

September 22, 2015

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VIA EMAIL

Washington Attorney General's Office
800 5th Ave, Suite 2000
Seattle, WA 98104-3188

SecurityBreach@atg.wa.gov

To Whom It May Concern:

I am writing on behalf of Costco to inform you of a recent security compromise involving the company that hosts the online Costco Photo Center (the "Site"). On July 17, the host company notified Costco that it was disabling the payment processing functionality on the Site due to a security incident. The hosting company declined to provide any additional information. To protect its customers, Costco took the Site offline entirely while it further investigated the incident. Costco engaged a third-party forensic vendor to investigate whether and how the incident may have affected the Site and Costco Members' information. The host company has since notified Costco that an unauthorized party had access to the host company's system from June 19, 2014 to July 15, 2015, and at some point deployed malware within the host company's systems. However, the forensic vendor notified Costco on September 3 that the forensic evidence available was not sufficient to determine the exact dates the malware was active on the Site and how it may have affected Costco Members' information. In the absence of such information, Costco has taken a conservative approach to protect its customers and initiated a process to notify all customers whose information may have been affected by the malware.

The malware is believed to have captured information typed into the Site by users, such as login and purchase information. Consequently, Costco is notifying approximately 29,425 residents of your state who entered credit cards onto the Site during the time the malware was on the host company's system. The notice indicates that their credit card information (including security code and expiration date), as well as their name, billing address, ship-to address, email address, and password may have been compromised.

In addition, although your State's breach notification law does not require Costco to do so, Costco is notifying customers that used a previously-stored card in a transaction that the stored card information was not impacted, but that their name, ship-to address, security code of their credit card, and email address and password may have been taken. Finally, Costco is notifying all other Photo Center account holders (those who neither engaged in a credit card transaction nor used a previously-stored credit card during the period in question) that their user credentials

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may have been compromised and advising them to change their passwords on all other sites for which they use the same password. Out of an abundance of caution, Costco is sending notification to all account holders, even though a large portion of those accounts have not been active for quite some time and are therefore unlikely to have been impacted.

Costco's site was brought back on line August 31 with limited functionality and new security measures at a variety of levels. As a precaution, before re-opening the Site, Costco deleted all stored credit card information. When Costco resumes taking payments online, the Site will have new payment technology with enhanced security features. Costco continues to work closely with its hosting company to implement security tools and tests to protect its members' personal data.

Please find enclosed copy of the notification that will be sent to customers whose credit card information may have been compromised. Costco began sending send notifications beginning September 21, 2015.

Please contact me at the above address with any questions or concerns regarding this incident.

Very truly yours,

Amelia M. Gerlicher

AMG:amg

Enclosure



C/O ID Experts
PO Box 6336
Portland, OR 97228-6336



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JOE SMITH
999 DARDENNE ST
CALABASAS, CA 91302-5868

September 21, 2015

Dear Joe Smith:

As you may be aware, the company that hosts the online Costco Photo Center suffered a security compromise that caused our photo site to be taken offline for several weeks. Although we do not know the exact date of Costco's compromise, an unauthorized party appears to have accessed the host company's system from June 19, 2014 to July 15, 2015. At some point, the unauthorized party deployed malware within the host company's systems. Several retailers were impacted, but we do not know the extent of that impact. Our investigation indicates that some Costco members who typed credit card numbers onto the site during the compromise window may have had credit card information (including security code and expiration date) taken, along with other information that may include name, phone number, billing address, email address, password and ship-to information. We do not believe that stored credit card numbers or photos were compromised, and Costco.com itself was not impacted.

The site was taken offline on July 17 so that it could be rebuilt with additional security measures at a variety of levels. As a precaution, all stored credit card information was deleted. When we resume taking payments online, the site will have new payment technology with enhanced security features. We continue to work closely with our hosting company to implement security tools and tests to protect our members' personal data. We have also informed the credit reporting agencies and payment card networks about this incident so that they may take appropriate action regarding your credit card account.

Now that the site is online again, we are requiring that all users reset their passwords the first time they access the site. In addition, we strongly recommend that you change your password on all other sites or services where you used the same password used for the photo site.

We also recommend that you monitor your credit card transaction records and credit reports for fraudulent transactions or accounts. As an additional precaution, you may want to notify your card issuer that your credit card may have been a part of a security compromise. If you suspect fraudulent activity or if you would like to learn more about what to do if you suspect your identity has been stolen, you can contact your local law enforcement agency, the attorney general of your state, or the Federal Trade Commission (Identity Theft Clearinghouse, identitheft.gov, 600 Pennsylvania Ave. NW, Washington, D.C. 20580, 1-877-ID-THEFT).

You may also consider contacting the credit reporting agencies directly if you wish to put in place a fraud alert or a security freeze. A fraud alert will notify any merchant checking your credit history that you may be the victim of identity theft and that the merchant should take additional measures to verify the application. Contacting any one of the three agencies will place an alert on your file at all three of them. A security freeze restricts all creditor access to your account, but might also delay any requests you might make for new accounts. You should enquire with the credit reporting agencies directly for their specific procedures regarding security freezes.

- Equifax: 1-800-525-6285; www.equifax.com; P.O. Box 740241, Atlanta, GA 30374-0241
- Experian: 1-888-EXPERIAN (397-3742); www.experian.com; P.O. Box 9532, Allen, TX 75013
- TransUnion: 1-800-680-7289; www.transunion.com; Fraud Victim Assistance Division, P.O. Box 6790, Fullerton, CA 92834-6790



Because we take the protection of your information seriously, we have arranged for identity theft recovery and credit monitoring services from ID Experts. You may sign up for this service, at no cost to you, through December 15, 2015. If you are the victim of identity theft, this service will assist you in addressing the consequences. You can enroll in the service by calling 888-299-1208 or by going to www.myidcare.com/enrollcostco. ID Experts is available to assist you Monday through Friday from 6 a.m. to 6 p.m. Pacific Time. Your enrollment code is 12345678. On that web page you may access additional information about this incident.

You may also contact us in writing at 999 Lake Drive, Issaquah, Washington 98027, Attention: Photo Center, or you can call us at 888-299-1208.

We regret any inconvenience this situation may cause you.

A handwritten signature in black ink, appearing to read 'Jeff Cole', with a stylized flourish at the end.

Jeff Cole
Vice President of Gasoline,
Car Wash and Costco Photo Center