

Washington Department of Justice
Office of the Attorney General
Consumer Protection Division
Attorney General's Office
Consumer Resource Center
800 Fifth Avenue, Suite 2000
Seattle, WA 98104

Headquarters
1222 Commerce Ave., Suite D
Woodland, CA 95776
Phone 800.322.4539
Fax 530.406.0895
baileysonline.com
baileys@baileysonline.com

RECEIVED

FEB 01 2016

**CONSUMER PROTECTION DIVISION
SEATTLE**

NOTICE OF DATA BREACH

What Happened

Recently, an examination by our computer security consultant revealed that someone without authorization accessed and likely stole credit card information belonging to our customers from our website. The thief or thieves accessed our website remotely and overcame our firewall and security protections. In your State we have identified @ 593 credit cards that are suspected to have been compromised.

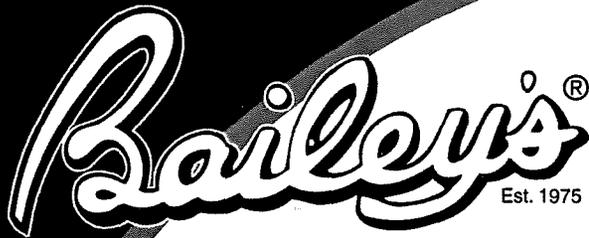
The compromise event began on September 25, 2015 and involved persons capturing keystrokes as customers typed information onto BaileysOnline.com. The suspicious activity was first discovered by Kount, who Bailey's uses for credit card fraud protection. They started seeing cards used on our site begin turning up for fraud transactions in late December of 2015. The breach event was confirmed on January 11, 2016 and stopped on January 13, 2016.

It was an ASPXSPY intrusion introduced through a known defect in Windows 2008 Operating Systems. The theft involved @15,000 credit cards used to pay for purchases on our website during the above time frame. Of these @15,000 cards, nearly 25% were MasterCard® cards, 64% were VISA® cards, and fewer than 5% and 6% were American Express® and Discover® cards, respectively. 95% of the credit cards are from the United States and the balance to Canada, Australia, New Zealand and a couple other countries.

What Information Was Involved

The types of information taken appears to include credit card numbers, cardholder names, address and phone numbers, CCV numbers, card expiration date, your log-in and password to BaileysOnline.com and any other information typed into our website related to your order. However, the following information is NOT included in what was taken: PINs (personal identification numbers), Social Security numbers, bank account numbers, telephone numbers, email addresses, and other personally identifiable information. Bailey's currently holds credit card information temporarily in storage encrypted with the latest (as of February 2015) 256 bit encryption. The thieves did not have access to the encryption key.

Bailey's does not collect, store or have customers enter Social Security numbers, Driver's License numbers or state identification/passport information.



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What We Are Doing

We have reported the theft to various law enforcement agencies, and are cooperating with them in their investigation. We also have notified Wells Fargo Bank, who handles our credit card transactions, along with MasterCard®, VISA®, American Express® and Discover®. We have no indication that any PayPal accounts were impacted. We also have engaged a security consultant and have been implementing their recommendations to strengthen our firewall and other security protections (described below). We also have retained one of the 11 Forensic Web Security firms approved by Wells Fargo to address this data breach.

Bailey's Commitment

Bailey's has (i) enhanced our firewalls, (ii) integrated mandatory changes with respect to our passwords and (iii) integrated new software into our website. Bailey's is PCI compliant (certified, with monthly scans of our systems by TrustWave), never sells, trades or otherwise releases any personal information of our customers and is committed to offering the most secure user experience for our customers.

Bailey's has established an 800 number for consumer questions. Consumers can call (888) 582-3816 between the hours of 8:00 a.m. and 5:00 p.m. P.S.T. Also, a Notice of Data Breach has been conspicuously posted on Bailey's website Home Page and will remain there for 30 days.

If you have any additional questions you can direct them to:

Bob Ramsey
Bailey's Inc
1210 Commerce Ave, Suite 8
Woodland, Ca. 95776
916 612 8790
bobr@baileys-online.com



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SAMPLE CUSTOMER NOTIFICATION NOTICE OF DATA BREACH

What Happened

Recently, an examination by our computer security consultant revealed that someone without authorization accessed and likely stole credit card information belonging to our customers from our website. The thief or thieves accessed our website remotely and overcame our firewall and security protections. If you are receiving this letter, then we have identified you as one of the people who placed an order within the affected date range, identified below, and may have had certain protected information misappropriated.

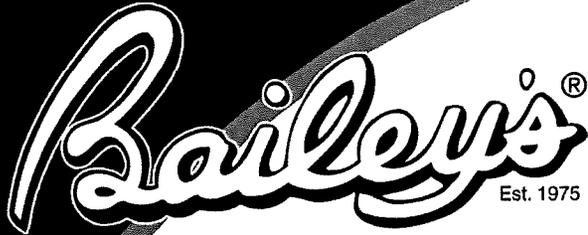
The compromise event began on September 25, 2015 and involved persons capturing keystrokes as customers typed information onto BaileysOnline.com. The breach event was found and confirmed on January 11, 2016 and stopped on January 13, 2016. It was an exploitation event introduced through a known defect in Windows 2008 Security. The theft involved @15,000 credit cards used to pay for purchases on our website during the above time frame. Of these @15,000 cards, nearly 25% were MasterCard® cards, 64% were VISA® cards, and fewer than 5% and 6% were American Express® and Discover® cards, respectively.

What Information Was Involved

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In some states we are required to notify a state agency or Attorney General's Office, and Bailey's is complying with all of those legal requirements.

What You Can Do

We strongly encourage you to take preventive measures now to help prevent and detect any misuse of your information. We suggest that you change your log-in and password for BaileysOnline.com. You may also want to cancel the credit card(s), if any, that you think you may have used here. You may also want to place a fraud alert or order a security freeze on your credit reports with the three major credit reporting agencies: (1) Equifax: 1-800-525-6285; www.equifax.com; P.O. Box 740241, Atlanta, GA 30374-0241; (2) Experian: 1-888-EXPERIAN (397-3742); www.experian.com; P.O. Box 2002, Allen, TX 75013; and (3) TransUnion: 1-800-680-7289; www.transunion.com; Fraud Victim Assistance Division, P.O. Box 6790, Fullerton, CA 92834-6790. You may want to ask for a free copy of your credit report from each agency, and ask that only the last four digits of your Social Security number appear on your credit reports.

There are several things that you may want to do to protect yourself against possible identity theft if the information does get into the wrong hands. These include: (1) watch for phishing attempts and malicious email; (2) watch for scam U.S. mail; and (3) stay alert to signs of identity theft.

The Federal Trade Commission has published some information about how to defend against identity theft at: <http://www.ftc.gov/bcp/edu/microsites/idtheft/consumers/defend.html>. We suggest that you submit a complaint with the FTC by calling 1-877-ID-THEFT (1-877-438-4338) or going online at <https://www.ftccomplaintassistant.gov/>.

Bailey's Commitment

We apologize for the inconvenience resulting from the theft by unknown people of your information described above. Please note that we have taken immediate steps to prevent a recurrence. In this regard, we have (i) enhanced our firewalls, (ii) integrated mandatory changes with respect to our passwords and (iii) integrated new software into our website. Please know that Bailey's is PCI compliant, never sells, trades or otherwise releases any personal information of our customers and is committed to offering the most secure user experience for our customers.

For questions relating to this event please call (888) 582-3816 between the hours of 8:00 a.m. and 5:00 p.m. P.S.T.

Sincerely,
The Bailey's Team

POSTED ON BAILEY'S WEBSITE

NOTICE OF DATA BREACH

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In some states we are required to notify a state agency or Attorney General's Office, and Bailey's is complying with all of those legal requirements.

What You Can Do

We strongly encourage you to take preventive measures now to help prevent and detect any misuse of your information. We suggest that you change your log-in and password for BaileysOnline.com. You may also want to cancel the credit card(s), if any, that you think you may have used here. You may also want to place a fraud alert or order a security freeze on your credit reports with the three major credit reporting agencies: (1) Equifax: 1-800-525-6285; www.equifax.com; P.O. Box 740241, Atlanta, GA 30374-0241; (2) Experian: 1-888-EXPERIAN (397-3742); www.experian.com; P.O. Box 2002, Allen, TX 75013; and (3) TransUnion: 1-800-680-7289; www.transunion.com; Fraud Victim Assistance Division, P.O. Box 6790, Fullerton, CA 92834-6790. You may want to ask for a free copy of your credit report from each agency, and ask that only the last four digits of your Social Security number appear on your credit reports.

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