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May 10, 2013

Iowa Attorney General  
Consumer Protection Division  
Attn: Sue Kerr  
1305 E. Walnut Street  
Des Moines, IA 50319

Re: Notification of Data Breach

Dear Ms. Kerr:

This letter is being sent on behalf of TerraCom, Inc. (“TerraCom”). It follows up on our conversation and emails earlier this week. Pursuant to the Iowa Open Records Act, Iowa Code § 22.7 (2012), TerraCom requests confidential treatment for the entirety of the information provided in this letter. This letter qualifies as a “Confidential Record” as that term is defined under several subsections of § 22.7 of the Iowa Code. The information in this letter qualifies as a “trade secret” as that term is defined in § 22.7(3)(a) of the Iowa Code. Moreover, this letter itself constitutes a “report[] to governmental agencies which, if released, would give advantage to competitors and serve no public purpose.” See Iowa Code § 22.7(6). This last section is especially applicable to this letter, and the information contained herein, because TerraCom is providing this information as part of our request for “consultation with relevant . . . state, or local law enforcement agencies” pursuant to Iowa Code § [715C.2\(6\)](#) to confirm our conclusion that Iowa consumers will not be harmed by the data breach we discuss herein. Therefore, TerraCom also requests that at this time the information not be made available for public inspection or otherwise disclosed outside the agency staff with a need to know.

On April 26, 2013, TerraCom learned that it was the victim of a security breach involving unauthorized access to personal data by an investigative reporter at the Scripps Howard news organization. The data was stored on the computer servers of TerraCom’s IT contractor, CallCenters India, Inc. d/b/a VCare Corporation (“VCare”) and belonged to applicants seeking enrollment in the federal Lifeline telephone program administered by the Federal Communications Commission (FCC).

The information accessed included names, addresses, social security numbers, and copies of tax information and other government forms that TerraCom is required by law to obtain and to use to determine applicant eligibility for the Lifeline program.

Upon learning on April 26 that the computer servers were breached, TerraCom initiated immediate remedial action to secure and protect the compromised data files and further safeguard the personal data of applicants from future attacks by hackers. TerraCom implemented passwords and additional security measures to restrict access by unauthorized persons. Since then, TerraCom has taken the following additional steps:

- Restricted access to applications to employees of TerraCom and other authorized individuals.
- Assigned unique usernames and passwords to each application file to prevent unauthorized access.
- Implemented a session time out process where application information becomes unavailable after 15 minutes of viewing.

From a longer term perspective, the TerraCom will take the following steps:

- Engaging a security expert in Information Technology systems to review and analyze the system; and
- Hiring additional in-house security officers to perform regular security audits.

Our initial investigation revealed that persons at various IP addresses associated with Scripps Howard gained unauthorized access and downloaded files related to over 150,000 individuals. VCare's computer logs show that approximately 1,683 are residents of Iowa. The actual number may be higher than this figure; VCare's logs only go back to late March, so we cannot tell whether Scripps Howard downloaded any applicant files prior to that time. We have contacted Scripps Howard's legal counsel. He has refused to tell us the number of files his organization downloaded, but he has pledged that they will not reveal the personal information of the affected TerraCom applicants to any third parties.

We delayed providing this information in order to conduct our investigation and because we had contacted the FCC to attempt to obtain a decision from the agency as to whether certain of the information disclosed may constitute Customer Proprietary Network Information (CPNI). If so, then federal regulations – 47 C.F.R. §64.2011(b)(1) – would require us to notify both the FBI and the U.S. Secret Service of the CPNI breach and to wait seven days before providing public notice of the breach to the affected individuals. On May 8, it became clear that the FCC was not going

to provide a definitive answer, so TerraCom is proceeding with notifications to state agencies and, where appropriate, individuals.

To our knowledge, no evidence exists that the breach was a result of a malicious attack on TerraCom's computer systems. More importantly, given the assurances from Scripps Howard's legal counsel, we have concluded that no identity theft or other harm has occurred or is likely to occur in the future to an applicant as a result of the breach by Scripps Howard.

While we are still in the process of determining the full extent of the breach, our investigation has also revealed that the records of a few hundred individuals were accessed one or two at a time from IP addresses whose owners we cannot confirm at this time. Three of those individuals whose records were individually accessed were residents of Iowa.

We will of course be providing notice of the possible breach to those three persons whose records were individually accessed. To that end, I am attaching a copy of our proposed notice for your review. We anticipate sending it to the affected individuals by mail early next week, so please advise me immediately of any changes your office believes are necessary. We will also provide these applicants whose personal information was put at risk by unidentified third parties with instructions and the opportunity to enroll in a credit bureau monitoring service at TerraCom's expense and at no cost to them. TerraCom will also notify the national credit reporting agencies of the breach.

To assist the applicants whose personal information was accessed, TerraCom has set up a toll-free number (**1-855-297-0243**) for them to call for information about the breach and about what they should do.

We have reviewed the applicable Iowa statute, Iowa Code § 715C.1. It is our conclusion that TerraCom is not required to provide affected Iowa residents with notice of the breach by Scripps Howard because "after an appropriate investigation," TerraCom has "determined that no reasonable likelihood of financial harm to the consumers whose personal information has been acquired has resulted or will result from the breach." Pursuant to Iowa Code § 715C.2(6), we are sending this letter as a request for "consultation with relevant . . . state, or local law enforcement agencies" to confirm that conclusion.

This is the first time that TerraCom or VCare has experienced a breach of security. Security of personal data is the fundamental core of their businesses and they are committed to doing all that is possible to ensure that similar incidents do not occur in the future.

TerraCom is actively working with an independent digital forensic team to investigate this issue. As this investigation progresses, TerraCom will continue to provide relevant updates to your agency regarding this incident and their communication with applicants and customers.

In the meantime, I will be in touch to discuss the timing and procedure of the consultation requested under § 715C.2(6). Please do not hesitate to contact me if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink that reads "Mark C. Del Bianco". The signature is written in a cursive style with a horizontal line extending from the end of the name.

Mark C. Del Bianco