

COMMONWEALTH OF MASSACHUSETTS

SUFFOLK, ss.

SUPERIOR COURT

In the Matter of:

TRADESOURCE, INC.

**ASSURANCE OF DISCONTINUANCE PURSUANT TO G. L. 93A, § 5**

**I. Introduction**

1. Pursuant to the provisions of Massachusetts General Laws, chapter 93A, the Commonwealth of Massachusetts, by its Attorney General, Maura Healey (“Commonwealth” or “Attorney General”), has investigated the acts and practices of TradeSource, Inc. (“TradeSource”), in connection with the matters set forth herein (the “2020 Security Incident”).
2. Based on facts uncovered during the investigation, the Attorney General alleges that TradeSource violated the Massachusetts Consumer Protection Act, G. L. c. 93A, § 2, by failing to comply with the Massachusetts Data Breach Law, G. L. c. 93H, and the regulations promulgated thereunder, 201 C.M.R. § 17.00 *et seq.*
3. TradeSource has voluntarily and knowingly agreed to this Assurance of Discontinuance (“Assurance”) to avoid the time and expense of litigation. The Attorney General agrees to accept this Assurance of Discontinuance pursuant to G. L. c. 93A, § 5, in lieu of

commencing a civil action under G. L. c. 93H, § 6 and G. L. c. 93A, § 4.

## **II. Definitions**

4. For the purposes of this Assurance of Discontinuance, the following definitions shall apply:
- a. “Data Security Incident” or “Security Incident” shall mean any circumstance that requires Notice to be provided under G. L. c. 93H.
  - b. “Threat actor” shall mean the person(s) or group(s) that perpetrated the 2020 Security Incident.
  - c. “Written Information Security Program” or “WISP” shall refer to the “comprehensive information security program that is written” as further described in 201 C.M.R. § 17.03(1).
  - d. “Notice” shall have the same meaning as defined and used in G. L. c. 93H.
  - e. “Personal Information” or “PI” shall have the same meaning as defined in G. L. c. 93H and 201 C.M.R. § 17.02.

## **III. The Commonwealth’s Allegations**

5. TradeSource is a Delaware corporation, headquartered at all relevant times in Warwick, Rhode Island. At all relevant times, TradeSource conducted “trade or commerce” in the Commonwealth as defined in G. L. c. 93A, § 1(b), and “own[ed] or license[d] data that includes personal information about a resident of the commonwealth” as set out in G. L. c. 93H, §§ 2 and 3(b), and as defined in 201 C.M.R. § 17.01.
6. TradeSource is a job placement service that connects contractors and tradespeople in the

construction industry.

7. In providing that service, TradeSource stored on its systems various files, including payroll records, unemployment claim forms, and individual tax forms, for both its own employees and the tradespeople who used TradeSource's job placement services. Those files included the personal information, as defined in 201 C.M.R. § 17.01, of at least 3,036 Massachusetts residents.
8. On or about December 27, 2020, TradeSource discovered that its network had been compromised and received communications from a third-party claiming that it was responsible for the encryption of files in Tradesource's network, and threatening to publicly release sensitive data, including personal information, that the party claimed to have stolen from TradeSource's systems, unless TradeSource paid a ransom.
9. Among the information accessible to the third-party were files containing the sensitive personal information, such as the name and Social Security number, of approximately 3,036 Massachusetts residents.
10. After discovering the network compromise and receiving the ransom demand from the threat actor, TradeSource began an investigation into the scope and cause of the incident and to determine whether any of its information was publicly available for download on the internet.
11. TradeSource's investigation suggested that the third party perpetrated its attack by

sending a “phishing” email<sup>1</sup> to a manager for TradeSource. Through that email, the unauthorized party gained access to TradeSource systems and the personal information stored therein. The investigation also found evidence that the third-party was able to access data from TradeSource’s system and transfer that data to outside servers.

12. At the time of, and prior to, the 2020 Security Incident, TradeSource did not have a written information security program (WISP), as required by 201 C.M.R. § 17.03.
13. The Commonwealth alleges that TradeSource violated 201 C.M.R. § 17.03(1) by failing to maintain a WISP.
14. The Commonwealth further alleges that TradeSource violated G. L. c. 93A, § 2(a) by failing to implement appropriate safeguards for the security of the personal information of Massachusetts residents, which constitutes an “unfair or deceptive act[] or practice[.]” In particular, the Commonwealth alleges that TradeSource failed to develop, implement, and maintain a comprehensive written information security program with appropriate safeguards to protect the sensitive personal information it owned, licensed, and/or maintained.

#### **IV. Assurances**

##### **A. Compliance with Massachusetts Law**

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<sup>1</sup> “Phishing” refers to a practice where attackers send email messages from fake accounts, frequently impersonating company employees or other known senders, with the intent to gain access to an organization’s computer network, commit fraud, obtain login credentials, or infect a computer with malware..

15. TradeSource shall comply in all respects with G. L. c. 93H, including, without limitation, by developing, implementing, and maintaining a WISP that is compliant with 201 C.M.R. §§ 17.03 & 17.04.

**B. One-Time Security Assessment and Update**

16. Within ninety (90) days of the Effective Date of this Assurance, TradeSource shall provide its WISP to the Attorney General.
17. Within one-hundred eighty (180) days of the Effective Date of this Assurance, TradeSource shall obtain an assessment and report (“Third Party Assessment”) of TradeSource’s compliance with 201 C.M.R § 17.00 *et seq.* from an independent third-party professional (“Third-Party Assessor”), using procedures and standards generally accepted in the profession. The Third-Party Assessor’s assessment and report shall:
  - a. Set forth the specific administrative, technical, and physical safeguards currently maintained by TradeSource;
  - b. Explain the extent to which such safeguards are appropriate considering TradeSource’s size, scope, and type of business, the amount of resources available to TradeSource, the amount of data stored by TradeSource, and the need for security and confidentiality of both consumer and employee information; and
  - c. Explain the extent to which the safeguards that have been implemented meet the requirements of TradeSource’s WISP and 201 C.M.R § 17.00 *et seq.*
18. TradeSource’s Third-Party Assessor shall: (a) be a Certified Information Systems Security Professional or a Certified Information Systems Auditor, or similarly qualified person or

organization; and (b) have at least five (5) years of experience evaluating the effectiveness of computer systems or information system security.

19. Within ninety (90) days of the completion of the Assessor's Report described in Paragraph 17, TradeSource shall take any and all corrective actions that TradeSource deems in good faith are necessary to bring TradeSource into compliance with its WISP, this Assurance, and 201 C.M.R § 17.00 *et seq.*
20. Within one hundred twenty days (120) of the completion of the Assessor's report described in Paragraph 17, TradeSource shall produce the full and complete report to the Attorney General, as well as a report of any actions taken in accordance with Paragraph 19.

**C. Maintenance, Implementation, Assessments, and Updates of Specific Policies, Procedures, Systems, or Personnel**

21. TradeSource shall be required to comply with paragraphs 22-28 for a period of three years after the Effective Date. Where the aforementioned paragraphs require TradeSource to take an action "annually," TradeSource must complete it three times—once per year during each of the three calendar years following the Effective Date.
22. Annually, TradeSource shall hire an independent third party to test its network and computer systems for security vulnerabilities and document in writing any findings. Within ninety (90) days of such test, TradeSource shall update its policies, procedures, systems, or personnel to remedy any findings classified by the test as "serious," "critical," "material," or substantially similar classification, that pose an internal or external risk to the security, confidentiality, and/or integrity of any electronic, paper, or other records

containing personal information. TradeSource shall document in writing any changes made as a result of findings made pursuant to this paragraph.

23. TradeSource shall maintain up to date Security Incident and Event Management (“SIEM”) Software and a SIEM Policy.
24. TradeSource shall maintain appropriate policies and procedures for managing, documenting, and implementing significant alterations to its business practices, or its network, computer systems, or supporting technologies that may reasonably implicate the security or integrity of records containing information of Massachusetts residents.
25. Annually, TradeSource shall assess the quality of TradeSource’s systems, policies, and procedures implemented under paragraphs 23–24 and document its findings. Within ninety (90) days of such assessment, TradeSource shall update its policies, procedures, systems, or personnel to remedy serious vulnerabilities found by the test. TradeSource shall document the changes made pursuant to this paragraph.
26. TradeSource shall designate an employee with appropriate background and experience in information security who shall be responsible for implementing and maintaining the WISP.
27. Annually, TradeSource shall train all employees regarding its WISP and the importance of personal information security. TradeSource shall document in writing each employee’s attendance at each training session.
28. For a period of three years from the Effective Date, TradeSource shall promptly provide a copy of this Assurance of Discontinuance to any successors or assigns resulting from a merger or sale of substantially all of TradeSource’s assets, and the provisions of this

Assurance shall be binding thereon.

**D. Other Assurances**

29. TradeSource shall inform its Board of Directors of the resolution of this matter and provide a copy of this Assurance of Discontinuance to the Board of Directors at its next regular meeting.
30. TradeSource shall cooperate with all reasonable inquiries and requests from the Office of the Attorney General regarding implementation of the terms contained within this Assurance of Discontinuance and shall provide any documentation required by this Assurance to the Office of the Attorney General upon request.
31. TradeSource shall not form or knowingly affiliate with a separate person, entity or corporation for the purpose of engaging in acts or practices in whole or in part that are prohibited in this Assurance of Discontinuance or for any other purpose which would otherwise circumvent any part of this Assurance of Discontinuance.

**V. Payments**

32. Within five (5) business days of its execution of this Assurance, TradeSource shall pay the Commonwealth a total of **\$230,000** by wire transfer (pursuant to instructions to be provided by the Attorney General), or by certified or cashier's check made payable to the "Commonwealth of Massachusetts" and delivered to Jared Rinehimer, Assistant Attorney General, Consumer Protection Division, One Ashburton Place, 18th Floor, Boston, MA 02108.
33. At her sole discretion, the Attorney General may use or distribute the payment described

in Paragraph 32 in any amount, allocation or apportionment and for any purpose permitted by law, including but not limited to: (a) payments to or for consumers; and/or (b) use by the Attorney General in the facilitation of this Assurance; and/or (c) payments to the General Fund of the Commonwealth of Massachusetts; and/or (d) payments to the Local Consumer Aid Fund established pursuant to G. L. c. 12, § 11G; and/or (e) for programs or initiatives designed to address the negative effects of data breaches, breaches of security, or identity theft and/or designed to improve or strengthen personal information privacy or security.

34. Each party shall pay its own costs associated with the investigation and this Assurance.

#### **VI. Release**

35. This Assurance of Discontinuance resolves all existing civil claims the Attorney General has asserted or could have asserted against TradeSource, arising from the conduct alleged in this Assurance of Discontinuance. This Assurance of Discontinuance does not resolve, settle or otherwise affect any other actual or potential claims against TradeSource, including, without limitation: any potential claims the Commonwealth may have against TradeSource that do not arise from the conduct alleged herein; claims arising from conduct occurring after the Effective Date; any contractual or administrative claims by any agency, board, authority or instrumentality of the Commonwealth other than the Attorney General; claims by any person or entity other than the Attorney General; claims that may be brought by the Attorney General against any other person or party; or any claims that are not civil in nature.

**VII. Notice**

36. All notice and documents required by this Assurance of Discontinuance shall be provided in writing to the parties as follows:

a. If to the Attorney General:

Jared Rinehimer  
Assistant Attorney General  
Data Privacy & Security Division  
Office of the Attorney General  
1 Ashburton Place  
Boston, MA 02108

b. If to TradeSource, Inc.:

Gordon Sigman  
Chief Financial Officer  
TradeSource, Inc.  
205 Hallene Road, Unit #211  
Warwick, RI 02886

**VIII. Miscellaneous Provisions**

37. Assent to this Assurance does not constitute an admission by TradeSource of any wrongdoing.

38. Assent to this Assurance does not constitute an approval or sanction by the Commonwealth of any of TradeSource's business acts or practices, and TradeSource shall not represent this Assurance of Discontinuance as such an approval or sanction.

TradeSource further understands that any failure by the Attorney General to take any action in response to any information submitted pursuant to the Assurance shall not be construed as an approval or sanction of any representations, acts or practices indicated by

such information, nor shall it preclude action thereon, at a later date.

39. Nothing in this Assurance shall relieve TradeSource of any obligation to comply with all applicable federal, state, and local laws, regulations, and rules.
40. The Superior Court of Massachusetts shall retain jurisdiction over this Assurance, and the provisions of this Assurance shall be governed by and interpreted in accordance with the laws of the Commonwealth of Massachusetts.
41. The provisions of this Assurance shall be severable, and should any provision be declared by a court of competent jurisdiction to be unenforceable, the other provisions of this Assurance of Discontinuance shall remain in full force and effect.
42. This Assurance contains the complete agreement between the parties. No promises, representations, or warranties other than those set forth in this Assurance have been made by either party. This Assurance supersedes all prior communications, discussions, or understandings, if any, of the parties, whether written or oral. This Assurance can be modified or supplemented only by written memorandum signed by both parties.
43. TradeSource is represented by and has consulted with counsel in connection with the decision to enter this Assurance.
44. This matter may, at any time, be reopened by the Attorney General for further proceedings in the public interest. G. L. c. 93A, § 5.
45. This Assurance shall be filed in the Superior Court of Suffolk County, Massachusetts. Pursuant to G. L. c. 93A, § 5, a violation of this Assurance shall constitute prima facie evidence of a violation of G. L. c. 93A, § 2 in any subsequent proceeding brought by the

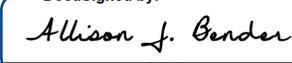
Attorney General.

46. The undersigned, Allison J. Bender, represents that she is duly authorized to execute this Assurance of Discontinuance on behalf of TradeSource, Inc. and to bind TradeSource to all of its provisions, and that on behalf of TradeSource, she voluntarily enters into this Assurance of Discontinuance.

COMMONWEALTH OF MASSACHUSETTS  
MAURA HEALEY  
ATTORNEY GENERAL

DocuSigned by:  
  
By: \_\_\_\_\_  
Jared Rinehimer (BBO # 684701)  
Assistant Attorney General  
One Ashburton Place, 18<sup>th</sup> Floor  
Boston, MA 02108  
617-727-2200  
jared.rinehimer@mass.gov

Dated: 7/15/2022 | 2:16 PM EDT

TradeSource, Inc.  
DocuSigned by:  
  
By: \_\_\_\_\_  
Allison J. Bender  
Partner  
Dentons US LLP  
*Counsel for TradeSource, Inc.*  
1900 K Street, NW  
Washington, DC 20006  
202-496-7362  
Allison.Bender@Dentons.com

Dated: 7/12/2022 | 1:37 PM EDT

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allison.bender@dentons.com  
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Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Carbon Copy Events	Status	Timestamp
Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp
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