transactions.

To help safeguard you from misuse of your personal information, we have arranged for you to receive 12 months of identity protection under the Debix Identity Protection Network at no cost to you. From the date that you set up your account, Debix will enroll you in OnCall Credit Monitoring™ and you will receive OnCall Credit alerts regarding changes in your credit file. Using your phone, you can review and verify these credit alerts and the Debix on-call investigators are there to assist you in the event that you suspect fraud. This service also includes a \$1,000,000 Identity Theft Insurance Policy, and 12 months enrollment in Debix Fraud Resolution Services, if needed, to assist you in restoring your credit file.

Debix has a simple Internet-based verification and enrollment process. To sign up, go to <http://www.debix.com/safe>. You will need to provide the activation code that is listed at the top of this page. Once you have entered your activation code, click on "Sign up now" on the right side of the page and follow the web site's instructions. Please note that if you enroll online, part of the sign-up process may include receiving a phone call from Debix soon after you initiate the registration process. You have 90 days from the receipt of this letter to register.

Alternatively, if you do not wish to register over the internet, or have questions regarding this incident, we have setup a special hotline at 877-979-2595. For those wishing to register via the U.S. Postal Service, we have included a mail-in registration form. This service will be valid for one year from the date you register for it.

We take our responsibility to protect borrower data seriously and are therefore notifying you about this incident. We sincerely apologize for this situation. Please be assured that we have investigated the issue, secured the electronic files, and tightened our access and authorization procedures to ensure that there are no future opportunities for unauthorized access to private credit card information. We have notified the Monterey Park police department and will be notifying the Inspectors General for the federal agencies that assigned these accounts to CTi.

We value our clients, and their borrowers, and the trust they have placed in us. We remain committed to ensuring the safety and security of your data. If you have any concerns or questions about this matter, please call us at (800) 743-4284 Ext. 1400.

Sincerely,

Chris Van Dellen
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Collection Technology, Inc.
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Monterey Park, CA 91754
(800) 743-4284 Ext. 1400 (office)
(323) 446-0646 (fax)
cvandellen@collectiontechnology.com



Complimentary Debix Identity Protection

Activation Code: <<12345678>>

Signup Link: <https://www.debix.com/safe>

Register by Phone: 877-979-2595

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- **OnCall Investigation Team** – Live OnCall investigators assist you when an attack occurs and help file cases with law enforcement.
- **OnCall Attack Reports** – Allow the sponsor organization providing Debix protection to know if exposed or stolen data is being used by identity thieves
- **\$1 Million Insurance** – Comprehensive identity restoration and \$1 million in identity theft insurance coverage to correct fraud and protect your good name.



OnCall Credit Alerts



OnCall Investigation



OnCall Attack Reports



\$1 Million Insurance

HOW TO ENROLL:

For one year of free Debix Identity Protection, you may sign up online at www.debix.com/safe, or you can call us toll-free at 877-979-2595. Phone registrations are available Monday through Saturday, 9am to 5pm, central time.

State Specific Notification Requirements

If you reside in Hawaii, Iowa, Maryland, Michigan, Missouri, North Carolina, Oregon, Vermont, Virginia, West Virginia, or Wyoming:

It is required by your state laws to inform you that you may obtain a copy of your credit report, free of charge, whether or not you suspect any unauthorized activity on your account. It is recommended by state law that you remain vigilant for incidents of fraud and identity theft by reviewing credit card account statements and monitoring your credit report for unauthorized activity. You may obtain a free copy of your credit report by contacting any one or more of the following national consumer reporting agencies:

Equifax

P.O. Box 740241
Atlanta, Georgia 30348
1-800-685-1111
www.equifax.com

Experian

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

TransUnion

P.O. Box 6790
Fullerton, CA 92834-6790
1-800-680-7289
www.transunion.com

If you reside in Iowa:

State law advises that if you suspect identity theft, you should report it to law enforcement or to the Attorney General.

If you reside in Maryland:

You are entitled to receive the contact information for the national consumer reporting agencies:

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Also, you can obtain information from the Maryland Office of the Attorney General and the Federal Trade Commission about steps you can take to avoid identity theft.

Maryland Office of the Attorney General

Consumer Protection Division
200 St. Paul Place
Baltimore, MD 21202
1-888-743-0023
www.oag.state.md.us

Federal Trade Commission

Consumer Response Center
600 Pennsylvania Avenue, NW
Washington, DC 20580
1-877-IDTHEFT (438-4338)
www.ftc.gov/bcp/edu/microsites/idtheft/

If you reside in Massachusetts or West Virginia:

It is required by your state laws that you are informed of your right to obtain a police report if you are a victim of identity theft. You also have the right to place a security freeze on your credit report. A security freeze is intended to prevent credit, loans and services from being approved in your name without your consent; however, using a security freeze may delay your ability to obtain credit.

To place a security freeze on your credit report, you need to send a request to a consumer reporting agency by certified mail, overnight mail, or regular stamped mail. The following information must be included when requesting a security freeze (note that if you are requesting a credit report for your spouse, this information must be provided for him/her as well): (1) full name, with middle initial and any suffixes; (2) Social Security number; (3) date of birth; (4) current address and any previous addresses for the past five years; and (5) any applicable incident report or complaint with a law enforcement agency or the Registry of Motor Vehicles. The request must also include a copy of a government-issued identification card and a copy of a recent utility bill or bank or insurance statement. It is essential that each copy be legible, display your name and current mailing address, and the date of issue. The consumer reporting agency may charge a fee of up to \$5.00 to place a freeze or lift or remove a freeze, unless you are a victim of identity theft or the spouse of a victim of identity theft, and you have submitted a valid police report relating to the identity theft incident to the consumer reporting agency.

You also have the right to place a fraud alert on your credit report. Fraud alerts can help prevent an identity thief from opening any more accounts in your name. Contact the toll-free fraud number of any of the three

consumer reporting companies below to place a fraud alert on your credit report. You only need to contact one of the three companies to place an alert. The company you call is required to contact the other two, which will place an alert on their versions of your report, too.

Once you place the fraud alert in your file, you're entitled to order free copies of your credit reports, and, if you ask, only the last four digits of your SSN will appear on your credit reports. Once you get your credit reports, review them carefully. Look for inquiries from companies you haven't contacted, accounts you didn't open, and debts on your accounts that you can't explain. Check that information, like your SSN, address(es), name or initials, and employers are correct. If you find fraudulent or inaccurate information, get it removed. Continue to check your credit reports periodically, especially for the first year after you discover the identity theft, to make sure no new fraudulent activity has occurred.

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If you reside in Oregon:

State law advises that if you suspect identity theft, you should report it to law enforcement, and the Federal Trade Commission.

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<Month Year>

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<Address 1>

<Address 2>

<Address 3>

<City Name>, <State> <Zip Code>

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