



May 7, 2012

Via Web Form

California State Attorney General's Office

Re: Notification Pursuant to California Law

To Whom It May Concern:

We are writing to inform you of a recent administrative oversight involving the personal information of approximately 15,399 California residents. On April 25, 2012, the Privacy Office at First Data Corporation ("First Data") learned that certain limited personal information about approximately 108,500 merchants who currently process with First Data or who applied for processing services had been shared outside of the company. This information was provided to three firms in connection with First Data's efforts to evaluate effective verification and anti-fraud services. While First Data believes that this data transfer was permissible under most of its merchant contracts, it may be ambiguous in some of them. First Data strongly believes that no harm will result to the merchants; however, we are notifying you to ensure that we are fully compliant with all applicable laws.

As you may already know, First Data is a global technology and payments processing leader, serving more than 6 million merchant locations, thousands of card issuers and millions of consumers worldwide. We help businesses, such as merchants and financial institutions, safely and efficiently process customer transactions and understand the information related to those transactions. These activities require collection and processing of personal information of merchant owners, among others, in order to authenticate their identities and minimize fraudulent transactions.

To that end, First Data has been testing product offerings from two credit reporting agencies (one of which is a First Data subsidiary) and a fraud analytics company. First Data is working to improve its customer acceptance experience while reducing fraud. The credit, fraud and risk scores from the entities would be used to help improve our ability to achieve these important objectives. As part of this testing initiative, in January and February 2012, we sent these three organizations certain limited data, including the name, address, and social security number of the aforementioned merchants. All of these individuals previously submitted applications to First Data for merchant processing services and the data sent came from those applications. The data that we sent to the three companies is the same information routinely provided by First Data to credit reporting agencies in the normal course of our merchant application underwriting and boarding process.

None of the data came from card transactions, and no PCI data was impacted. The data was obtained from credit and risk applications and used for credit and risk purposes. The agencies that received the data are required by law to maintain the security and confidentiality of the information. In addition, these agencies did not pull credit reports nor did the testing activities in any way impact credit reports or scores, as test databases, not live ones, were used. First Data has non-disclosure agreements in place with the two external firms. These firms have certified to First Data that they did not further transfer the information and have now deleted the data sent from First Data at our request.

As stated above, we believe many of our contracts authorized this activity but it may be ambiguous under some. To ensure we are fully complying with all applicable laws, we are notifying you of the foregoing. Under the circumstances, we strongly believe there is minimal risk of harm, if any, to any merchant whose data was disclosed, but we have elected to notify you in case you would like to request additional



information. At present, there is no evidence that any of the merchant application data has been misused. Nevertheless, First Data is providing written notification to the merchants, and a sample of our notification letter is enclosed.

For more information, please call Tanya Madison Cunningham, Senior Counsel, Privacy and Regulatory Compliance, at 302-793-6034.

Very truly yours,

Judy Weichbrodt
Vice President, Privacy Officer
First Data Corporation