

12/3/2018

[Name]
[Street Address]
[City], [STATE] [ZIP]

Dear [Name]:

KMS Financial Services, Inc. (“KMS”) recognizes the importance of protecting the privacy of personal information. We are writing to inform you that we recently identified and addressed a security incident that may have involved some of your personal information. This notice describes the incident, outlines the measures we have taken in response, and advises you on steps that you can take to further protect your information.

On November 2, 2018, KMS learned that an independent contractor representative’s email account was accessed by an unauthorized person. We secured the account, conducted an investigation, and engaged a leading cybersecurity firm to assist. The investigation determined that an unauthorized individual accessed the representative’s account between September 29, 2018 and November 5, 2018. Due to the nature of the unauthorized access to the account, the forensic firm was unable to determine which specific emails and attachments, if any, may have been viewed by the unauthorized individual. Because of this, and out of an abundance of caution, we are notifying all of our current and former clients who worked with this representative to let them know that their personal information may have been in the email account, which may include your name, Social Security number, financial information, and other information you may have submitted to the representative.¹

It is always advisable to remain vigilant by reviewing your account statements and credit reports for any unauthorized activity. **As an added precaution, we have arranged to have AllClear ID protect your identity for 12 months at no cost to you.** The following identity protection services start on the date of this notice and you can use them at any time during the next twelve months.

AllClear Identity Repair: This service is automatically available to you with no enrollment required. If a problem arises, simply call 1-877-676-0379 and a dedicated investigator will help recover financial losses, restore your credit and make sure your identity is returned to its proper condition.

AllClear Fraud Alerts with Credit Monitoring: This service offers the ability to set, renew, and remove 90-day fraud alerts on your credit file to help protect you from credit fraud. In addition, it provides credit monitoring services, a once annual credit score and credit report, and a \$1 million identity theft insurance policy. To enroll in this service, you will need to provide your personal information to AllClear ID. **You may sign up online at enroll.allclearid.com using the following redemption code:**

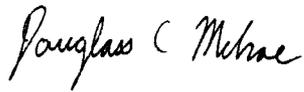
¹ If you believe there was email communication that included private nonpublic information belonging to one or more of your beneficiaries please contact your representative so we may extend an offer of AllClear services to them as well.

[Code]

Please note: Following enrollment, additional steps are required by you in order to activate your phone alerts and fraud alerts, and to pull your credit score and credit file. Additional steps may be required in order to activate your monitoring options.

We apologize for any concern or inconvenience this may cause. To help prevent something like this from happening in the future, we have implemented additional technical measures to further enhance and strengthen our security processes. If you have questions about this matter, please call Angela Giboney at 206-354-5836, Monday through Friday between 9:00 am and 5:00 pm Pacific Time.

Sincerely,

A handwritten signature in cursive script that reads "Douglass C McCrae".

Douglass McCrae
VP of Surveillance

MORE INFORMATION ON WAYS TO PROTECT YOURSELF

Even if you choose not to take advantage of this complimentary credit monitoring service, we remind you to remain vigilant for incidents of fraud or identity theft by reviewing your account statements and free credit reports for any unauthorized activity. You may obtain a copy of your credit report, free of charge, once every 12 months from each of the three nationwide credit reporting companies. To order your annual free credit report, please visit www.annualcreditreport.com or call toll free at 1-877-322-8228. Contact information for the three nationwide credit reporting companies is as follows:

Experian, PO Box 2002, Allen, TX 75013, www.experian.com, 1-888-397-3742

TransUnion, PO Box 2000, Chester, PA 19016, www.transunion.com, 1-800-916-8800

Equifax, PO Box 740241, Atlanta, GA 30374, www.equifax.com, 1-800-685-1111

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 state. You can obtain information from these sources about steps an individual can take to avoid identity theft as well as information about fraud alerts and security freezes. You should also contact your local law enforcement authorities and file a police report. Obtain a copy of the police report in case you are asked to provide copies to creditors to correct your records. Contact information for the Federal Trade Commission is as follows:

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

If you are a resident of Connecticut, Maryland, or North Carolina you may contact and obtain information from your state attorney general at:

Connecticut Attorney General's Office, 55 Elm Street, Hartford, CT 06106, 1-860-808-5318, www.ct.gov/ag

Maryland Attorney General's Office, 200 St. Paul Place, Baltimore, MD 21202, www.oag.state.md.us, 1-888-743-0023 (toll free when calling within Maryland) or 410-576-6300 (for calls originating outside Maryland)

North Carolina Attorney General's Office, 9001 Mail Service Center, Raleigh, NC 27699, www.ncdoj.gov, 1-919-716-6400 or toll free at 1-877-566-7226

Fraud Alerts: There are two types of fraud alerts you can place on your credit report to put your creditors on notice that you may be a victim of fraud—an initial alert and an extended alert. You may ask that an initial fraud alert be placed on your credit report if you suspect you have been, or are about to be, a victim of identity theft. An initial fraud alert stays on your credit report for at least 90 days. You may have an extended alert placed on your credit report if you have already been a victim of identity theft with the appropriate documentary proof. An extended fraud alert stays on your credit report for seven years. You can place a fraud alert on your credit report by contacting any of the three national credit reporting agencies.

Credit Freezes: You may have the right to put a credit freeze, also known as a security freeze, on your credit file, free of charge, so that no new credit can be opened in your name without the use of a PIN number that is issued to you when you initiate a freeze. A credit freeze is designed to prevent potential credit grantors from accessing your credit report without your consent. If you place a credit freeze, potential creditors and other third parties will not be able to get access to your credit report unless you

temporarily lift the freeze. Therefore, using a credit freeze may delay your ability to obtain credit. There is no fee to place or lift a credit freeze. Unlike a fraud alert, you must separately place a credit freeze on your credit file at each credit reporting company. Since the instructions for how to establish a credit freeze differ from state to state, please contact the three major credit reporting companies as specified below to find out more information.

To place a security freeze on your credit report, you must submit a request through a toll-free telephone number, a secure electronic system maintained by the credit reporting agency, or by sending a written request via regular, certified, or overnight mail. To place a security freeze on your credit report, contact each of the credit reporting agencies at the addresses below:

Experian Security Freeze, PO Box 9554, Allen, TX 75013, www.experian.com

TransUnion Security Freeze, PO Box 2000, Chester, PA 19016, www.transunion.com

Equifax Security Freeze, PO Box 105788, Atlanta, GA 30348, www.equifax.com

In order to request a security freeze, you will need to provide the following information:

1. Your full name (including middle initial as well as Jr., Sr., II, III, etc.)
2. Social Security number
3. Date of birth
4. If you have moved in the past five (5) years, provide the addresses where you have lived over the prior five years
5. Proof of current address such as a current utility bill or telephone bill
6. A legible photocopy of a government issued identification card (state driver's license or ID card, military identification, etc.)
7. If you are a victim of identity theft, include a copy of the police report, investigative report, or complaint to a law enforcement agency concerning identity theft

The credit reporting agencies have one (1) business day after receiving your request by toll-free telephone or secure electronic means, or three (3) business days after receiving your request by mail, to place a security freeze on your credit report. The credit bureaus must also send written confirmation to you within five (5) business days and provide you with a unique personal identification number ("PIN") or password or both that can be used by you to authorize the removal or lifting of the security freeze.

To lift the security freeze in order to allow a specific entity or individual access to your credit report, or to lift a security freeze for a specified period of time, you must submit a request through a toll-free telephone number, a secure electronic system maintained by a credit reporting agency, or by sending a written request via regular, certified, or overnight mail to the credit reporting agencies and include proper identification (name, address, and Social Security number) and the PIN number or password provided to you when you placed the security freeze as well as the identity of those entities or individuals you would like to receive your credit report or the specific period of time you want the credit report available. The credit reporting agencies have one (1) business day after receiving your request by toll-free telephone or secure electronic means, or three (3) business days after receiving your request by mail, to lift the security freeze for those identified entities or for the specified period of time.

To remove the security freeze, you must submit a request through a toll-free telephone number, a secure electronic system maintained by a credit reporting agency, or by sending a written request via regular, certified, or overnight mail to each of the three credit bureaus and include proper identification (name, address, and Social Security number) and the PIN number or password provided to you when you placed the security freeze. The credit bureaus have one (1) business day after receiving your request by toll-free telephone or secure electronic means, or three (3) business days after receiving your request by mail, to remove the security freeze.

Fair Credit Reporting Act: You also have rights under the federal Fair Credit Reporting Act, which promotes the accuracy, fairness, and privacy of information in the files of consumer reporting agencies. The FTC has published a list of the primary rights created by the FCRA (<https://www.consumer.ftc.gov/articles/pdf-0096-fair-credit-reporting-act.pdf>), and that article refers individuals seeking more information to visit www.ftc.gov/credit. The FTC's list of FCRA rights includes:

- You have the right to receive a copy of your credit report. The copy of your report must contain all the information in your file at the time of your request.
- Each of the nationwide credit reporting companies – Experian, TransUnion and Equifax – is required to provide you with a free copy of your credit report, at your request, once every 12 months.
- You are also entitled to a free report if a company takes adverse action against you, like denying your application for credit, insurance, or employment, and you ask for your report within 60 days of receiving notice of the action. The notice will give you the name, address, and phone number of the credit reporting company. You're also entitled to one free report a year if you're unemployed and plan to look for a job within 60 days; if you're on welfare; or if your report is inaccurate because of fraud, including identity theft.
- You have the right to ask for a credit score.
- You have the right to dispute incomplete or inaccurate information.
- Consumer reporting agencies must correct or delete inaccurate, incomplete, or unverifiable information.
- Consumer reporting agencies may not report outdated negative information.
- Access to your file is limited. And you must give your consent for reports to be provided to employers.
- You may limit "prescreened" offers of credit and insurance you get based on information in your credit report.
- You may seek damages from violators.
- Identity theft victims and active duty military personnel have additional rights.

AllClear Identity Repair Terms of Use

If you become a victim of fraud using your personal information without authorization, AllClear ID will help recover your financial losses and restore your identity. Benefits include:

- 12 months of coverage with no enrollment required.
- No cost to you — ever. AllClear Identity Repair is paid for by the participating Company.

Services Provided

If you suspect identity theft, simply call AllClear ID to file a claim. AllClear ID will provide appropriate and necessary remediation services (“Services”) to help restore the compromised accounts and your identity to the state prior to the incident of fraud. Services are determined at the sole discretion of AllClear ID and are subject to the terms and conditions found on the AllClear ID website. AllClear Identity Repair is not an insurance policy, and AllClear ID will not make payments or reimbursements to you for any financial loss, liabilities or expenses you incur.

Coverage Period

Service is automatically available to you with no enrollment required for 12 months from the date of the breach incident notification you received from Company (the “Coverage Period”). Fraud Events (each, an “Event”) that were discovered prior to your Coverage Period are not covered by AllClear Identity Repair services.

Eligibility Requirements

To be eligible for Services under AllClear Identity Repair coverage, you must fully comply, without limitations, with your obligations under the terms herein, you must be a citizen or legal resident eighteen (18) years of age or older, and have a valid U.S. Social Security number. Minors under eighteen (18) years of age may be eligible, but must be sponsored by a parent or guardian. The Services cover only you and your personal financial and medical accounts that are directly associated with your valid U.S. Social Security number, including but not limited to credit card, bank, or other financial accounts and/or medical accounts.

How to File a Claim

If you become a victim of fraud covered by the AllClear Identity Repair services, you must:

- Notify AllClear ID by calling 1.855.434.8077 to report the fraud prior to expiration of your Coverage Period;
- Provide proof of eligibility for AllClear Identity Repair by providing the redemption code on the notification letter you received from the sponsor Company;
- Fully cooperate and be truthful with AllClear ID about the Event and agree to execute any documents AllClear ID may reasonably require; and
- Fully cooperate with AllClear ID in any remediation process, including, but not limited to, providing AllClear ID with copies of all available investigation files or reports from any institution, including, but not limited to, credit institutions or law enforcement agencies, relating to the alleged theft.

Coverage under AllClear Identity Repair Does Not Apply to the Following:

Any expense, damage or loss:

- Due to
 - Any transactions on your financial accounts made by authorized users, even if acting without your knowledge, or

- o Any act of theft, deceit, collusion, dishonesty or criminal act by you or any person acting in concert with you, or by any of your authorized representatives, whether acting alone or in collusion with you or others (collectively, your “Misrepresentation”);
- Incurred by you from an Event that did not occur during your coverage period; or
- In connection with an Event that you fail to report to AllClear ID prior to the expiration of your AllClear Identity Repair coverage period.

Other Exclusions:

- AllClear ID will not pay or be obligated for any costs or expenses other than as described herein, including without limitation fees of any service providers not retained by AllClear ID; AllClear ID reserves the right to investigate any asserted claim to determine its validity.
- AllClear ID is not an insurance company, and AllClear Identity Repair is not an insurance policy; AllClear ID will not make payments or reimbursements to you for any loss or liability you may incur.
- AllClear ID is not a credit repair organization, is not a credit counseling service, and does not promise to help you improve your credit history or rating beyond resolving incidents of fraud.
- AllClear ID reserves the right to reasonably investigate any asserted claim to determine its validity. All recipients of AllClear Identity Repair coverage are expected to protect their personal information in a reasonable way at all times. Accordingly, recipients will not deliberately or recklessly disclose or publish their Social Security number or any other personal information to those who would reasonably be expected to improperly use or disclose that Personal Information.

Opt-out Policy

If for any reason you wish to have your information removed from the eligibility database for AllClear Identity Repair, please contact AllClear ID:

<p><u>E-mail</u> support@allclearid.com</p>	<p><u>Mail</u> AllClear ID, Inc. 823 Congress Avenue Suite 300 Austin, Texas 78701</p>	<p><u>Phone</u> 1.855.434.8077</p>
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You will be provided more details on AllClear Fraud Alerts with Credit Monitoring when you sign up.