FACSIMILE COVER SHEET

From:	Kristen J. Mathews	**Date:**	May 24, 2006
Direct Dial:	(212) 895-2327	**Client/Matter #:**	

PLEASE DELIVER AS SOON AS POSSIBLE TO:

	Recipient	Company	Fax No.	Phone No.
1.	Security Breach Notification	Consumer Protection Board	518-474-2474	

Total number of pages including this page: **4.**
If you do not receive all the pages, please call **(212) 895-2000.**

Message:

Enclosed please find the required Reporting Form for business, individual or NY State entity reporting a "Breach of the Security of the System", pursuant to the Information Security Breach and Notification Act (General Business Law § 899-aa; State Technology Law § 208). Please feel free to contact me with any questions.

BROWN RAYSMAN MILLSTEIN FELDER & STEINER LLP
900 THIRD AVE NY NY 10022 T 212-895-2000 F 212 895-2900 brownraysman.com

Reporting Form
For Business, Individual or NY State Entity reporting a "Breach of the Security of the System" Pursuant to the Information Security Breach and Notification Act (General Business Law §889-aa; State Technology Law §208)

Name of Business, Individual or State Entity:	**Mortgage Lenders Network USA, Inc. ("MLN")**
Date of Discovery of Breach:	**On or about May 5, 2006**
Estimated Number of Affected Individuals:	**231,000 individuals**
Date of Notification to Affected Individuals:	**Approximately May 25, 2006**

Manner of Notification: [X] written notice
[ ] electronic notice (email)
[ ] telephone notice

Are you requesting substitute notice? [ ] Yes [X] No (If yes, attach justification)

Content of Notification to Affected Individuals: Describe what happened in general terms and what kind of information was involved. Please attach copy of Notice.

A former employee of MLN compromised certain sensitive customer data, including customers' names, addresses, social security numbers, loan numbers and loan types (but not including credit card, debit card or other financial account numbers). MLN has been cooperating with the authorities to contain and further investigate this incident. Police authorities delayed MLN's notification of the incident to consumers pending their investigation. There is no evidence at this time that there was any further dissemination or use of such data by this individual

Name of Business or Individual Contact Person:	**Steve Olearcek**
Title:	**Vice President, Corporate Counsel**
Telephone number:	**(860) 704-6235**
Email:	**solearcek@MLNUSA.com**

Dated: **May 24, 2006**
Submitted by: **Kristen J. Mathews**
Title: **Outside Counsel, Brown Raysman Millstein Felder & Steiner LLP**
Address: **900 Third Avenue, New York, New York, 10022**
Email: **kmathews@brownraysman.com**
Telephone: **(212) 895-2327** Fax: **(212) 895-2900**

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Dear Valued Customer,

I am writing you to let you know about a recent incident in which a former employee threatened the security of certain Mortgage Lenders Network USA, Inc. ("MLN") data.

On or about May 5, 2006, MLN became aware that a former employee may have compromised, or intended to compromise, certain sensitive consumer data to which he had access in connection with his employment. MLN took action promptly by discontinuing all access by the individual to MLN computer systems, files and data, and by notifying police authorities. On May 20, 2006, pursuant to a police investigation, MLN became aware that this former employee had files in his possession that were the property of MLN, and that contained sensitive customer information. MLN is cooperating with the authorities in an investigation into exactly what information was contained in the files.

While it does appear that this individual compromised certain personal information relating to our customers, there is no evidence at this time that there was any further dissemination or use of such data by this individual. However, it is possible that your social security number could be subject to unauthorized use, as well as other information located in your account such as your name, mailing address, loan numbers and loan types. (Your credit card, debit card and other financial account numbers would not have been subject to compromise.)

What should you do?

- Since your sensitive personal information has been subject to compromise, there are a few things you may want to do:
    - **You should periodically request a free credit report to ensure credit accounts have not been activated without your knowledge.** Every consumer, whether or not their data has been involved in a security breach, can receive one free report every twelve months from each of the three national credit bureaus listed below. In fact, it is a good practice for all consumers to order a free credit report from one of the three credit bureaus every four months, in order to continually monitor your accounts every year. To order your free credit report, contact one of the three major credit bureaus at the numbers provided below.
    - **You may also wish to take the added precaution of placing a fraud alert on your credit file.** A fraud alert tells creditors to contact you before they open any new credit accounts or change your existing accounts. To place a fraud alert on your credit file, contact one of the three national credit bureaus at the numbers provided below. This will let you automatically place fraud alerts and order your credit report form all three credit bureaus at once. If you decide to place a fraud alert on your credit file, you should be aware that:
        - (i) you may be asked to provide proof of identification when applying for instant credit, and in some cases your ability to receive instant credit may be limited,
        - (ii) creditors may contact you by phone at the number you designate before opening a new account for you,
        - (iii) a fraud alert should not interfere with the daily use of credit cards or banking or credit accounts, and
        - (iv) a fraud alert will expire, usually in 90 days, so you will need to renew it by calling the credit bureau you initiated it with, using the confirmation number you were given when you initiated (or subsequently renewed) the fraud alert.
    - In some states, you have the right to put a "credit freeze" on your credit file, so that no new credit can be opened under your credit file.

- **Once you receive your credit reports, check them carefully for unusual activity.** If you see any accounts you did not open or incorrect personal information, call the credit bureau(s) or your local law enforcement agency to file a report of identity theft. You should get a copy of the police report, and you may need to provide copies to creditors to clear up your records. Also, please notify us of any fraudulent activity that you discover in your credit file.

- **Even if you do not find suspicious activity on your initial credit reports, it is recommended that you check your credit reports periodically.** Victim information is sometimes held for use or shared among a group of thieves at different times. Remaining vigilant and checking your credit reports periodically over the next 12 to 24 months can help you spot problems and address them quickly.

- Equifax (800) 525-6285 www.equifax.com
- Experian (888) 397-3742 www.experian.com
- Trans Union (800) 680-7289 www.transunion.com

Because the investigation of this incident is ongoing, we do not have all of the details at this time. We will continue to investigate this matter thoroughly and take all necessary and immediate steps to reduce the chance of any future incidents.

Other than in the form of a written letter, Mortgage Lenders Network will not initiate contact with you about this incident, and will not ask you to confirm any sensitive personal information, such as your Social Security number. If you do happen to receive a contact with such a request, it is not from Mortgage Lenders Network, and you should not provide any such information.

MLN regards the privacy of consumer information with the utmost of importance. To that end, MLN has numerous security measures in place to safeguard MLN accounts. Further, MLN continues to implement additional security measures in order to meet the demands of the today's computer based society.

If there is anything we can do to assist you further, please feel free to call us at **1-800-308-8965** or contact us at the information provided below.

We truly regret any inconvenience.

Sincerely,

MORTGAGE LENDERS NETWORK USA, INC.

Mortgage Lenders Network USA, Inc.
Legal Department
213 Court Street
Middletown, CT 06457

www.MLNUSA.com