

NEIL ABERCROMBIE  
GOVERNOR



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STATE OF HAWAII  
DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT  
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HONOLULU, HAWAII 96813-2437

**DEPT. COMM. NO. 86**

May 9, 2012

The Honorable Shan Tsutsui, President  
and Members of the Senate  
Hawaii State Capitol, Room 409  
415 S. Beretania Street  
Honolulu, HI 96813

The Honorable Calvin Say, Speaker  
and Members of the House of Representatives  
Hawaii State Capitol, Room 431  
415 S. Beretania Street  
Honolulu, HI 96813

RECEIVED  
SENATE  
OFFICE OF THE PRESIDENT  
12 MAY 10 PM '12

**REPORT OF SECURITY BREACH  
PURSUANT TO CHAPTER 487N, HRS**

Dear President Tsutsui, Speaker Say, and Members of the Senate and House of Representatives:

Pursuant to Section 487N-4, Reporting requirements, HRS, the Department of Human Resources Development ("DHRD"), Employee Claims Division ("ECD"), is providing this report of a security breach affecting seven workers' compensation claimants. As explained below, DHRD-ECD received notification of this breach on May 7, 2012.

In the course of administering the State's self-insured workers' compensation program, between February 2009 and October 2011, DHRD-ECD engaged the services of Impairment Resources, LLC, ("Impairment") to review permanent impairment rating reports obtained on seven different claims. For that purpose, DHRD-ECD forwarded to Impairment relevant excerpts from the claimants' medical records.

On March 21, 2012, we received duplicate notices from the U.S. Bankruptcy Court in Wilmington, Delaware, that Impairment filed for Chapter 7 bankruptcy on March 9, 2012. The notices were sent to us as a possible creditor of that company.

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Members of the Senate and House of Representatives  
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On May 7, 2012, we received duplicate letters dated May 2, 2012 from Attorney Erin J. Kennedy, of Forman Holt Eliades Ravin & Youngman, indicating they were representing Charles M. Forman, who has been appointed as the Chapter 7 trustee for Impairment. The letters further stated:

On January 31, 2011, the debtor's [Impairment] San Diego office was burglarized. The items stolen included computer hardware that contained personal identifiable information such as names, addresses, social security numbers and medical diagnoses of as many as 14,000 individuals residing throughout the United States and abroad.

The debtor's other computers and back up tapes currently are secured in a storage location in San Diego. The Trustee intends to establish a process by which this information will be properly destroyed to avoid any further dissemination of private personal information.

...

We will keep you advised of the disposition of the stored information and will provide you with any new information we obtain regarding the security breach.

Copies of the bankruptcy notice and the attorney's letter are enclosed for your reference.

We do not have specific information from the bankruptcy trustee indicating that our seven claimants' medical records are part of the information contained in the stolen computer hardware. DHRD-ECD engaged Impairment's services only as indicated above and has not transmitted additional medical records to the company. We will continue to monitor this matter and forward to you any updates we receive on the status of the disposition of the stored information and the security breach.

Pursuant to Section 487N-2, Notice of security breach, HRS, we have also sent written notices to the seven claimants, at their last known addresses, to advise them of the breach. Copies were also sent to the claimants' attorneys if they are represented on their claim. A copy of one of our letters is enclosed for your reference, with personal and medical information redacted.

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Please contact ECD Administrator Florencio C. Baguio, Jr., at 587-0900, if you have any questions or require additional information.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Barbara A. Krieg".

Barbara A. Krieg  
Director

Enclosures (3)