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DEC 28 2017

December 22, 2017

**BY U.S. MAIL**

**CONSUMER PROTECTION DIVISION  
SEATTLE**

Office of the Attorney General  
1125 Washington Street SE  
P.O. Box 40100  
Olympia, WA 98504-0100

To Whom It May Concern:

This letter continues the dialogue we began in phone calls with Assistant Attorney General Amy Teng on December 7, 2017, and with Donnelle Brooke on December 20, 2017. As part of our ongoing efforts regarding the data security incident discussed in those calls, and consistent with Wash. Rev. Code Ann. § 19.255.010, this letter now provides formal notice of the computer data security incident.

TIO Networks USA, Inc. and its affiliates, including Softgate Systems, Inc., Softgate Systems of California, Inc., and Global Express Money Orders, Inc. ("TIO"), offer multi-channel bill payment processing and receivables management services, and were acquired by PayPal Holdings, Inc. ("PayPal") on July 18, 2017. TIO integrates with the back office of billing systems to accept, validate, and collect payments via self-service kiosk, retail walk-in, mobile, and web solutions. Through its services, TIO facilitates payments from individuals to billers such as telecom, cable, and utility companies.

After acquiring TIO, PayPal began standard information security testing with a view to integrating TIO into PayPal's network. On November 10, 2017, TIO's operations were suspended after the discovery of security vulnerabilities in its systems and issues with TIO's data security program that did not adhere to PayPal's information security standards. TIO's computer network is entirely separate from PayPal's own

platform. The PayPal platform is not impacted by this situation in any way and PayPal's customers' data remains secure.

Upon the discovery of these vulnerabilities, PayPal took action by commencing a full-scale forensic investigation with the help of outside cybersecurity experts to review TIO's bill payment platform. This ongoing investigation has uncovered evidence of unauthorized access to the TIO network, including locations that stored personal information of some of TIO's customers and customers of the companies that TIO services.

Although we have no proof that any particular individual's data was accessed, acquired, or misused, we are providing this notification in an abundance of caution because the servers involved in this incident stored data such as customer names, contact information, and subscriber/billing account numbers. The TIO systems also stored personal information such as payment card information, bank account information, Social Security and other government identification numbers, and account usernames and passwords. Our evidence of the earliest possible date of intrusion dates back to at least 2014, and data on TIO's systems prior to that date may have been affected. We continue to investigate the earliest evidence of unauthorized access. We currently estimate that this incident affected approximately 1.6 million individuals. Although our investigation is continuing, based on information available to TIO to date, we believe there are approximately 1,964 affected individuals who reside in your state who were TIO customers or customers of billers that have authorized TIO to make this notification on their behalf.

As you know, the companies that use TIO to process their transactions may have an obligation to report any exposure of their customers' personal information to you. TIO is sending this letter on behalf of itself as well as those billers and bill payment providers who may have an obligation to notify you of this potential exposure and who have authorized TIO to make any requisite notification on their behalf. The attached appendix identifies each such biller or bill payment provider; the approximate number of customers associated with that biller or bill payment provider whose information may have been affected; and the potentially affected personal information for those customers.

In addition to suspending operations of its network, on or about December 12, 2017, TIO began notifying customers whose personal information may have been exposed. By December 23, 2017, TIO expects to have notified approximately 1,962 residents of your state through mail and email. TIO also has supported certain billers who have notified their customers directly, and has been informed that billers directly notified at least 1 additional resident of your state.

TIO has engaged Experian to provide 12 months' free credit monitoring to individuals whose personal information may have been affected (24 months for the subset of individuals whose Social Security Numbers were potentially exposed), and has established a call center to provide updated information to those individuals.

In addition, consistent with the above-referenced statute, TIO is providing substitute notice to customers for whom it lacks sufficient contact information, consisting of:

- A December 1, 2017 press release distributed nationwide through Business Wire's national distribution circuit, a copy of which is enclosed;
- Detailed information on TIO's website, [www.tio.com](http://www.tio.com), including:
  - the December 1, 2017 press release;
  - an electronic version of the customer notification letter (modified as necessary for online posting), which we anticipate will be posted by December 22, 2017;
  - a list of affected billers or bill payment providers on whose behalf TIO is making substitute notification;
  - instructions for how affected individuals can enroll in complimentary credit monitoring; and
  - instructions for how individuals who have not received a mailed or email notice can determine whether they may have been affected by the incident.

Supplementing those efforts, several billers and bill payment providers have posted links on their own websites to the information available on [tio.com](http://tio.com), and/or have issued their own press releases or statements to customers regarding the incident.

TIO is committed to answering any questions that consumers in your state and members of your office may have. Please feel free to contact me with any questions at (415) 777-4800.

Respectfully yours,

/s/ John Kunze

John Kunze  
President  
TIO Networks USA, Inc.

Enclosures

**Schedule**

<b>Billor or Bill Payment Provider Name</b>	TIO (TIO.com Customers)
<b>Contact Information</b>	Jim Pastore Debevoise & Plimpton LLP 919 Third Ave. New York, NY 10022  (212) 909-6793 jjpastore@debevoise.com
<b>Estimated Number of Individuals with Potentially Affected Personal Information in this Jurisdiction</b>	863 (As of December 22, 2017)
<b>Date of Consumer Notification</b>	Began week of 12/18/2017
<b>Form of Individual Consumer Notification</b>	Mail
<b>Potentially Affected Personal Information</b>	Payment card information  Social security number



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PO Box 51484  
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[DATE]



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[CUSTOMER NAME]  
[STREET ADDRESS]  
[TOWN, STATE, ZIP]

### NOTICE OF DATA BREACH

Dear [CUSTOMER NAME],

**I am writing to let you know about an incident involving data housed on the systems of TIO Networks USA, Inc. and its affiliates, including Softgate Systems; Inc., Softgate Systems of California, Inc.; and Global Express Money Orders, Inc. (“TIO”). TIO provides technology that helps customers pay bills through self-service kiosks, at retail locations, and through mobile and web applications.**

#### **I’ve Never Heard Of TIO – Why Am I Receiving This?**

TIO’s services are used by some of the companies that provide you services – like your utility company or telecom company – so you might not know that the company is using TIO. When you pay for services, TIO makes sure your payment gets to the company. Our records indicate that you used TIO’s services when you paid:

[BILLER NAME]

[BILLER ADDRESS]

#### **What Happened?**

TIO Networks was acquired by PayPal Holdings, Inc. (“PayPal”) on July 18, 2017. On November 10, TIO’s operations were suspended after the discovery of security vulnerabilities in its systems. The investigation to date has uncovered evidence of unauthorized access to the TIO network, including locations that stored personal information of some of TIO’s customers and customers of the companies that TIO services. We have no proof, however, that your data was accessed, acquired, or misused. The PayPal platform, which is separate from the TIO network, is not impacted by this situation in any way and PayPal’s customers’ data remains secure.

#### **What Information Was Involved?**

Although we have no proof that your data was accessed, acquired, or misused, we are notifying you in an abundance of caution because the TIO servers involved in this incident stored data such as customer names, contact information, and subscriber/billing account numbers. The TIO systems also stored personal information such as payment card information, bank account information, Social Security and other government identification numbers, and account usernames and passwords. With respect to the company you did business with, the TIO servers stored the following personal information:

[POTENTIALLY AFFECTED PERSONAL INFORMATION]

Our evidence of the earliest possible date of intrusion dates back to at least 2014, and data on TIO’s systems prior to that date may have been affected. We continue to investigate the earliest evidence of unauthorized access.

## ADDITIONAL RESOURCES

You should remain vigilant for instances of fraud or identity theft by reviewing your account statements and closely monitoring your credit reports, which are available to you free of charge. You may obtain a free copy of your credit report once every 12 months from each of the three nationwide credit reporting agencies. Contact information for these agencies is as follows:

**Equifax:** P.O. Box 740241, Atlanta, GA 30374, [www.equifax.com](http://www.equifax.com), 1-800-525-6285

**Experian:** P.O. Box 2104, Allen, TX 75013, [www.experian.com](http://www.experian.com), 1-888-397-3742

**TransUnion:** P.O. Box 2000, Chester, PA 19022, [www.transunion.com](http://www.transunion.com), 1-800-680-7289

**Annual Credit Report.** You may also order a free annual credit report. To do so, please visit [www.annualcreditreport.com](http://www.annualcreditreport.com) or call 1-887-322-8228.

You can also order your free annual credit report by mailing a completed Annual Credit Report Request Form (available from the U.S. Federal Trade Commission's ("FTC") website at [www.consumer.ftc.gov/articles/0155-free-credit-reports](http://www.consumer.ftc.gov/articles/0155-free-credit-reports)) to: Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281.

**For Colorado, Georgia, Maine, Maryland, Massachusetts, New Jersey, Puerto Rico, and Vermont residents:** You may obtain one or more (depending on the state) additional copies of your credit report, free of charge. You must contact each of the credit reporting agencies directly to obtain such additional report(s).

**Fraud Alert.** You may place a fraud alert in your file by contacting one of the three nationwide credit reporting agencies listed above. A fraud alert tells creditors to follow certain procedures, including contacting you before they open any new accounts or change your existing accounts. For that reason, placing a fraud alert can protect you, but also may delay you when you seek to obtain credit.

**Security Freeze.** You have the ability to place a security freeze on your credit report. A security freeze will prevent new credit from being opened in your name without the use of a PIN number that will be issued to you when you initiate the freeze. A security freeze is designed to prevent potential creditors from accessing your credit report without your consent. As a result, using a security freeze may interfere with or delay your ability to obtain credit. You must separately place a security freeze on your credit file with each credit reporting agency. To place a security freeze, you may be required to provide the credit reporting agency certain identifying information, including your full name; Social Security number; date of birth; current and previous addresses; a copy of your state-issued identification card; and a recent utility bill, bank statement, or insurance statement.

**For Massachusetts and Rhode Island residents:** The consumer reporting agencies may require you to pay a fee to place, lift, or remove the security freeze. For Massachusetts residents, such fee may be up to \$5.

**Federal Trade Commission and State Attorneys General Offices.** If you believe you are the victim of identity theft or have reason to believe your personal information has been misused, you should immediately contact the Federal Trade Commission and/or the Attorney General's office in your home state. You can also contact these agencies for information on how to prevent or avoid identity theft.

You may contact the **Federal Trade Commission**, Consumer Response Center, 600 Pennsylvania Avenue, NW, Washington, DC 20580, [www.ftc.gov/IDTHEFT](http://www.ftc.gov/IDTHEFT), 1-877-IDTHEFT (438-4338).

**For Maryland residents:** You may contact the Office of the Maryland Attorney General, 200 St. Paul Place, Baltimore, MD 21202, <http://www.marylandattorneygeneral.gov/>, 1-888-743-0023.

**For North Carolina residents:** You may contact the North Carolina Office of the Attorney General, Mail Service Center 9001, Raleigh, NC 27699-9001, <http://www.ncdoj.gov/>, 1-877-566-7226.

**For Rhode Island residents:** You may contact the Rhode Island Office of the Attorney General, 150 South Main Street, Providence, RI 02903, <http://www.riag.ri.gov>, 401-274-4400.

**Reporting identity theft and obtaining a police report.**

## **TIO Networks Provides Update on Suspension of Operations**

**SAN JOSE, Calif. – December 1, 2017** – PayPal Holdings, Inc. (Nasdaq: PYPL) today announced an update on the suspension of operations of TIO Networks (TIO), a publicly traded payment processor PayPal acquired in July 2017. A review of TIO’s network has identified a potential compromise of personally identifiable information for approximately 1.6 million customers. The PayPal platform is not impacted in any way, as the TIO systems are completely separate from the PayPal network, and PayPal’s customers’ data remains secure.

As announced on November 10, PayPal suspended the operations of TIO to protect customer data as part of an ongoing investigation of security vulnerabilities of the TIO platform. This ongoing investigation has identified evidence of unauthorized access to TIO’s network, including locations that stored personal information of some of TIO’s customers and customers of TIO billers. As a result, PayPal is taking steps to protect affected customers.

TIO has also begun working with the companies it services to notify potentially affected individuals, and PayPal is working with a consumer credit reporting agency to provide free credit monitoring memberships. Individuals who are affected will be contacted directly and receive instructions to sign up for monitoring.

More information has been posted at [www.tio.com](http://www.tio.com).

### **About PayPal**

Fueled by a fundamental belief that having access to financial services creates opportunity, PayPal (Nasdaq: PYPL) is committed to democratizing financial services and empowering people and businesses to join and thrive in the global economy. Our open digital payments platform gives PayPal’s 218 million active account holders the confidence to connect and transact in new and powerful ways, whether they are online, on a mobile device, in an app, or in person. Through a combination of technological innovation and strategic partnerships, PayPal creates better ways to manage and move money, and offers choice and flexibility when sending payments, paying or getting paid. Available in more than 200 markets around the world, the PayPal platform, including Braintree, Venmo and Xoom, enables consumers and merchants to receive money in more than 100 currencies, withdraw funds in 56 currencies and hold balances in their PayPal accounts in 25 currencies. For more information on PayPal, visit <https://www.paypal.com/about>. For PayPal financial information, visit <https://investor.paypal-corp.com>.

### **Contacts**

PayPal Holdings, Inc.

Justin Higgs

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