

A.G. Schneiderman Announces \$100K Settlement With E-Retailer After Data Breach Exposes Over 25K Credit Card Numbers

EZcontactsUSA.com Must Pay \$100K In Penalties And Reform Business Practices Following Massive Breach
Schneiderman: We Will Keep Working To Protect New Yorkers From Credit Card Fraud
NEW YORK – Attorney General Eric T. Schneiderman today announced a settlement with Provision Supply, LLC, d/b/a EZcontactsUSA.com, involving a data breach resulting in the potential exposure of over 25,000 credit card numbers and other cardholder data. EZcontactsUSA.com has agreed to pay \$100,000 in penalties and to shore up its data security practices. “New Yorkers deserve an Internet marketplace that secures their personal information,” said **Attorney General Schneiderman**. “No one should be exposed to identity theft or financial fraud by simply buying something over the Internet. My office will continue working to help protect hardworking New Yorkers from credit card fraud.” On August 7, 2014, a third party infiltrated EZcontactsUSA.com website, which is based in Brooklyn, New York. On June 05, 2015, EZcontactsUSA.com's merchant bank notified it that fraudulent charges were appearing on customer credit card accounts. Shortly thereafter, EZcontactsUSA.com engaged a company to conduct a forensic investigation, which discovered and removed all the malware on the EZcontactsUSA.com website.

EZContactsUSA.com never provided notice to its customers or law enforcement about the breach, in violation of General Business Law § 899-aa, which requires notice be provided to affected individuals and various government agencies including Schneiderman's office, in the most expedient time possible and without unreasonable delay.

Schneiderman's office also found that EZContactsUSA.com violated Executive Law § 63(12) and General Business Laws §§ 349 and 350 by misrepresenting the safety and security of its website. EZContactsUSA.com advertised its website as “100% safe and secure,” and “utilizing the latest security technology available.” However, a forensics investigation revealed that EZcontactsUSA.com's website contained numerous security vulnerabilities. In particular, the investigation revealed that EZcontactsUSA.com did not maintain a written security policy addressing information security problems; deploy effective web server and host based firewall configurations designed to prevent unauthorized access and exploitation of commonly known vulnerable outgoing computer network port(s); implement anti-virus and anti-malware software on any computer systems; monitor and/or review the site's performance and security configuration, or otherwise conduct vulnerability and penetration testing; or maintain firewall logs, which prevented investigators from determining the frequency of attacker visits and related information. The settlement requires EZcontactsUSA.com to conduct thorough and expeditious investigations of any future data security breaches, provide prompt notice of data security breaches to affected New York residents and to New York law enforcement, maintain reasonable security policies and procedures designed to protect the personal information of consumers in accordance with New York State General Business laws, and to remediate the many security vulnerabilities contained in its website. EZcontactsUSA.com must also train employees with the most up-to-date data security practices, and pay a \$100,000 penalty. This case was handled by Bureau of Internet and Technology Deputy Bureau Chief Clark

Russell and Resident Technologist Marc Kowtko. The Bureau of Internet and Technology is led by Bureau Chief Kathleen McGee and overseen by Executive Deputy Attorney General for Economic Justice Manisha Sheth.

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