

Notice of Academy of Art University E-mail Security Incident Class Action Settlement

This is a Court approved Legal Notice. This is not an advertisement.

Important Information – Read Carefully.

TO: All current or former employees of Academy of Art University (“AAU”) whose identifying information was disclosed in a security incident announced by AAU in April 2016 (“the E-mail Security Incident”).

This NOTICE is to inform you of a proposed settlement in the class action lawsuit *Matthew Pagoaga, et al., v. Stephens Institute d/b/a Academy of Art University*, Case No. CGC 16-551952 (Superior Court of the State of California, County of San Francisco) and a court hearing regarding that Settlement that you may choose to attend. Your rights may be affected by the legal proceedings in this action. The Court will hold a hearing on **July 16, 2018 at 9:00 a.m.** to address whether the proposed Settlement should be approved (“Final Approval Hearing”).

If you receive this notice then you are a “Settlement Class Member” because your information was disclosed in the E-mail Security Incident and you may be entitled to reimbursement for out-of-pocket losses and free credit monitoring services under this settlement. The Court still must decide whether to approve the settlement. No payments will be made until after the Court grants final approval of the settlement and all appeals, if any, are resolved.

The settlement relief includes:

- **Reimbursement for Out-of-Pocket Losses:** AAU will reimburse settlement class members for documented out-of-pocket losses fairly traceable to the E-mail Security Incident, up to (i) \$1,000 per individual for out-of-pocket losses not including the purchase of professional services, and in addition, (ii) \$2,500 per individual for out-of-pocket losses consisting only of the purchase of professional services, including accountant and attorneys’ fees. Recovery under subsections (i) and (ii) are subject to an aggregate cap of \$2,500 per individual (“Out-of-Pocket Losses”).
- **Three-Bureau Credit Monitoring Services:** All settlement class members are also eligible to enroll in two (2) years of Experian’s “3B Credit Plus” credit monitoring services at no cost, regardless of whether you submit a claim for Out-of-Pocket Losses. This service includes daily credit monitoring of your credit file at all three major credit reporting agencies (Experian, Equifax, and TransUnion), a \$1 million identity theft insurance policy, identity restoration services, and additional features discussed below (“Credit Monitoring Services”).
- **Identity Restoration Services:** Regardless of whether you make a claim for Out-of-Pocket Losses or Credit Monitoring Services, all Settlement Class Members affected by the E-mail Security Incident will be eligible to take advantage of identity restoration services offered through Experian, including professional fraud resolution assistance to help with identity recovery and restoration in case you experience identity theft or fraud in the future (“Identity Restoration Services”).
- **Business Practices Changes:** AAU has also agreed to make changes to its business practices, including implementing technical security barriers to limit the flow of fraudulent emails and maintaining an employee cybersecurity training program. These measures are intended to increase the security of employees’ personal information stored on AAU’s databases.

Your legal rights may be affected whether you act or do not act. Your options are summarized in this Notice. To review the full Settlement Agreement and other related documents or for more information, visit www.AAUsettlement.com.

Questions? Go to www.AAUsettlement.com or call 1-877-346-5225

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT		Deadline
File a claim for out-of-pocket losses	<p>You must make a claim in order to receive reimbursement for Out-Of-Pocket Losses fairly traceable to the E-mail Security Incident. You may claim both Out-of-Pocket Losses and Credit Monitoring Services.</p> <p>For more detailed information, see Questions 7, 11.</p>	<p>Deadline: June 13, 2018</p>
File a claim for credit monitoring services	<p>You must make a claim in order to receive the Credit Monitoring Services offered under the settlement.</p> <p>For more detailed information, see Question 8, 11.</p>	<p>Deadline: June 13, 2018</p>
Access identity restoration services	<p>You may access Identity Resolution Services using your enrollment number after the settlement becomes final, whether or not you make a claim for Out-of-Pocket Losses or Credit Monitoring Services.</p> <p>For more detailed information, see Question 9.</p>	No deadline
Exclude yourself	<p>You can exclude yourself from the settlement by informing the Settlement Administrator that you want to “opt-out” of the settlement. If the settlement becomes final, this is the only option that allows you to retain your rights to separately sue AAU for claims related to the E-mail Security Incident. If you opt-out, you will not receive any benefits under this Settlement.</p> <p>For more detailed information, see Question 17.</p>	<p>Deadline: May 14, 2018</p>
Object	<p>You may object to the settlement by writing to the Settlement Administrator and explaining why you don’t think the settlement, or any part of it, should be approved. If you object, you will remain a settlement class member, and if the settlement is approved, you will be eligible for the benefits of the settlement and give up your right to sue on certain claims described in the Settlement Agreement which is available at www.AAUsettlement.com.</p> <p>For more detailed information, see Question 18.</p>	<p>Deadline: May 14, 2018</p>
Do nothing	<p>If you do nothing, you will not be eligible to receive Credit Monitoring Services or reimbursement for Out-Of-Pocket Losses. You will be eligible to access identity restoration services through Experian. If the Settlement becomes final, you will give up your rights to sue separately AAU relating to the E-mail Security Incident.</p>	No deadline

BASIC INFORMATION AND OVERVIEW

1. Why did I get this Notice?

You received this notice because AAU's records reflect that your information was disclosed in the 2016 E-mail Security Incident. A Court authorized this notice because you have a right to know how the proposed settlement may affect your rights. This notice explains the nature of the litigation, the general terms of the proposed settlement and what it may mean to you. This notice also explains the ways you may participate in, or exclude yourself from, the settlement.

2. What is this lawsuit about?

In April 2016, AAU announced that one of its employees was targeted by a "spoofing" scam, and sent the 2015 Internal Revenue Service Wage and Tax Statements (W-2 Forms) of approximately 3,000 current and former AAU employees to an unknown third party. The information contained on the W-2 Forms included employees' full names, addresses and ZIP codes, dates of birth, wages, and Social Security Numbers.

This class action lawsuit was filed by two individuals affected by the breach in the Superior Court of the State of California, County of San Francisco. The judge overseeing the case is the Honorable Curtis E.A. Karnow. The individuals who sued are called the "Plaintiffs." AAU is the "Defendant." The most recent version of the lawsuit, which describes the specific legal claims alleged by the Plaintiffs, is available at www.AAUsettlement.com.

3. Why is this a class action?

In a class action, one or more people called "class representatives" sue on behalf of themselves and other people with similar claims. All of these people together are the "class" or "class members." Because this case is a class action, even persons who did not file their own lawsuit can obtain relief from harm that may have been caused by the E-mail Security Incident, except for those individuals who timely exclude themselves from the settlement class.

4. Why is there a settlement?

The Court has not decided in favor of Plaintiffs or AAU. Instead, both sides agreed to a settlement. Settlements avoid the costs and uncertainty of a trial and related appeals, while more quickly providing benefits to members of the settlement class. The "settlement class representatives" appointed to represent the class, and the attorneys for the settlement class ("Class Counsel," see Question 14) believe that the settlement is in the best interests of the settlement class members.

WHO IS PART OF THE SETTLEMENT

5. How do I know if I am part of the settlement?

You are a member of the settlement class and affected by the settlement if your personal information was disclosed as a result of the E-mail Security Incident.

You are a member of the Settlement Class if:

- You received a notice from AAU that your information was disclosed; or
- You received this settlement notice by mail or email stating that you are a class member.

Excluded from the settlement are:

- Officers and directors of AAU;
- The presiding judge and any judicial staff involved in the lawsuit; and
- Any class member who excludes herself from the settlement (*see* Question 17)

If you are not sure whether you are included in the Settlement Class, call 1-877-346-5225.

Questions? Go to www.AAUsettlement.com or call 1-877-346-5225

THE SETTLEMENT BENEFITS

6. What does the settlement provide?

The settlement provides the following benefits:

- Cash reimbursement for Out-of-Pocket Losses (*see* Question 7);
- Free Credit Monitoring Services (*see* Question 8);
- Free Identity Restoration Services (*see* Question 9);
- Data Security Commitments by AAU (*see* Question 10).

AAU has also agreed to pay attorneys' fees, costs, and expenses (*see* Question 15) and the costs of notifying the class and administering the settlement.

7. How will the Settlement compensate me for identity theft and fraud I have already suffered or expenses I have already paid to protect myself?

Settlement Benefit: Reimbursement for Out-of-Pocket Losses

If you spent money to address fraud or identity theft that you believe was fairly traceable to the E-mail Security Incident, or to protect yourself from future harm, then you may make a documented claim for reimbursement up to \$1,000 per individual for out-of-pocket losses not including the purchase of professional services and also for (ii) \$2,500 per individual for out-of-pocket losses consisting only of the purchase of professional services, including accountant and attorneys' fees. Recovery under subsections (i) and (ii) are subject to an aggregate cap of \$2,500 per individual. Examples of expenses that may be fairly traceable to the E-mail Security Incident and eligible for reimbursement are provided in the bullet points below.

The maximum amount payable to reimburse class members with documented Out-of-Pocket Losses is \$250,000. If the number of claims exceeds that amount, payments will be reduced and distributed on a proportional basis.

If the maximum amount payable is not reached, and you spent money to address fraud or identity theft that you believe was fairly traceable to the E-mail Security Incident *after* **June 13, 2018** (the "Claims Deadline"), then you can still submit a documented claim for reimbursement for a period of 640 days as long as the following conditions are met: (a) you submitted a claim electing to receive Credit Monitoring Services offered as part of this settlement prior to the Claims Deadline; and (b) you provide an attestation that you have not obtained reimbursement for the claimed expense through other means.

Claims for out-of-pocket losses incurred after the Claims Deadline will be approved **on a first-come first-served basis**. Once \$250,000 is exhausted, no more claims for Out-Of-Pocket Losses will be paid. To fill out and submit a claim form after the Claims Deadline, you can access and submit a post-deadline Claim Form online at the Settlement Administrator's website, or request a hard copy of the post-deadline Claim Form from the Settlement Administrator that can be filled out and return by mail (*see* Question No. 11).

Out-of-Pocket Losses that are eligible for reimbursement through the Settlement include the following costs incurred after April 2016, if they have not already been reimbursed by AAU or any other organization:

- The costs of credit monitoring or identity protection services you obtained (up to the date on which Credit Monitoring Services become available through this Settlement);
- Unreimbursed losses, fees, or charges incurred as a result of identity fraud or theft connected with the possible misuse of your Social Security Number, date of birth, address, income and/or employment information;

- Professional fees and other costs incurred addressing identity fraud or theft, including falsified tax returns or other identity fraud or theft connected with the possible misuse of your Social Security number, date of birth, address, income and/or employment information;
- Costs associated with placing credit freezes or fraud alerts with the credit reporting agencies; and
- Miscellaneous expenses such as notary, fax, postage, copying, mileage, and long-distance charges that you show were incurred in connection with fraud or identity theft connected with the possible misuse of your Social Security number, date of birth, address, income and/or employment information.

“Self-prepared” documents such as handwritten receipts are, by themselves, insufficient to receive reimbursement, but they can be considered to add clarity or support other submitted documentation. This list provides examples only, and other losses or costs fairly traceable to the E-mail Security Incident may also be eligible for reimbursement. **YOU MUST BE ABLE TO DOCUMENT YOUR CLAIM.**

The Settlement Administrator has the sole authority to determine the validity of claims for Out-of-Pocket Losses. Only valid claims will be paid. The deadline to file an Out-of-Pocket Losses Claim will be two years after the Settlement goes into effect.

8. How will the Settlement help protect me against future identity theft and fraud?

Settlement Benefit: Free Three-Bureau Credit Monitoring Services

The settlement provides a way to protect yourself from unauthorized use of your personal information. Settlement Class Members are encouraged to submit a claim to receive two years of Experian’s “3B Credit Plus” credit monitoring services.

The Credit Monitoring Services provided by the Settlement are separate from, and in addition to, the two years of credit monitoring and identity protection services offered by AAU through Experian Protectmyid.com starting in 2016. You need not have signed up for the previous services to be eligible to make a claim for the Credit Monitoring Services offered through this settlement.

The features included with Experian’s “3B Credit Plus” credit monitoring services include:

- a. Daily credit monitoring of your credit file at all three (3) major credit reporting agencies (Experian, Equifax & TransUnion);
- b. An Experian credit report upon enrollment;
- c. A subsequent, updated Experian credit report available at your election as often as daily (online);
- d. Identity theft insurance offered through AIG, which covers certain identity theft related expenses incurred by you up to a limit of \$1 million;
- e. Internet surveillance, which includes monitoring of the “dark web” for your personal information;
- f. Identity validation monitoring and alerts to notify you in the event your identity has been verified across the Experian identity network; and
- g. Identity restoration services that provide professional fraud resolution assistance to you if you experience identity theft or fraud, helping you with identity recovery and restoration.

Note: you will be required to submit your personal information including Social Security number to Experian to enroll in the credit monitoring services.

Class members who elect to enroll in Credit Monitoring Services will receive an activation code and enrollment instruction by e-mail within 30 days of effective date of the Settlement, or by mail if an e-mail address is not provided. You will have one year from the date the Settlement Administrator sends the activation code to enroll in the Credit Monitoring Services, and those services will be available for two years from the date of activation. You may make claim for both reimbursement for Out-of-Pocket Losses and Credit Monitoring Services.

Questions? Go to www.AAUsettlement.com or call 1-877-346-5225

9. How will the Settlement help me deal with identity theft or fraud if it happens?

Settlement Benefit: Free Identity Restoration Services

All Settlement Class Members will receive access to Identity Resolution Services through Experian after the Settlement becomes final. Fraud Resolution Specialists will be available by telephone, e-mail, and mail to help you with important but often time-consuming tasks such as placing fraud alerts with the credit bureaus, disputing inaccurate information on your credit reports, scheduling calls with creditors and other service providers, and working with law enforcement and government agencies to dispute fraudulent information. More details about Experian's Fraud Resolution Services for settlement class members are available at <http://www.experian.com/data-breach/fraud-resolution-faq.html>.

All Settlement Class Members may access Identity Resolution Services after the Settlement becomes final, even if you never make a claim from this Settlement, by contacting Experian's identity restoration department at 1-866-252-8836 or requesting your enrollment number from the Settlement Administrator.

10. Will the settlement help protect information stored by AAU from another E-Mail Security Incident?

Settlement Benefit: Data Security Practice Changes and Commitments by AAU

AAU will maintain security practices to help protect the personal information of its employees. This includes maintaining technical security barriers specifically designed to reduce the flow of unwanted outside emails.

AAU will also maintain an employee cybersecurity training program that regularly trains and educates employees responsible for handling payroll and compensation data on maintaining the confidentiality of such information, and helping them recognize scams aimed at gaining unauthorized access to such information, including "phishing" and "spoofing" scams.

AAU will agree to adopt and implement these measures for a period of three (3) years following the date the settlement goes into effect.

HOW TO GET SETTLEMENT BENEFITS

11. How do I file a claim for Credit Monitoring Services or Out-of-Pocket Losses?

To obtain Credit Monitoring Services or to file a claim for reimbursement of Out-of-Pocket Losses fairly traceable to the E-mail Security Incident, you will need to file a claim form and submit documentation regarding the costs and losses that you incurred. There are two options for filing claims:

- (1) **File Online:** You may fill out and submit the claim form and supporting documentation online at www.AAUsettlement.com. This is the quickest way to file a claim.
- (2) **File by Mail:** Alternatively, you may send back the claim form included with this notice, fill it out, and mail it to the address on the form with supporting documentation, if any. If you lost or did not otherwise receive a claim form, you can download a hard copy of the claim form (available at www.AAUsettlement.com), or ask the Settlement Administrator to mail a claim form to you by calling 1(877) 346-5225. If you choose to file by mail, please fill out your claim form, and mail it (including postage) to: AAU E-mail Security Incident, Settlement Administrator, 1801 Market Street, Suite 660, Philadelphia PA 19103.

The deadline to file a claim is **June 13, 2018** (this is the last day to file online and postmark deadline for mailed claims). Note that to fill out and submit a claim form for up to 640 days after the Claims Deadline, you will need to access and submit the post-deadline Claim Form online at www.AAUsettlement.com; or contact the Settlement Administrator and request a hard copy of the post-deadline Claim Form from the Settlement Administrator that can be filled out and return by mail. **You will not be able to submit a claim after the Claims Deadline unless you submitted a claim form electing to receive Credit Monitoring Services prior to the Claims Deadline (see Question 7).**

12. When and how will I receive the benefits I claim from the Settlement?

Credit Monitoring Services claimed by settlement class members will begin, and payments for valid claims will be made, after the Court enters a final judgment and the Settlement becomes final. This process may take several months or more. Once there is a final judgment, it will be posted on the Settlement Administrator's website.

If you make a valid claim for Credit Monitoring Services, the Settlement Administrator will send you information on how to activate your credit monitoring. The Settlement Administrator will provide you with an activation code which you will use at the Experian website to activate your Credit Monitoring Services.

Checks for valid Out-of-Pocket Losses claims will be mailed by the Settlement Administrator to the mailing address that you provide on your settlement claim form. If your address changes after you submit a claim form, you can contact the Settlement Administrator to update your file as set forth in Question 19.

LEGAL RIGHTS RESOLVED THROUGH THE SETTLEMENT

13. What am I giving up to stay in the settlement class?

If you make a claim under the settlement, or if you do nothing, you will be releasing all of your legal claims against AAU that result from, arise out of, are based upon, or relate to the E-mail Security Incident or that were or could have been brought based on the facts alleged in the Complaint.

Paragraph 61 of the Settlement Agreement defines the claims that will be released by Settlement Class Members who do not exclude themselves from the Settlement. If you exclude yourself from the Settlement (see Question 17), you will not be bound by this release. You can access the Settlement Agreement and read the specific details of the legal claims being released at www.AAUsettlement.com.

If you have any questions about what this means, you can contact the Settlement Administrator (see Question 19).

THE LAWYERS REPRESENTING YOU

14. Do I have a lawyer in the case?

The Court appointed the following attorneys to represent you and other Settlement Class Members as "Class Counsel."

Norman E. Siegel
J. Austin Moore
STUEVE SIEGEL HANSON LLP
460 Nichols Road, Suite 200
Kansas City, MO 64112
816-714-7100

Daniel C. Girard
Simon Grille
GIRARD GIBBS LLP
601 California Street, 14th Floor
San Francisco, CA 94108
415-981-4800

You will not be charged by these lawyers for their work on the case. If you want to be represented by your own lawyer, you may hire one at your own expense.

Questions? Go to www.AAUsettlement.com or call 1-877-346-5225

15. How will these lawyers be paid?

Class Counsel has undertaken this case on a contingency-fee basis, and has not been paid any money in relation to their work on this case. Accordingly, Class Counsel will ask the Court to award them attorneys' fees of up to \$455,000, and reimbursement for costs and expenses up to \$25,000, to be paid separately by AAU. The award of fees, costs and expenses will have no impact on the settlement benefits available to the Class. You will not have to separately pay any portion of these fees yourself. As noted above, Class Counsel's request for attorneys' fees and costs (which must be approved by the Court) will be filed on **April 23, 2018** and will be available to view on the Settlement website at www.AAUsettlement.com.

16. Will the named plaintiffs get any additional money?

The named plaintiffs in this action are Matthew Pagoaga and Anthony Jones. Class Counsel will ask the Court to award these individuals a "service award" of \$2,500 for the time that they spent, and the risk that they undertook, in bringing this lawsuit on behalf of the class. This amount is also subject to Court approval. Whatever amount the Court approves, if any, will be paid separately by AAU.

EXCLUDING YOURSELF FROM THE SETTLEMENT

17. How do I exclude myself from the settlement?

If you are a member of the settlement class but do not want to remain in the class, you may exclude yourself from the class (also known as "opting out"). If you exclude yourself, you will lose any right to participate in the Settlement, including any right to receive a settlement payment.

If you decide on this option, you may keep any rights you have, if any, against AAU and you may file your own suit against AAU based upon the same legal claims that are asserted in this lawsuit. If you are considering this option, you may want to consult an attorney to determine the extent of your rights.

IMPORTANT: You will be bound by the terms of the Settlement unless you submit a timely and signed written request to be excluded from the Settlement. To exclude yourself from the Settlement must postmark a request for exclusion, postmarked no later than **May 14, 2018**, to:

**CLASS ACTION OPT OUT & OBJECTION
ATTN: AAU E-MAIL SECURITY INCIDENT
PO BOX 30456
PHILADELPHIA, PA 19103**

This statement must contain the following information:

- (1) The name of this proceeding (*Matthew Pagoaga, et al., v. Stephens Institute d/b/a Academy of Art University*, Case No. CGC 16-551952, or similar identifying words such as "AAU E-mail Security Incident Lawsuit");
- (2) Your full name;
- (3) Your current address;
- (4) The words "Request for Exclusion" at the top of the document or a statement that you do not wish to participate in the Settlement; and
- (5) Your signature.

If you do not comply with these procedures and the deadline for exclusions, you will lose any opportunity to exclude yourself from the settlement class, and your rights will be determined in this lawsuit by the Settlement Agreement if it is approved by the Court, and you may not recover under any other individual settlement agreement regarding the claims released as part of the settlement.

OBJECTING OR COMMENTING ON THE SETTLEMENT

18. How do I tell the Court that I like or don't like the settlement?

If you are a Settlement Class Member, and you don't opt out, you have the right to tell the Court what you think of the settlement, including the request for attorneys' fees, attorneys' costs, and "service awards" for the two named plaintiffs. You can object to the settlement if you don't think it is fair, reasonable, or adequate, and you can give reasons why you think the Court should not approve it. Should you wish to review the motion for attorneys' fees and costs, it will be filed by and will be available to view on the Settlement website on **April 23, 2018**.

To object, you must send a letter stating that you object to the settlement. Your objection must include:

- (1) The name of this proceeding (*Matthew Pagoaga, et al., v. Stephens Institute d/b/a Academy of Art University*, Case No. CGC 16-551952, or similar identifying words such as "AAU E-mail Security Incident Lawsuit");
- (2) Your full name;
- (3) Your current address;
- (4) The reasons for the objection, as well as any documents supporting the objection;
- (5) The identity of any attorneys representing you with respect to the objection; and
- (6) You or your attorney's signature.

To be considered by the Court, your objection must be mailed, postmarked no later than **May 14, 2018**, to the Settlement Administrator at the following address:

**CLASS ACTION OPT OUT & OBJECTION
ATTN: AAU E-MAIL SECURITY INCIDENT
PO BOX 30456
PHILADELPHIA, PA 19103**

You must not submit your objections directly to the Court. If you do not comply with these procedures and the deadline for objections, you may lose any opportunity to have your objection considered at the Final Approval Hearing or otherwise to contest the approval of the settlement or to appeal from any orders or judgments entered by the Court in connection with the proposed Settlement. You will still be eligible to receive settlement benefits if the Settlement becomes final even if you object to the Settlement.

The Court has scheduled a Final Approval Hearing to listen to and consider any concerns or objections from class members regarding the fairness, adequacy, and reasonableness of the terms of the Settlement Agreement. That hearing will take place on **July 16, 2018 at 9:00 a.m.** before the Honorable Curtis E.A. Karnow, San Francisco Superior Court, Department 304, 400 McAllister St., San Francisco, California, 94102.

GETTING MORE INFORMATION

19. Where can I get more information?

If you have questions about this Notice or the Settlement, or if you did not receive this Notice by mail or email and believe that you are or may be a member of the Class, you should contact the Settlement Administrator at AAUSettlement@AdministratorClassAction.com or my US Mail to AAU Settlement, Settlement Administrator, 1801 Market Street, Suite 660, Philadelphia PA 19103, for more information or to request that a copy of this Notice be sent to you in the mail. You may also view the Notice on the Settlement website at www.AAUsettlement.com. If you wish to communicate directly with Class Counsel, you may contact them (contact information noted above in Question 14). You may also seek advice and guidance from your own private attorney at your own expense, if you wish to do so.

This Notice is only a summary of the Lawsuit and the Settlement Agreement. The entire Settlement Agreement and other related documents are available for viewing at the Settlement website. If you have questions about the proposed settlement, or wish to receive a copy of the Settlement Agreement but do not have access to the Internet to download a copy online, you may contact Class Counsel. The Court cannot respond to any questions regarding this Notice, the lawsuit, or the proposed Settlement.

Please do not contact the Court or its Clerk.