

CS STARS

Robert G. Petrie III
Chief Executive Officer
CS STARS LLC
500 West Monroe Street
Chicago, IL 60661-3650
(312) 627-6421
rpetrie@csstars.com

June 30, 2006

SECURITY BREACH NOTIFICATION

New York State Office of Cyber Security and Critical
Infrastructure Coordination (via facsimile (518-474-9090))

New York State Consumer Protection Board (via facsimile (518-474-2474))

Assistant Attorney General in Charge (via facsimile (212-416-6003) and regular mail)
Bureau of Consumer Frauds
Office of the New York State Attorney General
120 Broadway - 3rd Floor
New York, New York 10271

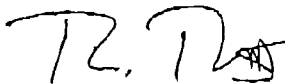
To Whom It May Concern:

A personal computer owned by our client, the New York Special Funds Conservation Committee (the "Client"), and which was delivered to CS STARS on our request in connection with the conversion of data to the CS STARS' system, cannot presently be located. The personal computer held special disability fund and reopened case fund claimants' data for approximately 722,000 claims, which also includes data for medical providers and related vendors. CS STARS first discovered that the personal computer may have been missing on approximately May 9, 2006. To our knowledge, there is no evidence that the Client's personal computer or its contents have been inappropriately accessed and we understand that the data was password protected. No aspect of CS STARS' technology was compromised.

CS STARS has been investigating this situation exhaustively. If we are unable to locate the Client's personal computer, we will begin to implement an appropriate remediation plan, including notification on or about July 7, 2006, or any other date that you suggest, to the affected individuals pursuant to the Information Security Breach and Notification Act on 2006. If notification is warranted, we will update you immediately and provide you with a copy of the notification letter.

We have notified the Client of this matter and are working closely with them. We are also providing this notification on their behalf. Please contact me if you have any questions.

Very truly yours,



Robert G. Petrie III

cc: Steven M. Licht, Esq.
Chief Executive Officer
Special Funds Conservation Committee
205 East 42nd Street
New York, New York 10017

CS STARS

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Chief Executive Officer
CS STARS LLC
500 West Monroe Street
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rpetrie@csstars.com
www.csstars.com

July 10, 2006

SECURITY BREACH NOTIFICATION UPDATE

New York State Office of Cyber Security and Critical
Infrastructure Coordination (via facsimile (518-474-9090))

New York State Consumer Protection Board (via facsimile (518-474-2474))

Assistant Attorney General in Charge (via facsimile (212-416-6003) and regular mail)
Bureau of Consumer Frauds
Office of the New York State Attorney General
120 Broadway – 3rd Floor
New York, New York 10271

To Whom It May Concern:

As advised in my June 30, 2006 letter to you, a personal computer owned by our client, the New York Special Funds Conservation Committee (the "Client"), and which was delivered to CS STARS on our request in connection with the conversion of data to the CS STARS' system, cannot presently be located. (For your convenience, a copy of my June 30 letter is enclosed.) Despite an exhaustive, ongoing internal investigation, as well as an ongoing investigation by the FBI, conducted to best determine the scope of the breach and the possibility of restoring the reasonable integrity of the data, we remain unable to locate the personal computer.

We have determined that notification and remediation is warranted under the Information Security Breach and Notification Act of 2006. A sample letter to potentially affected individuals in the US is attached, which sets forth our remediation plan. Our plan includes notification and an offer of twelve months of credit monitoring, identity theft insurance and resolution in the event of identity theft. We intend to commence the notification process this week, unless you direct otherwise.

We continue to work closely with the Client on this matter. We continue to provide this notification on their behalf and are also providing this notification to the three nationwide consumer reporting agencies. I also enclose the Reporting Form under the Information Security Breach and Notification Act of 2006. Please contact me if you have any questions.

Very truly yours,



Robert G. Petrie

Enclosures

July 10, 2006
Page 2

cc: Steven M. Licht, Esq.
Chief Executive Officer
Special Funds Conservation Committee
205 East 42nd Street
New York, New York 10017

Equifax
Consumer Fraud Division
P.O. Box 740256
Atlanta, Georgia 30374

Experian
Consumer Fraud Assistance
P.O. Box 9556
Allen, Texas 75013

TransUnion
Consumer Relations & Fraud Victim Assistance
1561 East Orangethorpe Avenue
Fullerton, California 92831

CS STARS

Robert G. Petrie III
Chief Executive Officer
CS STARS LLC
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June 30, 2006

SECURITY BREACH NOTIFICATION

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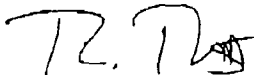
To Whom It May Concern:

A personal computer owned by our client, the New York Special Funds Conservation Committee (the "Client"), and which was delivered to CS STARS on our request in connection with the conversion of data to the CS STARS' system, cannot presently be located. The personal computer held special disability fund and reopened case fund claimants' data for approximately 722,000 claims, which also includes data for medical providers and related vendors. CS STARS first discovered that the personal computer may have been missing on approximately May 9, 2006. To our knowledge, there is no evidence that the Client's personal computer or its contents have been inappropriately accessed and we understand that the data was password protected. No aspect of CS STARS' technology was compromised.

CS STARS has been investigating this situation exhaustively. If we are unable to locate the Client's personal computer, we will begin to implement an appropriate remediation plan, including notification on or about July 7, 2006, or any other date that you suggest, to the affected individuals pursuant to the Information Security Breach and Notification Act on 2006. If notification is warranted, we will update you immediately and provide you with a copy of the notification letter.

We have notified the Client of this matter and are working closely with them. We are also providing this notification on their behalf. Please contact me if you have any questions.

Very truly yours,



Robert G. Petrie III

cc: Steven M. Licht, Esq.
Chief Executive Officer
Special Funds Conservation Committee
205 East 42nd Street
New York, New York 10017

Dear [affected individual]:

I am writing to inform you about a possible security breach that may affect you involving your personal data. CS STARS provides the claims management system for the New York Special Funds Conservation Committee. A personal computer containing claimants data from the Fund for Reopened Cases (25A) and the Special Disability Fund (15.8), managed by the New York Special Funds Conservation Committee, that was in our possession cannot presently be located. We had the personal computer to assist in the transition of the New York Special Funds' data to our claims management systems. We deeply regret this incident.

We do not have any evidence that your information has been misused and we believe that the likelihood of such misuse is low. However, because your information may have been exposed, we have arranged for a credit monitoring product at no cost to you, which includes monitoring of all three national credit bureaus - Experian, Equifax and TransUnion.

We have partnered with ConsumerInfo.com, an Experian® company, to provide you with a full year of credit monitoring. This credit monitoring membership, Triple Alert(SM), notifies you of key changes to all three of your national credit reports that could be signs of identity theft. It will enable you to identify any possible fraudulent use of your information.

Your complimentary membership includes:

- o Monitoring of ALL THREE of your national Credit Reports EVERY DAY for one year upon membership activation.
- o Email or SMS text alerts when key changes are identified.
- o \$25,000 Identity Theft insurance provided by Virginia Surety Company, Inc.
- o Fraud Resolution Representatives available for victims of identity theft who will research and investigate potential damage to your identity. This includes assistance in gathering documents, completing affidavits, composing letters, contacting affected companies and informing law enforcement.

You have ninety (90) days to activate this membership, which will then continue for 12 full months from the date of activation. We encourage you to activate your credit monitoring membership quickly. To redeem your Triple Alert membership, please visit <http://partner.consumerinfo.com/css> and enter the code provided below. You will be instructed on how to initiate your online membership.

Your Credit Monitoring Access Code: [insert individual code]

If you do not have access to a computer and have questions about, or would like to enroll in, this service, please call xxx-xxx-xxxx. A representative will take your address and send you enrollment material through the mail. Please note that enrollment by means other than by computer triggers monitoring of only your Experian Credit Report every day for one year upon membership activation.

Since this incident, we have taken steps to ensure that this issue will not occur again by, among other things, reinforcing our existing security procedures to our staff and reducing the number of staff with access to data files. We are committed to fully protecting all of the information that is entrusted to us. Please accept our sincerest apologies.

Sincerely,

Reporting Form
For Business, Individual or NY State Entity reporting a
"Breach of the Security of the System"
Pursuant to the Information Security Breach
and Notification Act (General Business Law §889-aa;
State Technology Law §208)

Name of Business, Individual or State Entity: CS STARS FOR THE NEW YORK SPECIAL FUNDS
Date of Discovery of Breach: MAY 9, 2006 CONSERVATION
Estimated Number of Affected Individuals: 722,000 COMMITTEE
Date of Notification to Affected Individuals: COMMENCING WEEK OF JULY 10, 2006
Manner of Notification: written notice
 electronic notice (email)
 telephone notice

Are you requesting substitute notice? Yes No (If yes, attach justification)

Content of Notification to Affected Individuals: Describe what happened in general terms and what kind of information was involved. Please attach copy of Notice.

A personal computer containing workers compensation - related claims
data cannot be located.

Name of Business or Individual Contact Person: Robert G. Petrie
Title: CEO, CS Stars
Telephone number: 312-627-6421
Email: rpetrie@csstars.com

Dated: July 7, 2006
Submitted by: Robert G. Petrie
Title: CEO, CS STARS
Address: 500 West Monroe Street, Chicago, IL 60661
Email: rpetrie@csstars.com
Telephone: 312-627-6421 Fax: 312-627-6432

F A X

[REDACTED]

PERSONAL EMAIL: Cordaro@twcny.rr.com

To: NYS CONSUMER PROTECTION BOARD

Fax number: 1 518 4863936

From: [REDACTED]

Fax number:

Business phone: [REDACTED]

Home phone:

Date & Time: 7/23/2006 10:45:13 AM

Pages: 2

Re: CLAIM

MY HUSBAND & I HAVE BOTH RECEIVED A LETTER ADVISING THAT OUR PERSONAL DATA HAS BEEN ILLEGALLY OBTAINED. "A PERSONAL COMPUTER CONTAINING CLAIMANTS DATA...MANAGED BY THE NEW YORK SPECIAL FUNDS CONSERVATION COMMITTEE,...CANNOT PRESENTLY BE LOCATED." THE COMPANY'S, CS STARS AND TRIPLE ALERT, HAVE APOLOGIZED FOR THE "BREACH" AND "DEEPLY REGRET THE INCIDENT".

PLEASE REFER TO THE LETTER I HAVE FAXED OVER ALONG WITH THIS FORM AND ADVISE IF THIS TYPE OF DECEPTION IS LEGAL AND ALLOWED IN NYS. I AM NOT AN OPENER OF JUNK MAIL, NOR DO I WASTE TIME FILING COMPLAINTS, HOWEVER, I DO FEEL THAT THIS LETTER IS EXTREMELY VIOLATING AND MISLEADING TO CONSUMERS. CERTAINLY IN THIS DAY IN AGE WHEN IDENTITY THEFT AND CONSUMER FRAUD IS SO PREVALENT, I WOULD EXPECT THAT COMPANY'S SUCH AS THIS WOULD BE REPREMANDED AND HELD ACCOUNTABLE FOR SOLICITING BUSINESS IN SUCH A UNSCRUPULOUS MANNER.

I WOULD APPRECIATE ANY INFORMATION YOU CAN PROVIDE IN THIS MATTER. SHOULD THIS MATTER BE FORWARDED ON TO ANOTHER AREA, PLEASE ADVISE CONTACT INFORMATION. NYS IS KNOWN FOR PROTECTING ITS CONSUMERS, WHICH IS ONE BENEFIT & WHY WE CHOOSE TO LIVE IN ONE OF THE HIGHEST TAXED STATED IN THE COUNTRY. I SINCERELY HOPE THAT THIS MATTER WILL BE RESPONDED TO AND NOT IGNORED.

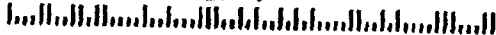
[REDACTED]

CS STARS

July 18, 2006



CODE: BSC479AJ



I am writing to inform you about a possible security breach that may affect you involving your personal data. CS STARS provides the claims management system for the New York Special Funds Conservation Committee. A personal computer containing claimants data from the Fund for Reopened Cases (25A) and the Special Disability Fund (15.8), managed by the New York Special Funds Conservation Committee, that was in our possession cannot presently be located. We were provided the personal computer by our client in order to assist in the transition of the New York Special Funds' data to our claims management systems. We deeply regret this incident.

CS STARS takes privacy and security measures very seriously. We retained a leading investigative firm, which conducted an extensive investigation of this matter, and we reported this matter to law enforcement authorities, which is also conducting an investigation. Despite these investigations, the computer still cannot be found. We do not have any evidence that your information has been misused. However, because your personal information may have been exposed, we have taken the precaution of arranging for a credit monitoring product at no cost to you, which includes monitoring of all three national credit bureaus – Experian, Equifax and TransUnion.

We are working with ConsumerInfo.com, an Experian® company, to provide you with a full year of credit monitoring. This credit monitoring membership, Triple Alert(SM), notifies you of key changes to all three of your national credit reports that could be signs of identity theft. It will help enable you to identify possible fraudulent use of your information.

Your complimentary membership includes:

- o Monitoring of all three of your national credit reports every day for one year upon membership activation.
- o Email or SMS text alerts when key changes are identified.
- o \$25,000 Identity Theft insurance provided by Virginia Surety Company, Inc.
- o Fraud Resolution Representatives available for victims of identity theft who will research and investigate potential damage to your identity. This includes assistance in gathering documents, completing affidavits, composing letters, contacting affected companies and informing law enforcement.

You have 90 days to activate this membership, which will then continue for 12 full months from the date of activation. We encourage you to activate your credit monitoring membership quickly by visiting <http://partner.consumerinfo.com/cs> and entering the code provided in the upper right-hand corner of this letter. You will be instructed on how to initiate your online membership.

If you do not have access to a computer and have questions about, or would like to enroll in, this service, please call 866-361-1840 (English) or 866-213-5158 (Español). A representative will take your address and send you enrollment material through the mail. Please note that enrollment by means other than by computer triggers monitoring of only your Experian Credit Report every day for one year upon membership activation. All other benefits of membership (insurance and Fraud Resolution Representatives) remain the same.

Since this incident, we have taken steps to help ensure that this issue will not occur again by, among other things, reinforcing and modifying our security policies and procedures. We are committed to protecting all of the information that is entrusted to us. Please accept our sincerest apologies.

Sincerely,

A handwritten signature in black ink, appearing to read 'RGP'.

Robert G. Petrie III
Chief Executive Officer



Jon
Sorensen/EXEC/NYSCPB
07/24/2006 11:54 AM

To Lisa Harris/COUNSEL/NYSCPB@NYSCPB, Cyndee
Berlin/CAU/NYSCPB@NYSCPB
cc
bcc
Subject Newsday article on Friday

Software firm loses computer loaded with personal details of about 500K in NY



Shockwave Flash
Object

By JOHN RILEY
Newsday Staff Writer

July 21, 2006, 8:52 PM EDT

More than a half-million New Yorkers who have made claims to a special workers' compensation fund have been notified that a Chicago-based claims-management software firm has lost track of a personal computer containing their private data, including Social Security numbers.

The company, CS Stars, a subsidiary of insurance giant Marsh Inc., lost track of the computer while installing claims-management software for the Special Funds Conservation Committee, a private insurer-and-employer group that handles two particular types of workers' comp claims under New York State law.

The company has called in the FBI to investigate the May 9 disappearance of the computer, and in a letter dated July 18 promised New Yorkers whose data were lost that it would provide free credit monitoring for the next year to nip any possible identity theft in the bud, and \$25,000 in identity-theft insurance.

"We're working to recover the data and protect all the people whose data is missing," said Al Modugno, a company spokesman. He said there was no indication, to date, that anyone had misused data from the missing computer.

The Special Funds Conservation Committee handles workers' compensation coverage in New York for about 56,500 disabled workers who suffer a second injury, and about 36,000 old claims that are reopened. In existence since 1938, it maintains records on about 540,000 old and current claimants, said chief executive Steven Licht.

"Obviously, we're not thrilled with this situation," Licht said.

"You always see stories about identity theft," said one Long Islander who got a letter from CS Stars, but asked that his name not be disclosed. "People can play with your name and get loans under your name, so obviously we're worried about that."

All the names in the database, Licht said, had address, date of birth and Social Security number attached, and some also would have employer and accident information, but none had confidential medical records included. Licht also said there were copies of all the data, and claims payments had not been interrupted.

Modugno said an employee at CS Stars' headquarters first realized that the computer containing New Yorkers' private data was missing on May 9. The employee, he said, did not notify management until June 19.

Management was "appalled" by the delay, Modugno said, and initiated an investigation by another Marsh subsidiary, the security firm Kroll Inc., on June 23. It let Licht's group know their data had been lost on June 29, and notified the FBI on June 30.

The company still has no idea what happened to the computer. "The facility is protected by key-card access, on-site personnel, and has cameras," Modugno said.

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Jon Sorensen

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