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9 **UNITED STATES DISTRICT COURT**
10 **DISTRICT OF NEVADA**

11 NATHAN GIBSON, individually and on behalf
12 of herself and all others similarly situated,

13 Plaintiff,

14 v.

15 KINGDOM TRUST,

16 Defendant.

Case No.

CLASS ACTION COMPLAINT

DEMAND FOR JURY TRIAL

17 Plaintiff Nathan Gibson (“Plaintiff”), on behalf of himself and all others similarly situated
18 (“Class Members”), files this Class Action Complaint (“Complaint”) against Defendant, Kingdom
19 Trust. (“MDC” or “Defendant”), and complains and alleges upon personal knowledge as to himself
20 and information and belief as to all other matters.

21 **INTRODUCTION**

22 1. Representative Plaintiff Nathan Gibson (“Representative Plaintiff”) brings this Class
23 Action Complaint against Defendant Kingdom Trust (“Defendant” or “Kingdom Trust”) for its
24 failure to properly secure and safeguard Representative Plaintiff’s and Class Members’ personally
25 identifiable information stored within Defendant’s information network, including, without
26 limitation, full names and Social Security numbers (these types of information, inter alia, being
27 thereafter referred to, collectively, as “personally identifiable information” or “PII”).
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1 7. Jurisdiction is proper in this Court under 28 U.S.C. § 1332 (diversity jurisdiction).
2 Specifically, this Court has subject matter and diversity jurisdiction over this action under 28 U.S.C.
3 § 1332(d) because this is a class action where the amount in controversy exceeds the sum or value
4 of \$5 million, exclusive of interest and costs, there are more than 100 members in the proposed class,
5 and at least one Class Member is a citizen of a state different from Defendant.

6 8. Supplemental jurisdiction to adjudicate issues pertaining to state law is proper in this
7 Court under 28 U.S.C. § 1367.

8 9. Defendant is headquartered and/or routinely conducts business in the State where this
9 District is located, has sufficient minimum contacts in this State, has intentionally availed itself of
10 this jurisdiction by marketing and/or selling products and/or services and/or by accepting and
11 processing payments for those products and/or services within this State.

12 10. Venue is proper in this Court under 28 U.S.C. § 1391 because a substantial part of
13 the events that gave rise to Representative Plaintiff's claims took place within this District and
14 Defendant is headquartered and/or does business in this Judicial District

15 **REPRESENTATIVE PLAINTIFF'S COMMON EXPERIENCES**

16 11. Defendant received highly sensitive PII from Representative Plaintiff in connection
17 with the services Representative Plaintiff received or requested. As a result, Representative
18 Plaintiff's information was among the data an unauthorized third party accessed in the Data Breach.

19 12. Representative Plaintiff was and is very careful about sharing his PII. Representative
20 Plaintiff have never knowingly transmitted unencrypted sensitive PII over the internet or any other
21 unsecured source.

22 13. Representative Plaintiff stored any documents containing their PII in a safe and
23 secure location or destroyed the documents. Moreover, Representative Plaintiff diligently chose
24 unique usernames and passwords for their various online accounts.

25 14. Representative Plaintiff took reasonable steps to maintain the confidentiality of his
26 PII and relied on Defendant to keep their PII confidential and securely maintained, to use this
27 information for employment purposes only, and to make only authorized disclosures of this
28 information.

1 15. The Notice from Defendant (the website version of this Notice, which is substantially
2 similar in content to the Notices received by Representative Plaintiff and the Class, is attached as
3 **Exhibit A**) notified Representative Plaintiff that Defendant’s network had been accessed and that
4 Plaintiff’s PII may have been involved in the Data Breach.

5 16. Furthermore, Defendant’s Notice directed Representative Plaintiff to be vigilant and
6 to take certain steps to protect their PII and otherwise mitigate their damages.

7 17. As a result of the Data Breach, Plaintiff heeded Defendant’s warnings and spent time
8 dealing with the consequences of the Data Breach, which included time spent verifying the
9 legitimacy of the Notice and self-monitoring their accounts and credit reports to ensure no fraudulent
10 activity had occurred. This time has been lost forever and cannot be recaptured.

11 18. Representative Plaintiff suffered actual injury in the form of damages to and
12 diminution in the value of Representative Plaintiff’s PII—a form of intangible property that
13 Representative Plaintiff entrusted to Defendant, which was compromised in and because of the Data
14 Breach.

15 19. Representative Plaintiff suffered lost time, annoyance, interference, and
16 inconvenience because of the Data Breach and have anxiety and increased concerns for the loss of
17 privacy, as well as anxiety over the impact of cybercriminals accessing, using, and selling
18 Representative Plaintiff’s PII.

19 20. Representative Plaintiff suffered imminent and impending injury arising from the
20 substantially increased risk of fraud, identity theft, and misuse resulting from their PII, in
21 combination with their names, being placed in the hands of unauthorized third parties/criminals.

22 21. Representative Plaintiff has a continuing interest in ensuring that Representative
23 Plaintiff’s PII, which, upon information and belief, remains backed up in Defendant’s possession, is
24 protected and safeguarded from future breaches.

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1 *Plaintiff's Experiences*

2 22. Plaintiff Nathan Gibson, a Mississippi resident, is a former recipient of services
3 provided by Defendant.

4 23. As a condition of receiving services, Plaintiff Gibson was required to provide his
5 Private Information to Defendant, including his name and social security number.

6 24. At the time of the Data Breach, Defendant retained Plaintiff Vincent's Private
7 Information in its system.

8 25. Plaintiff Gibson is very careful about sharing his sensitive Private Information.
9 Plaintiff stores any documents containing his Private Information in a safe and secure location. He
10 has never knowingly transmitted unencrypted sensitive Private Information over the internet or any
11 other unsecured source. Plaintiff Gibson would not have entrusted his Private Information to
12 Defendant had he known of Defendant's lax data security policies.

13 26. Plaintiff Gibson received the Notice Letter, by U.S. mail, directly from Defendant,
14 dated August 21, 2024. According to the Notice Letter, Plaintiff's Private Information was
15 improperly accessed and obtained by unauthorized third parties, including his name and Social
16 Security number.

17 27. As a result of the Data Breach, and at the direction of Defendant's Notice Letter,
18 Plaintiff Gibson made reasonable efforts to mitigate the impact of the Data Breach, including
19 researching and verifying the legitimacy of the Data Breach upon receiving the Notice Letter,
20 changing passwords and resecuring his own computer network, and contacting companies regarding
21 suspicious activity on his accounts. Plaintiff Gibson has spent significant time dealing with the Data
22 Breach—valuable time Plaintiff otherwise would have spent on other activities, including but not
23 limited to work and/or recreation. This time has been lost forever and cannot be recaptured.

24 28. Plaintiff Gibson further suffered actual injury in the form of his Private Information
25 being disseminated on the dark web, according to an alert he received from Life Lock.

26 29. The Data Breach has caused Plaintiff Gibson to suffer fear, anxiety, and stress, which
27 has been compounded by the fact that Defendant has still not fully informed him of key details about
28 the Data Breach's occurrence.

1 governments, including but not limited to its departments, agencies, divisions, bureaus, boards,
2 sections, groups, counsel, and/or subdivisions, and all judges assigned to hear any aspect of this
3 litigation, as well as their immediate family members.

4 38. In the alternative, Representative Plaintiff requests additional subclasses as necessary
5 based on the types of PII that were compromised.

6 39. Representative Plaintiff reserves the right to amend the above Class definitions or to
7 propose other subclasses in subsequent pleadings and motions for class certification.
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9 40. This action has been brought and may properly be maintained as a class action under
10 F.R.C.P. Rule 23 because there is a well-defined community of interest in the litigation and
11 membership of the proposed Classes is readily ascertainable.

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13 1. Numerosity: A class action is the only available method for the fair
14 and efficient adjudication of this controversy. The members of the
15 Plaintiff Classes are so numerous that joinder of all members is
16 impractical, if not impossible. Representative Plaintiff are informed
and believe and, on that basis, allege that the total number of Class
Members is in the thousands of individuals. Membership in the
Classes will be determined by analysis of Defendant's records.

17 2. Commonality: Representative Plaintiff and the Class Members share
18 a community of interest in that there are numerous common questions
and issues of fact and law which predominate over any questions and
19 issues solely affecting individual members, including, but not
necessarily limited to:

- 20 1) Whether Defendant had a legal duty to Representative Plaintiff
and the Classes to exercise due care in collecting, storing, using
21 and/or safeguarding their PII;
- 22 2) Whether Defendant knew or should have known of the
susceptibility of its data security systems to a data breach;
- 23 3) Whether Defendant's security procedures and practices to protect
24 its systems were reasonable in light of the measures
recommended by data security experts;
- 25 4) Whether Defendant's failure to implement adequate data security
26 measures allowed the Data Breach to occur;
- 27 5) Whether Defendant failed to comply with its own policies and
28 applicable laws, regulations and industry standards relating to
data security;

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- 6) Whether Defendant adequately, promptly and accurately informed Representative Plaintiff and Class Members that their PII had been compromised;
- 7) How and when Defendant actually learned of the Data Breach;
- 8) Whether Defendant's conduct, including its failure to act, resulted in or was the proximate cause of the breach of its systems, resulting in the loss of the PII of Representative Plaintiff and Class Members;
- 9) Whether Defendant adequately addressed and fixed the vulnerabilities which permitted the Data Breach to occur;
- 10) Whether Defendant engaged in unfair, unlawful or deceptive practices by failing to safeguard Representative Plaintiff's and Class Members' PII;
- 11) Whether Representative Plaintiff and Class Members are entitled to actual and/or statutory damages and/or whether injunctive, corrective and/or declaratory relief and/or an accounting is/are appropriate as a result of Defendant's wrongful conduct;
- 12) Whether Representative Plaintiff and Class Members are entitled to restitution as a result of Defendant's wrongful conduct.

3. Typicality: Representative Plaintiff's claims are typical of the claims of the Plaintiff Classes. Representative Plaintiff and all members of the Plaintiff Classes sustained damages arising out of and caused by Defendant's common course of conduct in violation of law, as alleged herein.

4. Adequacy of Representation: Representative Plaintiff in this class action is adequate representatives of each of the Plaintiff Classes in that Representative Plaintiff have the same interest in the litigation of this case as the Class Members, are committed to the vigorous prosecution of this case and have retained competent counsel who are experienced in conducting litigation of this nature. Representative Plaintiff is not subject to any individual defenses unique from those conceivably applicable to other Class Members or the classes in their entirety. Representative Plaintiff anticipates no management difficulties in this litigation.

a. Superiority of Class Action: The damages suffered by individual Class Members are significant but may be small relative to each member's enormous expense of individual litigation. This makes or may make it impractical for members of the Plaintiff Class to seek redress individually for the wrongful conduct alleged herein. Even if Class Members could afford such individual litigation, the court system could not. Should separate actions be brought or be required to be brought by each individual member of the Plaintiff Class, the resulting multiplicity of lawsuits would cause undue hardship and expense for the Court and the litigants. The prosecution of separate actions would also create a risk of inconsistent rulings which might be dispositive of the interests of other Class Members who are not parties to the adjudications and/or may substantially impede their ability to

1 protect their interests adequately. Individualized litigation increases
2 the delay and expense to all parties and to the court system, presented
3 by the case's complex legal and factual issues. By contrast, the class
4 action device presents far fewer management difficulties and provides
5 the benefits of single adjudication, economy of scale and
6 comprehensive supervision by a single court.

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8 41. Class certification is proper because the questions raised by this Complaint are of
9 common or general interest affecting numerous persons, so it is impracticable to bring all Class
10 Members before the Court.

11 42. This class action is also appropriate for certification because Defendant has acted or
12 refused to act on grounds generally applicable to Class Members, thereby requiring the Court's
13 imposition of uniform relief to ensure compatible standards of conduct toward the Class Members
14 and making final injunctive relief appropriate concerning the Classes in their entirety. Defendant's
15 policies and practices challenged herein apply to and affect Class Members uniformly.
16 Representative Plaintiff's challenge of these policies and procedures hinges on Defendant's conduct
17 concerning the Classes in their entirety, not on facts or law applicable only to Representative
18 Plaintiff.

19 43. Unless a Class-wide injunction is issued, Defendant may continue failing to secure
20 Class Members' PII properly, and Defendant may continue to act unlawfully, as set forth in this
21 Complaint.

22 44. Further, Defendant has acted or refused to act on grounds generally applicable to the
23 Classes and, accordingly, final injunctive or corresponding declaratory relief with regard to the Class
24 Members as a whole is appropriate under F.R.C.P. Rule 23(b)(2).

25 COMMON FACTUAL ALLEGATIONS

26 The Data Breach

27 45. During the Data Breach, one or more unauthorized third parties accessed Class
28 Members' sensitive data including, but not limited to full names and social security numbers.
Representative Plaintiff was among the individuals whose data was accessed in the Data Breach.

46. According to Defendant, the Data Breach occurred when a third party received
"unauthorized access on [Defendant's] network." **Exhibit A.**

1 47. Representative Plaintiff was provided the information detailed above upon
2 Representative Plaintiff's receipt of a Defendant's Notice. Representative Plaintiff was not aware of
3 the Data Breach until receiving this letter.

4 48. Since Notice was not sent until August 2024, an unauthorized actor had access to the
5 PII for almost six months without the account being secured or the Breach being discovered.

6 **Defendant's Failed Response to the Data Breach**

7 49. Not until roughly six months after it claims to have discovered the Data Breach did
8 Defendant begin sending the Notice to persons whose PII Defendant confirmed was potentially
9 compromised because of the Data Breach. The Notice provided basic details of the Data Breach and
10 Defendant's recommended next steps.

11 50. The Notice included, *inter alia*, the claims that Defendant had learned of the Data
12 Breach on March 1, 2024, and had taken steps to respond. But the Notice lacked sufficient
13 information on how the breach occurred, what safeguards have been taken since then to safeguard
14 further attacks, and/or where the information hacked exists today.

15 51. Upon information and belief, the unauthorized third-party cybercriminals gained
16 access to Representative Plaintiff's and Class Members' PII with the intent of misusing the PII,
17 including marketing and selling Representative Plaintiff's and Class Members' PII.

18 52. Defendant had and continues to have obligations created by applicable federal and
19 state law as set forth herein, reasonable industry standards, common law, and its own assurances and
20 representations to keep Representative Plaintiff's and Class Members' PII confidential and to protect
21 such PII from unauthorized access.

22 53. Representative Plaintiff and Class Members were required to provide their PII to
23 Defendant to receive services. Defendant created, collected, and stored Representative Plaintiff's
24 and Class Members' PII with the reasonable expectation and mutual understanding that Defendant
25 would comply with its obligations to keep such information confidential and secure from
26 unauthorized access.

27 54. Despite this, even today, Representative Plaintiff and Class Members remain in the
28 dark regarding what data was stolen, the particular malware used, and what steps are being taken to

1 secure their PII in the future. Thus, Representative Plaintiff and Class Members are left to speculate
2 as to where their PII ended up, who has used it, and for what potentially nefarious purposes. Indeed,
3 they are left to further speculate as to the full impact of the Data Breach and how Defendant intends
4 to enhance its information security systems and monitoring capabilities to prevent further breaches.

5 55. Representative Plaintiff's and Class Members' PII may end up for sale on the dark
6 web or fall into the hands of companies that will use the detailed PII for targeted marketing without
7 Representative Plaintiff's and/or Class Members' approval. Either way, unauthorized individuals
8 can now easily access Representative Plaintiff's and Class Members' PII.

9 **Defendant Collected/Stored Representative Plaintiff's and Class Members' PII**

10 56. Defendant acquired, collected, stored, and assured reasonable security over
11 Representative Plaintiff's and Class Members' PII.

12 57. As a condition of its relationships with Representative Plaintiff and Class Members,
13 Defendant required that Representative Plaintiff and Class Members entrust Defendant with highly
14 sensitive and confidential PII. Defendant, in turn, stored that information on Defendant's system that
15 was ultimately affected by the Data Breach.

16 58. By obtaining, collecting, and storing Representative Plaintiff's and Class Members'
17 PII, Defendant assumed legal and equitable duties over the PII and knew or should have known that
18 it was thereafter responsible for protecting Representative Plaintiff's and Class Members' PII from
19 unauthorized disclosure.

20 59. Representative Plaintiff and Class Members have taken reasonable steps to maintain
21 their PII's confidentiality. Representative Plaintiff and Class Members relied on Defendant to keep
22 their PII confidential and securely maintained, to use this information for business and healthcare
23 purposes only, and to make only authorized disclosures of this information.

24 60. Defendant could have prevented the Data Breach, which began as early as March 1,
25 2024, by properly securing and encrypting and/or more securely encrypting its servers, generally, as
26 well as Representative Plaintiff's and Class Members' PII.

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1 61. Defendant’s negligence in safeguarding Representative Plaintiff’s and Class
2 Members’ PII is exacerbated by repeated warnings and alerts directed at protecting and securing
3 sensitive data, as evidenced by the trending data breach attacks in recent years.

4 62. Data breaches such as the one experienced by Defendant have become so notorious
5 that the Federal Bureau of Investigation (“FBI”) and the U.S. Secret Service have issued a warning
6 to potential targets so they are aware of, can prepare for, and hopefully ward off a potential attack.

7 63. Due to the high-profile nature of these breaches and other breaches of its kind,
8 Defendant was and/or certainly should have been on notice and aware of such attacks occurring in
9 the healthcare industry and, therefore, should have assumed and adequately performed the duty of
10 preparing for such an imminent attack.

11 64. And yet, despite the prevalence of public announcements of data breaches and data
12 security compromises, Defendant failed to take appropriate steps to protect Representative
13 Plaintiff’s and Class Members’ PII from being compromised.

14 **Defendant Had a Duty to Protect the Stolen Information**

15 65. In failing to adequately secure Representative Plaintiff’s and Class Members’
16 sensitive data, Defendant breached duties it owed Representative Plaintiff and Class Members under
17 statutory and common law. Moreover, Representative Plaintiff and Class Members surrendered their
18 highly sensitive personal data to Defendant under the implied condition that Defendant would keep
19 it private and secure. Accordingly, Defendant also had an implied duty to safeguard their data,
20 independent of any statute.

21 66. Defendant was also prohibited by the Federal Trade Commission Act (the “FTC
22 Act”) (15 U.S.C. § 45) from engaging in “unfair or deceptive acts or practices in or affecting
23 commerce.” The Federal Trade Commission (the “FTC”) has concluded that a company’s failure to
24 maintain reasonable and appropriate data security for consumers’ sensitive personal information is
25 an “unfair practice” in violation of the FTC Act. *See, e.g., FTC v. Wyndham Worldwide Corp.*, 799
26 F.3d 236 (3d Cir. 2015).

27 67. According to the FTC, the need for data security should be factored into all business
28 decision-making. To that end, the FTC has issued numerous guidelines identifying best data security

1 practices that businesses, such as Defendant, should employ to protect against the unlawful exposure
2 of PII.

3 68. In 2016, the FTC updated its publication, *Protecting Personal Information: A Guide*
4 *for Business*, which established guidelines for fundamental data security principles and practices for
5 business. The guidelines explain that companies should:

- 6 a. protect the sensitive consumer information that they keep;
- 7 b. properly dispose of PII that is no longer needed;
- 8 c. encrypt information stored on computer networks;
- 9 d. understand their network's vulnerabilities; and
- 10 e. implement policies to correct security problems.

11 69. The guidelines also recommend that businesses watch for large amounts of data being
12 transmitted from the system and have a response plan ready in the event of a breach.

13 70. The FTC recommends that companies not maintain information longer than is
14 necessary for authorization of a transaction, limit access to sensitive data, require complex
15 passwords to be used on networks, use industry-tested methods for security, monitor for suspicious
16 activity on the network and verify that third-party service providers have implemented reasonable
17 security measures.

18 71. The FTC has brought enforcement actions against businesses for failing to protect
19 consumer data adequately and reasonably, treating the failure to employ reasonable and appropriate
20 measures to protect against unauthorized access to confidential consumer data as an unfair act or
21 practice prohibited by Section 5 of the Federal Trade Commission Act ("FTCA"), 15 U.S.C. § 45.
22 Orders resulting from these actions further clarify the measures businesses must take to meet their
23 data security obligations.

24 72. Defendant's failure to employ reasonable and appropriate measures to protect against
25 unauthorized access to consumers' PII constitutes an unfair act or practice prohibited by Section 5
26 of the FTCA, 15 U.S.C. § 45.

27 73. In addition to its obligations under federal and state laws, Defendant owed a duty to
28 Representative Plaintiff and Class Members to exercise reasonable care in obtaining, retaining,

1 securing, safeguarding, deleting, and protecting the PII in Defendant's possession from being
2 compromised, lost, stolen, accessed, and misused by unauthorized persons. Defendant owed a duty
3 to Representative Plaintiff and Class Members to provide reasonable security, including consistency
4 with industry standards and requirements, and to ensure that its computer systems, networks, and
5 protocols adequately protected Representative Plaintiff's and Class Members' PII.

6 74. Defendant owed a duty to Representative Plaintiff and Class Members to design,
7 maintain, and test its computer systems, servers, and networks to ensure that all PII in its possession
8 was adequately secured and protected.

9 75. Defendant owed a duty to Representative Plaintiff and Class Members to create and
10 implement reasonable data security practices and procedures to protect all PII in its possession,
11 including not sharing information with other entities who maintain sub-standard data security
12 systems.

13 76. Defendant owed a duty to Representative Plaintiff and Class Members to implement
14 processes that would immediately detect a breach of its data security systems in a timely manner.

15 77. Defendant owed a duty to Representative Plaintiff and Class Members to act upon
16 data security warnings and alerts in a timely fashion.

17 78. Defendant owed a duty to Representative Plaintiff and Class Members to disclose if
18 its computer systems and data security practices were inadequate to safeguard individuals' PII from
19 theft, because such an inadequacy would be a material fact in the decision to entrust this PII to
20 Defendant.

21 79. Defendant owed a duty of care to Representative Plaintiff and Class Members
22 because they were foreseeable and probable victims of any inadequate data security practices.

23 80. Defendant owed a duty to Representative Plaintiff and Class Members to encrypt
24 and/or more reliably encrypt Representative Plaintiff's and Class Members' PII and monitor user
25 behavior and activity to identify possible threats.

26 **The Sensitive Information Stolen in the Data Breach is Highly Valuable**

27 81. It is well known that PII, including Social Security numbers and health records in
28 particular, is a valuable commodity and a frequent, intentional target of cybercriminals. Companies

1 that collect such information, including Defendant, are well aware of the risk of being targeted by
2 cybercriminals.

3 82. Individuals place a high value not only on their PII but also on the privacy of that
4 data. Identity theft causes severe negative consequences to its victims, as well as severe distress and
5 hours of lost time trying to fight the impact of identity theft.

6 83. While the greater efficiency of electronic health records translates to cost savings for
7 providers, it also comes with the risk of privacy breaches. PII is a valuable commodity for which a
8 “cyber black market” exists where criminals openly post stolen Social Security numbers and other
9 personal information on several underground internet websites. Unsurprisingly, the healthcare
10 industry is at high risk and is acutely affected by cyberattacks, like the Data Breach here.

11 84. The high value of PII to criminals is evidenced by the prices they will pay for it
12 through the dark web. For example, personal information can be sold at a price ranging from \$40 to
13 \$200, and bank details have a price range of \$50 to \$200.¹ Experian reports that a stolen credit or
14 debit card number can sell for \$5 to \$110 on the dark web.² Criminals can also purchase access to
15 entire company data breaches from \$999 to \$4,995.³

16 85. Between 2005 and 2019, at least 249 million people were affected by healthcare data
17 breaches.⁴ Indeed, during 2019 alone, over 41 million healthcare records were exposed, stolen, or
18 unlawfully disclosed in 505 data breaches.⁵ In short, these sorts of data breaches are increasingly
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21 ¹ *Your personal data is for sale on the dark web. Here's how much it costs*, Digital Trends, Oct. 16,
22 2019, available at: <https://www.digitaltrends.com/computing/personal-data-sold-on-the-dark-web-how-much-it-costs/> (last accessed July 24, 2023).

23 ² *Here's How Much Your Personal Information Is Selling for on the Dark Web*, Experian, Dec. 6,
24 2017, available at: <https://www.experian.com/blogs/ask-experian/heres-how-much-your-personal-information-is-selling-for-on-the-dark-web/> (last accessed July 24, 2023).

25 ³ *In the Dark*, VPNOOverview, 2019, available at:
26 <https://vpnooverview.com/privacy/anonymous-browsing/in-the-dark/> (last accessed July 24,
27 2023).

28 ⁴ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7349636/#B5-healthcare-08-00133/>
(last accessed July 24, 2023).

⁵ <https://www.hipaajournal.com/december-2019-healthcare-data-breach-report/> (last
accessed July 24, 2023).

1 common, especially among healthcare systems, which account for 30.03 percent of overall health
2 data breaches, according to cybersecurity firm Tenable.⁶

3 86. These criminal activities have and will result in devastating financial and personal
4 losses to Representative Plaintiff and Class Members. For example, it is believed that certain PII
5 compromised in the 2017 Experian data breach was being used three years later by identity thieves
6 to apply for COVID-19-related benefits in Oklahoma. Such fraud will be an omnipresent threat for
7 Representative Plaintiff and Class Members for the rest of their lives. They will need to remain
8 constantly vigilant.

9 87. The FTC defines identity theft as “a fraud committed or attempted using the
10 identifying information of another person without authority.” The FTC describes “identifying
11 information” as “any name or number that may be used, alone or in conjunction with any other
12 information, to identify a specific person,” including, among other things, “[n]ame, Social Security
13 number, date of birth, official State or government-issued driver’s license or identification number,
14 alien registration number, government passport number, employer or taxpayer identification
15 number.”

16 88. Identity thieves can use PII, such as that of Representative Plaintiff and Class
17 Members which Defendant failed to keep secure, to perpetrate various crimes that harm victims. For
18 instance, identity thieves may commit various types of government fraud such as immigration fraud,
19 obtaining a driver’s license or identification card in the victim’s name but with another’s picture,
20 using the victim’s information to obtain government benefits, or filing a fraudulent tax return using
21 the victim’s information to obtain a fraudulent refund.

22 89. The ramifications of Defendant’s failure to secure Representative Plaintiff’s and
23 Class Members’ PII are long-lasting and severe. Once PII is stolen, particularly identification
24 numbers, fraudulent use of that information and damage to victims may continue for years. Indeed,
25 the PII of Representative Plaintiff and Class Members was taken by hackers to engage in identity
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28 ⁶ <https://www.tenable.com/blog/healthcare-security-ransomware-plays-a-prominent-role-in-covid-19-era-breaches/> (last accessed July 24, 2023).

1 theft or to sell it to other criminals who will purchase the PII for that purpose. The fraudulent activity
2 resulting from the Data Breach may not come to light for years.

3 90. Individuals, like Representative Plaintiff and Class Members, are particularly
4 concerned with protecting the privacy of their Social Security numbers, which are the key to stealing
5 any person's identity and are likened to accessing DNA for hacker's purposes.

6 91. Data breach victims suffer long-term consequences when their Social Security
7 numbers are taken and used by hackers. Even if they know their Social Security numbers are being
8 misused, Representative Plaintiff and Class Members cannot obtain new numbers unless they
9 become victims of Social Security misuse.

10 92. The Social Security Administration has warned that "a new number probably won't
11 solve all your problems. This is because other governmental agencies (such as the IRS and state
12 motor vehicle agencies) and private businesses (such as banks and credit reporting companies) will
13 have records under your old number. Along with other personal information, credit reporting
14 companies use the number to identify your credit record. So, using a new number won't guarantee
15 you a fresh start. This is especially true if your other personal information, such as your name and
16 address, remains the same."⁷

17 93. There may be a time lag between when harm occurs versus when it is discovered, and
18 also between when PII is stolen and when it is used. According to the U.S. Government
19 Accountability Office ("GAO"), which conducted a study regarding data breaches:

20 [L]aw enforcement officials told us that in some cases, stolen data may be held for
21 up to a year or more before being used to commit identity theft. Further, once stolen
22 data have been sold or posted on the Web, fraudulent use of that information may
continue for years. As a result, studies that attempt to measure the harm resulting
from data breaches cannot necessarily rule out all future harm.⁸

23 94. And data breaches are preventable.⁹ As Lucy Thompson wrote in the DATA BREACH
24 AND ENCRYPTION HANDBOOK, "[i]n almost all cases, the data breaches that occurred could have been

25 ⁷ *Identity Theft and Your Social Security Number*, SSA, No. 05-10064 (July 2021),
<https://www.ssa.gov/pubs/EN-05-10064.pdf> (last visited Apr. 18, 2023).

26 ⁸ *Report to Congressional Requesters*, GAO, at 29 (June 2007), *available at*:
27 <http://www.gao.gov/new.items/d07737.pdf> (last accessed July 24, 2023).

28 ⁹ Lucy L. Thompson, "Despite the Alarming Trends, Data Breaches Are Preventable," *in*
DATA BREACH AND ENCRYPTION HANDBOOK (Lucy Thompson, ed., 2012)

1 prevented by proper planning and the correct design and implementation of appropriate security
2 solutions.”¹⁰ She added that “[o]rganizations that collect, use, store, and share sensitive personal
3 data must accept responsibility for protecting the information and ensuring that it is not
4 compromised....”¹¹

5 95. Most of the reported data breaches are a result of lax security and the failure to create
6 or enforce appropriate security policies, rules, and procedures. Appropriate information security
7 controls, including encryption, must be implemented and enforced rigorously and disciplined so that
8 *a data breach never occurs*.¹²

9 96. Here, Defendant knew of the importance of safeguarding PII and of the foreseeable
10 consequences that would occur if Representative Plaintiff’s and Class Members’ PII was stolen,
11 including the significant costs that would be placed on Representative Plaintiff and Class Members
12 because of a breach of this magnitude. As detailed above, Defendant knew or should have known
13 that the development and use of such protocols was necessary to fulfill its statutory and common
14 law duties to Representative Plaintiff and Class Members. Therefore, its failure to do so is
15 intentional, willful, reckless, and/or grossly negligent.

16 97. Furthermore, Defendant has offered only a limited subscription for identity theft
17 monitoring and identity theft protection through CyberScout. Its limitation is inadequate when the
18 victims will likely face many years of identity theft.

19 98. Moreover, Defendant’s credit monitoring offer and advice to Representative Plaintiff
20 and Class Members squarely place the burden on Representative Plaintiff and Class Members, rather
21 than on Defendant, to monitor and report suspicious activities to law enforcement. In other words,
22 Defendant expects Representative Plaintiff and Class Members to protect themselves from its
23 tortious acts resulting from the Data Breach. Rather than automatically enrolling Representative
24 Plaintiff and Class Members in credit monitoring services upon discovery of the Data Breach,
25

26
27 ¹⁰ *Id.* at 17.

¹¹ *Id.* at 28.

28 ¹² *Id.*

1 Defendant merely sent instructions to Representative Plaintiff and Class Members about actions they
2 could affirmatively take to protect themselves.

3 99. These services are wholly inadequate as they fail to provide for the fact that victims
4 of data breaches and other unauthorized disclosures commonly face multiple years of ongoing
5 identity theft and financial fraud, and they entirely fail to provide any compensation for the
6 unauthorized release and disclosure of Representative Plaintiff's and Class Members' PII.

7 100. Defendant disregarded the rights of Representative Plaintiff and Class Members by,
8 *inter alia*: (i) intentionally, willfully, recklessly and/or negligently failing to take adequate and
9 reasonable measures to ensure that its network servers were protected against unauthorized
10 intrusions, (ii) failing to disclose that it did not have adequate security protocols and training
11 practices in place to safeguard Representative Plaintiff's and Class Members' PII, (iii) failing to take
12 standard and reasonably available steps to prevent the Data Breach, (iv) concealing the existence
13 and extent of the Data Breach for an unreasonable duration of time, and (v) failing to provide
14 Representative Plaintiff and Class Members prompt and accurate notice of the Data Breach.

15 **CAUSES OF ACTION**

16 **COUNT ONE**

17 **Negligence**

18 **(On behalf of the Nationwide Class)**

19 101. Each and every allegation of paragraphs 1 – 100 is incorporated in this Count with
20 the same force and effect as though fully set forth herein.

21 102. At all times herein relevant, Defendant owed Representative Plaintiff and Class
22 Members a duty of care, *inter alia*, to act with reasonable care to secure and safeguard their PII and
23 to use commercially reasonable methods to do so. Defendant took on this obligation upon accepting
24 and storing Representative Plaintiff's and Class Members' PII on its computer systems and
25 networks.

26 103. Among these duties, Defendant was expected:

- 27 a. to exercise reasonable care in obtaining, retaining, securing, safeguarding,
28 deleting and protecting the PII in its possession;
- b. to protect Representative Plaintiff's and Class Members' PII using reasonable
and adequate security procedures and systems that were/are compliant with
industry-standard practices;

1 c. to implement processes to detect the Data Breach quickly and to act on
2 warnings about data breaches timely; and

3 d. to promptly notify Representative Plaintiff and Class Members of any data
4 breach, security incident or intrusion that affected or may have affected their
5 PII.

6 104. Defendant knew or should have known that the PII was private and confidential and
7 should be protected as private and confidential and, thus, Defendant owed a duty of care to not
8 subject Representative Plaintiff and Class Members to an unreasonable risk of harm because they
9 were foreseeable and probable victims of any inadequate security practices.

10 105. Defendant knew or should have known of the risks inherent in collecting and storing
11 PII, the vulnerabilities of its data security systems and the importance of adequate security.
12 Defendant knew or should have known about numerous well-publicized data breaches.

13 106. Defendant knew or should have known that its data systems and networks did not
14 adequately safeguard Representative Plaintiff's and Class Members' PII.

15 107. Only Defendant was in the position to ensure that its systems and protocols were
16 sufficient to protect the PII that Representative Plaintiff and Class Members had entrusted to it.

17 108. Defendant breached its duties to Representative Plaintiff and Class Members by
18 failing to provide fair, reasonable, or adequate computer systems and data security practices to
19 safeguard their PII.

20 109. Because Defendant knew that a breach of its systems could damage numerous
21 individuals, including Representative Plaintiff and Class Members, Defendant had a duty to
22 adequately protect its data systems and the PII stored thereon.

23 110. Representative Plaintiff's and Class Members' willingness to entrust Defendant with
24 their PII was predicated on the understanding that Defendant would take adequate security
25 precautions. Moreover, only Defendant could protect its systems and the PII it stored on them from
26 attack. Thus, Defendant had a special relationship with Representative Plaintiff and Class Members.

27 111. Defendant also had independent duties under state and federal laws that required
28 Defendant to reasonably safeguard Representative Plaintiff's and Class Members' PII and promptly

1 notify them about the Data Breach. These “independent duties” are untethered to any contract
2 between Defendant, Representative Plaintiff, and/or the remaining Class Members.

3 112. Defendant breached its general duty of care to Representative Plaintiff and Class
4 Members in, but not necessarily limited to, the following ways:

- 5 a. by failing to provide fair, reasonable and/or adequate computer systems
6 and data security practices to safeguard Representative Plaintiff’s and
7 Class Members’ PII;
- 8 b. by failing to timely and accurately disclose that Representative Plaintiff’s
9 and Class Members’ PII had been improperly acquired or accessed;
- 10 c. by failing to adequately protect and safeguard PII by knowingly
11 disregarding standard information security principles, despite obvious
12 risks and by allowing unmonitored and unrestricted access to unsecured
13 PII;
- 14 d. by failing to provide adequate supervision and oversight of the PII with
15 which it was and is entrusted, in spite of the known risk and foreseeable
16 likelihood of breach and misuse, which permitted an unknown third party
17 to gather Representative Plaintiff’s and Class Members’ PII, misuse the
18 PII and intentionally disclose it to others without consent
- 19 e. by failing to adequately train its employees not to store PII longer than
20 absolutely necessary;
- 21 f. by failing to consistently enforce security policies aimed at protecting
22 Representative Plaintiff’s and Class Members’ PII
- 23 g. by failing to implement processes to quickly detect data breaches, security
24 incidents or intrusions; and
- 25 h. by failing to encrypt Representative Plaintiff’s and Class Members’ PII
26 and monitor user behavior and activity in order to identify possible threats.

27 113. Defendant’s willful failure to abide by these duties was wrongful, reckless and/or
28 grossly negligent in light of the foreseeable risks and known threats.

114. As a proximate and foreseeable result of Defendant’s grossly negligent conduct,
Representative Plaintiff and Class Members have suffered damages and are at imminent risk of
additional harm and damages (as alleged above).

115. The law further imposes an affirmative duty on Defendant to timely disclose the
unauthorized access and theft of the PII to Representative Plaintiff and Class Members so that they
could and/or still can take appropriate measures to mitigate damages, protect against adverse
consequences, and thwart future misuse of their PII.

1 116. Defendant breached its duty to notify Representative Plaintiff and Class Members of
2 the unauthorized access by waiting roughly six months after learning of the Data Breach to notify
3 Representative Plaintiff and Class Members and then by failing and continuing to fail to provide
4 Representative Plaintiff and Class Members sufficient information regarding the breach. To date,
5 Defendant has not provided sufficient information to Representative Plaintiff and Class Members
6 regarding the extent of the unauthorized access and continues to breach its disclosure obligations to
7 Representative Plaintiff and Class Members.

8 117. Further, explicitly failing to provide timely and clear notification of the Data Breach
9 to Representative Plaintiff and Class Members, Defendant prevented Representative Plaintiff and
10 Class Members from taking meaningful, proactive steps to secure their PII and access their medical
11 records and histories.

12 118. There is a close causal connection between Defendant's failure to implement security
13 measures to protect Representative Plaintiff's and Class Members' PII and the harm (or risk of
14 imminent harm suffered) by Representative Plaintiff and Class Members. Representative Plaintiff's
15 and Class Members' PII was accessed as the proximate result of Defendant's failure to exercise
16 reasonable care in safeguarding such PII by adopting, implementing and maintaining appropriate
17 security measures.

18 119. Defendant's wrongful actions, inactions, and omissions constituted (and continue to
19 constitute) common law negligence.

20 120. The damages Representative Plaintiff and Class Members have suffered (as alleged
21 above) and will continue to suffer were and are the direct and proximate result of Defendant's grossly
22 negligent conduct.

23 121. Additionally, 15 U.S.C. § 45 (FTC Act, Section 5) prohibits "unfair [...] practices in
24 or affecting commerce," including, as interpreted and enforced by the FTC, the unfair act or practice
25 by businesses, such as Defendant, of failing to use reasonable measures to protect PII. The FTC
26 publications and orders described above also form part of the basis of Defendant's duty in this
27 regard.

28

1 122. Defendant violated 15 U.S.C. § 45 by failing to use reasonable measures to protect
2 PII and by not complying with applicable industry standards, as described in detail herein.
3 Defendant's conduct was particularly unreasonable given the nature and amount of PII it obtained
4 and stored and the foreseeable consequences of the immense damages that would result to
5 Representative Plaintiff and Class Members.

6 123. Defendant's violation of 15 U.S.C. § 45 constitutes negligence *per se*.

7 124. As a direct and proximate result of Defendant's negligence and negligence *per se*,
8 Representative Plaintiff and Class Members have suffered and will continue to suffer injury,
9 including but not limited to: (i) actual identity theft, (ii) the loss of the opportunity of how their PII
10 is used, (iii) the compromise, publication, and/or theft of their PII, (iv) out-of-pocket expenses
11 associated with the prevention, detection and recovery from identity theft, tax fraud, and/or
12 unauthorized use of their PII, (v) lost opportunity costs associated with effort expended and the loss
13 of productivity addressing and attempting to mitigate the actual and future consequences of the Data
14 Breach, including but not limited to efforts spent researching how to prevent, detect, contest, and
15 recover from embarrassment and identity theft, (vi) lost continuity in relation to their healthcare,
16 (vii) the continued risk to their PII, which may remain in Defendant's possession and is subject to
17 further unauthorized disclosures so long as Defendant fails to undertake appropriate and adequate
18 measures to protect Representative Plaintiff's and Class Members' PII in its continued possession,
19 and (viii) future costs in terms of time, effort, and money that will be expended to prevent, detect,
20 contest, and repair the impact of the PII compromised as a result of the Data Breach for the remainder
21 of the lives of Representative Plaintiff and Class Members.

22 125. As a direct and proximate result of Defendant's negligence and negligence *per se*,
23 Representative Plaintiff and Class Members have suffered and will continue to suffer other forms of
24 injury and/or harm, including but not limited to anxiety, emotional distress, loss of privacy, and other
25 economic and non-economic losses.

26 126. Additionally, as a direct and proximate result of Defendant's negligence and
27 negligence *per se*, Representative Plaintiff and Class Members have suffered and will continue to
28 suffer the continued risks of exposure of their PII, which remains in Defendant's possession and is

1 subject to further unauthorized disclosures so long as Defendant fails to undertake appropriate and
2 adequate measures to protect PII in its continued possession.

3 **COUNT TWO**
4 ***Negligence Per Se***
5 **(On behalf of the Nationwide Class)**

6 127. Each and every allegation of paragraphs 1 – 100 is incorporated in this Count with
7 the same force and effect as though fully set forth herein.

8 128. Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45 prohibits companies
9 such as Defendant from “using any unfair method of competition or unfair or deceptive act or
10 practice in or affecting commerce,” including failing to use reasonable measures to protect PII. In
11 addition to the FTC Act, the agency also enforces other federal laws relating to consumers’ privacy
12 and security. The FTC publications and orders described above also form part of the basis of
13 Defendant’s duty in this regard.

14 129. In addition to the FTC rules and regulations and state law, other states and
15 jurisdictions where victims of the Data Breach are located require that Defendant protect PII from
16 unauthorized access and disclosure and timely notify the victim of a data breach.

17 130. Defendant violated FTC rules and regulations obligating companies to use reasonable
18 measures to protect PII by failing to comply with applicable industry standards and by unduly
19 delaying reasonable notice of the actual breach. Defendant’s conduct was particularly unreasonable
20 given the nature and amount of PII it obtained and stored and the foreseeable consequences of a Data
21 Breach and the exposure of Representative Plaintiff’s and Class members’ highly sensitive PII.

22 131. Each of Defendant’s statutory violations of Section 5 of the FTC Act and other
23 applicable statutes, rules and regulations, constitute negligence *per se*.

24 132. Representative Plaintiff and Class Members are within the category of persons the
25 FTC Act were intended to protect.

26 133. The harm that occurred because of the Data Breach described herein is the type of
27 harm the FTC Act was intended to guard against.

28 134. As a direct and proximate result of Defendant’s negligence *per se*, Representative
Plaintiff and Class Members have been damaged as described herein, continue to suffer injuries as

1 detailed above, are subject to the continued risk of exposure of their PII in Defendant's possession
2 and are entitled to damages in an amount to be proven at trial.

3 **COUNT THREE**
4 **Breach of Confidence**
5 **(On behalf of the Nationwide Class)**

6 135. Each and every allegation of paragraphs 1 – 100 is incorporated in this Count with
7 the same force and effect as though fully set forth herein.

8 136. During Representative Plaintiff's and Class Members' interactions with Defendant,
9 Defendant was fully aware of the confidential nature of the PII that Representative Plaintiff and
10 Class Members provided to it.

11 137. As alleged herein and above, Defendant's relationship with Representative Plaintiff
12 and Class Members was governed by promises and expectations that Representative Plaintiff and
13 Class Members' PII would be collected, stored, and protected in confidence, and would not be
14 accessed by, acquired by, appropriated by, disclosed to, encumbered by, exfiltrated by, released to,
15 stolen by, used by, and/or viewed by unauthorized third parties.

16 138. Representative Plaintiff and Class Members provided their respective PII to
17 Defendant with the explicit and implicit understandings that Defendant would protect and not permit
18 the PII to be accessed by, acquired by, appropriated by, disclosed to, encumbered by, exfiltrated by,
19 released to, stolen by, used by, and/or viewed by unauthorized third parties.

20 139. Representative Plaintiff and Class Members also provided their PII to Defendant with
21 the explicit and implicit understanding that Defendant would take precautions to protect their PII
22 from unauthorized access, acquisition, appropriation, disclosure, encumbrance, exfiltration, release,
23 theft, use, and/or viewing, such as following basic principles of protecting its networks and data
24 systems.

25 140. Defendant voluntarily received, in confidence, Representative Plaintiff's and Class
26 Members' PII with the understanding that the PII would not be accessed by, acquired by,
27 appropriated by, disclosed to, encumbered by, exfiltrated by, released to, stolen by, used by, and/or
28 viewed by the public or any unauthorized third parties.

1 141. Due to Defendant's failure to prevent, detect and avoid the Data Breach from
2 occurring by, *inter alia*, not following best information security practices to secure Representative
3 Plaintiff's and Class Members' PII, Representative Plaintiff's and Class Members' PII was accessed
4 by, acquired by, appropriated by, disclosed to, encumbered by, exfiltrated by, released to, stolen by,
5 used by, and/or viewed by unauthorized third parties beyond Representative Plaintiff's and Class
6 Members' confidence and without their express permission.

7 142. As a direct and proximate cause of Defendant's actions and/or omissions,
8 Representative Plaintiff and Class Members have suffered damages, as alleged herein.

9 143. But for Defendant's failure to maintain and protect Representative Plaintiff's and
10 Class Members' PII in violation of the parties' understanding of confidence, their PII would not
11 have been accessed by, acquired by, appropriated by, disclosed to, encumbered by, exfiltrated by,
12 released to, stolen by, used by, and/or viewed by unauthorized third parties. The Data Breach was
13 the direct and legal cause of the misuse of Representative Plaintiff's and Class Members' PII and
14 the resulting damages.

15 144. The injury and harm Representative Plaintiff and Class Members suffered and will
16 continue to suffer was the reasonably foreseeable result of Defendant's unauthorized misuse of
17 Representative Plaintiff's and Class Members' PII. Defendant knew its data systems and protocols
18 for accepting and securing Representative Plaintiff's and Class Members' PII had security and other
19 vulnerabilities that placed Representative Plaintiff's and Class Members' PII in jeopardy.

20 145. As a direct and proximate result of Defendant's breaches of confidence,
21 Representative Plaintiff and Class Members have suffered and will continue to suffer injury, as
22 alleged herein, including but not limited to: (i) actual identity theft, (ii) the compromise, publication,
23 and/or theft of their PII, (iii) out-of-pocket expenses associated with the prevention, detection and
24 recovery from identity theft and/or unauthorized use of their PII, (iv) lost opportunity costs
25 associated with effort expended and the loss of productivity addressing and attempting to mitigate
26 the actual and future consequences of the Data Breach, including but not limited to efforts spent
27 researching how to prevent, detect, contest, and recover from identity theft, (v) the continued risk to
28 their PII, which remains in Defendant's possession and is subject to further unauthorized disclosures

1 so long as Defendant fails to undertake appropriate and adequate measures to protect Class
2 Members' PII in its continued possession, (vi) future costs in terms of time, effort, and money that
3 will be expended as result of the Data Breach for the remainder of the lives of Representative
4 Plaintiff and Class Members, (vii) the diminished value of Representative Plaintiff's and Class
5 Members' PII, and (viii) the diminished value of Defendant's services for which Representative
6 Plaintiff and Class Members paid and received.

7
8 **COUNT FOUR**
Breach of Implied Contract
(On behalf of the Nationwide Class)

9 146. Each and every allegation of paragraphs 1 – 100 is incorporated in this Count with
10 the same force and effect as though fully set forth herein.

11 147. Through their course of conduct, Defendant, Representative Plaintiff and Class
12 Members entered into implied contracts for Defendant to implement data security adequate to
13 safeguard and protect the privacy of Representative Plaintiff's and Class Members' PII.

14 148. Defendant required Representative Plaintiff and Class Members to provide and
15 entrust their PII as a condition of obtaining Defendant's services.

16 149. Defendant solicited and invited Representative Plaintiff and Class Members to
17 provide their PII as part of Defendant's regular business practices. Representative Plaintiff and Class
18 Members accepted Defendant's offers and provided their PII to Defendant.

19 150. As a condition of being Defendant's direct patients, Representative Plaintiff and
20 Class Members provided and entrusted their PII to Defendant. In so doing, Representative Plaintiff
21 and Class Members entered into implied contracts with Defendant by which Defendant agreed to
22 safeguard and protect such non-public information, to keep such information secure and confidential
23 and to timely and accurately notify Representative Plaintiff and Class Members if their data had
24 been breached and compromised or stolen.

25 151. A meeting of the minds occurred when Representative Plaintiff and Class Members
26 agreed to, and did, provide their PII to Defendant, in exchange for, amongst other things, the
27 protection of their PII.

28

1 152. Representative Plaintiff and Class Members fully performed their obligations under
2 the implied contracts with Defendant.

3 153. Defendant breached the implied contracts it made with Representative Plaintiff and
4 Class Members by failing to safeguard and protect their PII and by failing to provide timely and
5 accurate notice to them that their PII was compromised because of the Data Breach.

6 As a direct and proximate result of Defendant's above-described breach of implied contract,
7 Representative Plaintiff and Class Members have suffered and will continue to suffer: (i) ongoing,
8 imminent and impending threat of identity theft crimes, fraud, and abuse, resulting in monetary loss
9 and economic harm, (ii) actual identity theft crimes, fraud, and abuse, resulting in monetary loss and
10 economic harm, (iii) loss of the confidentiality of the stolen confidential data, (iv) the illegal sale of
11 the compromised data on the dark web, (v) lost work time, and (vi) other economic and non-
12 economic harm.

13 **COUNT FIVE**
14 **Breach of the Implied Covenant of Good Faith and Fair Dealing**
15 **(On behalf of the Nationwide Class)**

16 154. Each and every allegation of paragraphs 1 – 100 is incorporated in this Count with
17 the same force and effect as though fully set forth herein.

18 155. Every contract in this State (Nevada) has an implied covenant of good faith and
19 fair dealing. This implied covenant is an independent duty and may be breached even when there
20 is no breach of a contract's actual and/or express terms.

21 156. Representative Plaintiff and Class Members have complied with and performed all
22 conditions of their contracts with Defendant.

23 157. Defendant breached the implied covenant of good faith and fair dealing by failing
24 to maintain adequate computer systems and data security practices to safeguard PII, failing to timely
25 and accurately disclose the Data Breach to Representative Plaintiff and Class Members, and
26 continued acceptance of PII and storage of other personal information after Defendant knew or
27 should have known of the security vulnerabilities of the systems that were exploited in the Data
28 Breach.

1 165. Defendant breached its fiduciary duties to Representative Plaintiff and Class
2 Members by otherwise failing to safeguard Representative Plaintiff's and Class Members' PII.

3 166. As a direct and proximate result of Defendant's breaches of its fiduciary duties,
4 Representative Plaintiff and Class Members have suffered and will continue to suffer injury,
5 including but not limited to: (i) actual identity theft, (ii) the compromise, publication, and/or theft of
6 their PII, (iii) out-of-pocket expenses associated with the prevention, detection, and recovery from
7 identity theft and/or unauthorized use of their PII, (iv) lost opportunity costs associated with effort
8 expended and the loss of productivity addressing and attempting to mitigate the actual and future
9 consequences of the Data Breach, including but not limited to efforts spent researching how to
10 prevent, contest, and recover from identity theft, (v) the continued risk to their PII, which remains
11 in Defendant's possession and is subject to further unauthorized disclosures so long as Defendant
12 fails to undertake appropriate and adequate measures to protect the PII in its continued possession,
13 (vi) future costs in terms of time, effort, and money that will be expended as result of the Data Breach
14 for the remainder of the lives of Representative Plaintiff and Class Members, and (vii) the diminished
15 value of Defendant's services they received.

16 167. As a direct and proximate result of Defendant's breach of its fiduciary duties,
17 Representative Plaintiff and Class Members have suffered and will continue to suffer other forms of
18 injury and/or harm, and other economic and non-economic losses.

19 **COUNT SEVEN**
20 **Unjust Enrichment**
(On behalf of the Nationwide Class)

21 168. Each and every allegation of paragraphs 1 – 100 is incorporated in this Count with
22 the same force and effect as though fully set forth herein.

23 169. Upon information and belief, Defendant funds its data-security measures entirely
24 from its general revenue, including payments made by or on behalf of Representative Plaintiff and
25 Class Members.

26 170. As such, a portion of the payments made by or on behalf of Representative Plaintiff
27 and Class Members is to be used to provide a reasonable level of data security, and the amount of
28 each payment allocated to data security is known to Defendant.

1 171. Representative Plaintiff and Class Members conferred a monetary benefit to
2 Defendant. Specifically, they purchased goods and services from Defendant and/or its agents and
3 provided Defendant with their PII. In exchange, Representative Plaintiff and Class Members should
4 have received from Defendant the goods and services that were the subject of the transaction and
5 have their PII protected with adequate data security.

6 172. Defendant knew that Representative Plaintiff and Class Members conferred a benefit
7 which Defendant accepted. Defendant profited from these transactions and used the PII of
8 Representative Plaintiff and Class Members for business purposes.

9 173. Defendant enriched itself by saving the costs it reasonably should have expended in
10 data-security measures to secure Representative Plaintiff's and Class Members' PII. Instead of
11 providing a reasonable level of security that would have prevented the hacking incident, Defendant
12 instead calculated to increase its own profits at the expense of Representative Plaintiff and Class
13 Members by utilizing cheaper, ineffective security measures. On the other hand, Representative
14 Plaintiff and Class Members suffered as a direct and proximate result of Defendant's decision to
15 prioritize its profits over the requisite security.

16 174. Under the principles of equity and good conscience, Defendant should not be
17 permitted to retain the money belonging to Representative Plaintiff and Class Members, because
18 Defendant failed to implement appropriate data management and security measures mandated by
19 industry standards.

20 175. Defendant failed to secure Representative Plaintiff's and Class Members' PII and,
21 therefore, did not provide full compensation for the benefit of Representative Plaintiff and Class
22 Members.

23 176. Defendant acquired the PII through inequitable means in that it failed to disclose the
24 inadequate security practices previously alleged.

25 177. If Representative Plaintiff and Class Members knew that Defendant had not
26 reasonably secured their PII, they would not have agreed to provide their PII to Defendant.

27 178. Representative Plaintiff and Class Members have no remedy at law.
28

1 184. An actual controversy has arisen after the Data Breach regarding Representative
2 Plaintiff's and Class Members' PII and whether Defendant is currently maintaining data security
3 measures adequate to protect Representative Plaintiff and Class Members from further data breaches
4 that compromise their PII. Representative Plaintiff allege that Defendant's data security measures
5 remain inadequate. Defendant publicly denies these allegations. Furthermore, Representative
6 Plaintiff continue to suffer injury due to the compromise of their PII and remain at imminent risk
7 that further compromises of their PII will occur in the future. It is unknown what specific measures
8 and changes Defendant has undertaken in response to the Data Breach.

9 185. Representative Plaintiff and the Classes have an ongoing, actionable dispute arising
10 out of Defendant's inadequate security measures, including: (i) Defendant's failure to encrypt
11 Representative Plaintiff's and Class Members' PII, including Social Security numbers, while storing
12 it in an Internet-accessible environment, and (ii) Defendant's failure to delete PII it has no reasonable
13 need to maintain in an Internet-accessible environment, including the Social Security numbers of
14 Representative Plaintiff.

15 186. Pursuant to its authority under the Declaratory Judgment Act, this Court should enter
16 a judgment declaring, among other things, the following:

- 17 a. Defendant owes a legal duty to secure the PII of Representative Plaintiff and
18 Class Members;
- 19 b. Defendant continues to breach this legal duty by failing to employ reasonable
20 measures to secure consumers' PII;
- 21 c. Defendant's ongoing breaches of its legal duty continue to cause
22 Representative Plaintiff harm.

23 187. This Court should also issue corresponding prospective injunctive relief requiring
24 Defendant to employ adequate security protocols consistent with law, industry, and government
25 regulatory standards to protect consumers' PII. Specifically, this injunction should, among other
26 things, direct Defendant to:

- 27 a. engage third-party auditors, consistent with industry standards, to test its
28 systems for weakness and upgrade any such weakness found;
- b. audit, test and train its data security personnel regarding any new or modified
procedures and how to respond to a data breach;

- c. regularly test its systems for security vulnerabilities, consistent with industry standards; and
- d. implement an education and training program for appropriate employees regarding cybersecurity.

188. If an injunction is not issued, Representative Plaintiff will suffer irreparable injury, and lack an adequate legal remedy, in the event of another data breach at Defendant. The risk of another such breach is real, immediate, and substantial. If another breach at Defendant occurs, Representative Plaintiff will not have an adequate remedy at law because many of the resulting injuries are not readily quantified and they will be forced to bring multiple lawsuits to rectify the same conduct.

189. The hardship to Representative Plaintiff, if an injunction is not issued, exceeds the hardship to Defendant if an injunction is issued. Representative Plaintiff will likely be subjected to substantial identity theft and other damage. On the other hand, the cost to Defendant of complying with an injunction by employing reasonable prospective data security measures is relatively minimal, and Defendant has a pre-existing legal obligation to use such measures.

190. Issuance of the requested injunction will satisfy the public interest. On the contrary, such an injunction would benefit the public by preventing another data breach at Defendant, thus eliminating the additional injuries that would result to Representative Plaintiff and others whose confidential information would be further compromised.

RELIEF SOUGHT

WHEREFORE, Representative Plaintiff, on behalf of himself and each member of the proposed National Class, respectfully request that the Court enter judgment in their favor and for the following specific relief against Defendant as follows:

1. That the Court declare, adjudge, and decree that this action is a proper class action and certify each of the proposed classes and/or any other appropriate subclasses under F.R.C.P. Rule 23 (b)(1), (b)(2), and/or (b)(3), including the appointment of Representative Plaintiff's counsel as Class Counsel;

2. For an award of damages, including actual, nominal, and consequential damages, as allowed by law in an amount to be determined;

1 3. That the Court enjoin Defendant, ordering it to cease and desist from similar unlawful
2 activities;

3 4. For equitable relief enjoining Defendant from engaging in the wrongful conduct
4 complained of herein pertaining to the misuse and/or disclosure of Representative Plaintiff's and
5 Class Members' PII, and from refusing to issue prompt, complete, and accurate disclosures to
6 Representative Plaintiff and Class Members;

7 5. For injunctive relief requested by Representative Plaintiff, including but not limited
8 to injunctive and other equitable relief as is necessary to protect the interests of Representative
9 Plaintiff and Class Members, including but not limited to an Order:

- 10 a. prohibiting Defendant from engaging in the wrongful and unlawful acts
11 described herein;
- 12 b. requiring Defendant to protect, including through encryption, all data
13 collected through the course of business in accordance with all applicable
14 regulations, industry standards and federal, state or local laws;
- 15 c. requiring Defendant to delete and purge Representative Plaintiff's and Class
16 Members' PII unless Defendant can provide to the Court reasonable
17 justification for the retention and use of such information when weighed
18 against the privacy interests of Representative Plaintiff and Class Members;
- 19 d. requiring Defendant to implement and maintain a comprehensive Information
20 Security Program designed to protect the confidentiality and integrity of
21 Representative Plaintiff's and Class Members' PII;
- 22 e. requiring Defendant to engage independent third-party security auditors and
23 internal personnel to run automated security monitoring, simulated attacks,
24 penetration tests, and audits on Defendant's systems on a periodic basis;
- 25 f. prohibiting Defendant from maintaining Representative Plaintiff's and Class
26 Members' PII on a cloud-based database;
- 27 g. requiring Defendant to segment data by creating firewalls and access controls
28 so that, if one area of Defendant's network is compromised, hackers cannot
gain access to other portions of Defendant's systems;
- h. requiring Defendant to conduct regular database scanning and securing
checks;
- i. requiring Defendant to establish an information security training program that
includes at least annual information security training for all employees, with
additional training to be provided as appropriate based upon the employees'
respective responsibilities with handling PII, as well as protecting the PII of
Representative Plaintiff and Class Members;

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- j. requiring Defendant to implement a system of tests to assess its respective employees' knowledge of the education programs discussed in the preceding subparagraphs, as well as randomly and periodically testing employees' compliance with Defendant's policies, programs and systems for protecting personal identifying information;
 - k. requiring Defendant to implement, maintain, review and revise as necessary a threat management program to monitor Defendant's networks for internal and external threats appropriately, and assess whether monitoring tools are properly configured, tested and updated;
 - l. requiring Defendant to meaningfully educate all Class Members about the threats they face as a result of the loss of their confidential PII to third parties, as well as the steps affected individuals must take to protect themselves.
- 6. For prejudgment interest on all amounts awarded, at the prevailing legal rate;
 - 7. For an award of attorney's fees, costs, and litigation expenses, as allowed by law;
 - 8. For all other Orders, findings and determinations identified and sought in this

Complaint.

JURY DEMAND

Representative Plaintiff, individually and on behalf of the Plaintiff Class(es) and/or Subclass(es), hereby demands a trial by jury for all issues triable by jury.

DATED: September 3, 2024

THE O'MARA LAW FIRM, P.C.

/s/ David C. O'Mara

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**Pro Hac Vice Forthcoming*

ClassAction.org

This complaint is part of ClassAction.org's searchable class action lawsuit database and can be found in this post: [Data Breach Lawsuit Claims Kingdom Trust Failed to Prevent Cyberattack Detected in March 2024](#)
