Notice of Data Breach

June 27, 2019

We write on behalf of Loungefly, LLC to inform you of an issue that may have involved some of your personal information.

What Happened? Loungefly appears to have experienced an incident in which unauthorized code was placed on the system that operated the Loungefly online store at <u>www.loungefly.com</u>. In response, we took steps to secure the affected part of our network, including confirming that the unauthorized code was not present on the system that now operates our online store. Following the discovery of unauthorized code, an investigation also was commenced to understand the nature and scope of the incident. At this time, we believe that we will not ever be able to confirm that any personal information was in fact acquired by an unauthorized individual as a result of the incident. However, we also cannot rule out the possibility that the incident may have impacted certain usernames and passwords of customers who created or logged in to their Loungefly accounts, in addition to data associated with payment cards used in transactions, between September 19, 2018 and February 13, 2019. We understand that the total number of customers whose payment card data and/or username and password may have been affected is less than 4,600. We have reported the matter to law enforcement, but this notice has not been delayed because of law enforcement investigation.

<u>What Information Was Involved?</u> The following personal information may have been involved in the incident: (i) cardholder name, account number, expiration date, and security code from payment cards used on the Loungefly online store and (ii) the usernames and passwords of customers who created or logged in to their Loungefly accounts. We have not determined that any such information was in fact stolen but we are providing this notice out of an abundance of caution.

<u>What We Are Doing</u>. In addition to the steps described in this notice, we are taking steps to further strengthen and enhance our information security controls and procedures. These steps include ongoing coordination with our development team to further harden our system.

What You Can Do. We are enhancing the complexity requirements for customer passwords and requiring all Loungefly customers to select a new password that complies with the new requirements the next time they log in to their Loungefly account, regardless of whether their username and password may have been impacted as part of the incident. As a reminder, it is always a good practice to use different passwords on different websites. To the extent you are using your Loungefly password for other services, consider instead using a new, unique password for each service. In addition, it is always a good practice to be vigilant and closely review or monitor your bank and credit card statements, credit reports and other financial information for any evidence of unusual activity or fraudulent charges. Customers are not responsible for counterfeit fraudulent charges on their credit cards that are timely reported.

For More Information. If you have any questions regarding the content of this notice, please contact us at legal@loungefly.com or (425) 261-0723 between the hours of 9:00am – 5:00pm PST Monday through Friday.

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