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**UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
TACOMA DIVISION**

DONNA BRIM, KIMBERLY PERRY, and  
JANET TURNER LAMONICA, individually  
and on behalf of all others similarly situated,

Plaintiffs,

v.

PRESTIGE CARE, INC.,

Defendant.

Case No. 3:24-cv-05133-BHS

**CONSOLIDATED AMENDED CLASS  
ACTION COMPLAINT**

JURY TRIAL DEMANDED

**CLASS ACTION COMPLAINT**

1. Plaintiffs Donna Brim, Kimberly Perry, and Janet Turner Lamonica (“Plaintiffs”), individually and on behalf of all others similarly situated, bring this action against Defendant Prestige Care, Inc. (“Prestige Care” or “Defendant”) to obtain damages, restitution, and injunctive relief from Defendant. Plaintiffs make the following allegations upon personal knowledge, information and belief, the investigation of their counsel, and facts that are a matter of public record.

**NATURE OF THE ACTION**

2. Defendant Prestige Care provides senior assisted living and/or employment to individuals, including Plaintiffs and Class Members. This class action arises out of Defendant’s failures to properly secure, safeguard, encrypt, and/or timely and adequately destroy Plaintiffs’ and Class Members’ sensitive personal identifiable information that it had acquired and stored for its business purposes. This failure to secure and monitor its network resulted in a September 2023 data breach (“Data Breach” OR “Breach”) of highly sensitive documents and information stored on Prestige Care’s computer network.

3. Defendant’s data security failures allowed a targeted cyberattack in or about September 2023 to compromise Defendant’s network (the “Data Breach”) that contained personally identifiable information (“PII”) and protected health information (“PHI”) (collectively, “the Private Information”) of Plaintiffs and other individuals.

4. According to a notice Prestige Care sent to the State Attorney Generals on or about January 31, 2024, 38,087 individuals were affected by the Data Breach.<sup>1</sup>

5. According to a notice on its website, Defendant confirmed that a “data event” occurred on its network on September 7, 2023.

6. Defendant’s website notice states: “Through our investigation, we determined that an unauthorized actor may have had access to certain systems that stored personal and health information on September 7, 2023. Prestige Care is undertaking an extensive and time intensive review of what information was potentially impacted and to whom that information relates. On December 18, 2023, Prestige Care determined that information related to certain current former employees and residents was present in its systems. Although Prestige Care has no evidence of

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<sup>1</sup> <https://apps.web.maine.gov/online/aeviewer/ME/40/d71b6f68-8cda-420e-a064-64a3ae3dc47c.shtml> (last accessed Feb. 21, 2024).

1 any identity theft or fraud in connection with this incident, Prestige Care began providing notice  
2 to those individuals whose information was impacted.”<sup>2</sup>

3  
4 7. Despite learning of the Data Breach on or about September 7, 2023, and determining  
5 that Private Information was involved in the Breach, Defendant did not begin sending notices of  
6 the Data Breach (the “Notice of Data Breach Letter”) until January 31, 2024, over five months  
7 later.

8  
9 8. The Private Information compromised in the Data Breach included certain personal or  
10 protected health information of current and former employees and patients, including Plaintiffs.  
11 This Private Information included, but is not limited to names, Social Security numbers, driver’s  
12 license numbers and/or state identification numbers, financial account information, health  
13 insurance information, medical information, email or username and passwords, dates of birth,  
14 passport numbers, taxpayer identification numbers, employer identification numbers, employer  
15 assigned identification numbers, and military identification numbers.<sup>3</sup>

16  
17 9. The Private Information was compromised in what Prestige Care refers to as a “data  
18 event” in which it “became aware of suspicious activity on our computer network.”

19  
20 10. The cybercriminals intentionally targeted Prestige Care for the highly sensitive Private  
21 Information it stores on its computer network, attacked the insufficiently secured network, then  
22 exfiltrated highly sensitive PII and PHI, including, but not limited to, Social Security numbers.  
23 As a result, the Private Information of Plaintiffs and Class remains in the hands of those cyber-  
24 criminals.

25  
26 11. On information and belief, the cybercriminals responsible for the Breach specifically  
27 targeted Defendant and the Private Information of Plaintiffs and Class Members for the purpose

28 <sup>2</sup> <https://www.prestigecare.com/notice-of-data-event/> (last accessed Feb. 21, 2024).

<sup>3</sup> *Id.*

1 of generating a profit from the sale and use of said Private Information, including by  
2 committing identity theft and fraud and other criminal acts.

3 12. The Data Breach was a direct result of Defendant's failure to implement adequate and  
4 reasonable cyber-security procedures and protocols necessary to protect individuals' Private  
5 Information, with which it was entrusted for either senior assisted living and care or  
6 employment or both. Had Defendant implemented adequate safeguards, reasonable cyber-  
7 security procedures, and protocols necessary to protect the Private Information of Plaintiffs and  
8 Class Members, the Data Breach would not have occurred or its effects would have been  
9 mitigated.  
10  
11

12 13. On information and belief, Defendant was able to implement reasonable safeguards that  
13 would have prevented the Data Breach or mitigated its affects, but failed to do so.

14 14. Plaintiffs bring this class action lawsuit on behalf of themselves and all others similarly  
15 situated to address Defendant's inadequate safeguarding of Class Members' Private Information  
16 that it collected and maintained, and for failing to provide timely and adequate notice to  
17 Plaintiffs and other Class Members that their information had been subject to unauthorized  
18 access by an unknown, third party.  
19

20 15. Defendant maintained the Private Information in a reckless manner. In particular,  
21 Private Information was maintained on Defendant Prestige Care's computer network in a  
22 condition vulnerable to cyberattacks. On information and belief, the mechanism of the Data  
23 Breach and potential for improper disclosure of Plaintiffs' and Class Members' Private  
24 Information was a known risk to Defendant, and thus Defendant was on notice that failing to  
25 take steps necessary to secure the Private Information from those risks left that property in a  
26 dangerous condition.  
27  
28

1 16. Defendant disregarded the rights of Plaintiffs and Class Members by, inter alia,  
2 intentionally, willfully, recklessly, or negligently failing to take adequate and reasonable  
3 measures to ensure its data systems were protected against unauthorized intrusions; failing to  
4 disclose that it did not have adequately robust computer systems and security practices to  
5 safeguard Plaintiffs' and Class Members' Private Information; failing to take standard and  
6 reasonably available steps to prevent the Data Breach; and failing to provide Plaintiffs and Class  
7 Members with prompt and full notice of the Data Breach.  
8

9 17. Defendant Prestige Care failed to properly monitor the computer network and systems  
10 that housed the Private Information. Had Prestige Care properly monitored its computer  
11 network and systems, it would have discovered the intrusion sooner rather than allowing  
12 cybercriminals almost a month of unimpeded access to the Private Information of Plaintiffs and  
13 Class Members.  
14

15 18. Plaintiffs' and Class Members' identities are now at risk because of Defendant's  
16 negligent conduct. The Private Information that Defendant Prestige Care collected and  
17 maintained is now in the hands of data thieves.  
18

19 19. Armed with the Private Information accessed in the Data Breach, data thieves can  
20 commit a variety of crimes including, for example, opening new financial accounts in Class  
21 Members' names, taking out loans in Class Members' names, using Class Members'  
22 information to obtain government benefits, filing fraudulent tax returns using Class Members'  
23 information, filing false medical claims using Class Members' information, obtaining driver's  
24 licenses in Class Members' names but with another person's photograph, and giving false  
25 information to police during an arrest.  
26  
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28

1 20. As a result of the Data Breach, Plaintiffs and Class Members have been exposed to a  
2 heightened and imminent risk of fraud and identity theft. Plaintiffs and Class Members must  
3 now and for years into the future closely monitor their financial accounts to guard against  
4 identity theft.  
5

6 21. Plaintiffs and Class Members may also incur out of pocket costs for, for example,  
7 purchasing credit monitoring services, credit freezes, credit reports, or other protective measures  
8 to deter and detect identity theft.  
9

10 22. Plaintiffs and Class Members have suffered injuries as a result of Defendant’s conduct.  
11 These injuries include: (i) invasion of privacy; (ii) theft of their Private Information; (iii) lost or  
12 diminished value of Private Information; (iv) lost time (that Plaintiffs and Class Members could  
13 have dedicated to employment and recreation) and opportunity costs associated with attempting  
14 to mitigate the actual consequences of the Data Breach; (v) misuse of their Private Information;  
15 (vi) loss of benefit of the bargain; (vii) lost opportunity costs associated with attempting to  
16 mitigate the actual consequences of the Data Breach; (viii) statutory damages; (ix) nominal  
17 damages; and (x) the continued and certainly increased risk to their Private Information, which:  
18 (a) remains unencrypted and available for unauthorized third parties to access and abuse; and  
19 (b) remains backed up in Defendant’s possession and is subject to further unauthorized  
20 disclosures so long as Defendant fails to undertake appropriate and adequate measures to  
21 protect the Private Information.  
22

23 23. Through this Complaint, Plaintiffs seek to remedy these harms on behalf of themselves  
24 and all similarly situated individuals whose Private Information was accessed during the Data  
25 Breach (the “Class”).  
26  
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1 24. Accordingly, Plaintiffs bring this action against Defendant seeking redress for its  
2 unlawful conduct, and asserting claims for: (i) negligence, (ii) breach of implied contract, (iii)  
3 breach of fiduciary duty, (iv) unjust enrichment, (v) declaratory relief, and (vi) violations of  
4 Washington Consumer Protection Act, RCW 19.86.  
5

6 25. Plaintiffs seek remedies including, but not limited to, compensatory damages,  
7 reimbursement of out-of-pocket costs, and injunctive relief including improvements to  
8 Defendant's data security systems, future annual audits, as well as long-term and adequate  
9 credit monitoring services funded by Defendant, and declaratory relief.  
10

11 **PARTIES**

12 26. Plaintiff Donna Brim is a natural person, resident, and citizen of the State of Oregon.  
13 Plaintiff Brim received notice of the Data Breach dated January 31, 2024.

14 27. Plaintiff Kimberly Perry is a natural person, resident, and citizen of the State of Oregon.  
15 Plaintiff Perry received notice of the Data Breach dated January 31, 2024.  
16

17 28. Plaintiff Janet Turner Lamonica is a natural person, resident, and citizen of the State of  
18 Oregon. Plaintiff Turner Lamonica received notice of the Data Breach dated January 31, 2024.

19 29. Prestige Care, Inc. is a Washington profit corporation that has its principal place of  
20 business at 7700 NE Parkway Drive, Suite 300, Vancouver, Washington 98662.  
21

22 **JURISDICTION AND VENUE**

23 30. This Court has subject matter jurisdiction over this action under 28 U.S.C. § 1332(d)  
24 because this is a class action wherein the amount in controversy exceeds the sum or value of  
25 \$5,000,000, exclusive of interest and costs, there are more than 100 members in the proposed  
26 class, and at least one member of the class, including each Plaintiff, is a citizen of a state  
27 different from Defendant.  
28

1 31. The Court has general personal jurisdiction over Defendant because, personally or  
2 through its agents, Defendant is registered a Washington corporation, it maintains its  
3 headquarters in Washington, and it committed the tortious acts complained of herein in  
4 Washington.  
5

6 32. Venue is proper in this District pursuant to 28 U.S.C. § 1391 because it is the district  
7 within which Prestige Care is headquartered and has the most significant contacts.  
8

9 **FACTUAL ALLEGATIONS**

10 ***Defendant's Business***

11 33. Defendant Prestige Care, founded in 1985, is “a complete senior care organization that  
12 includes independent living communities, assisted living, memory care, as well as skilled nursing  
13 and rehabilitation centers.”<sup>4</sup>

14 34. Prestige Care has around or over 75 locations spread throughout eight states: Alaska,  
15 Arizona, Idaho, California, Montana, Nevada, Oregon, and Washington.<sup>5</sup>  
16

17 35. For the purposes of this Consolidated Amended Class Action Complaint, all of Prestige  
18 Care’s associated locations will be referred to collectively as “Prestige Care.”

19 36. In the ordinary course of receiving assisted living care services from Defendant Prestige  
20 Care, or alternatively being employed by Prestige Care, each senior and employee must provide  
21 (and Plaintiffs did provide) Defendant Prestige Care with sensitive, personal, and private  
22 information, such as their:  
23

- 24
- Name, address, phone number, and email address;
  - 25 • Date of birth;
  - 26 • Social Security number;
- 27

28 <sup>4</sup> <https://www.prestigecare.com/about-prestige/> (last accessed Feb. 21, 2024).

<sup>5</sup> <https://www.prestigecare.com/find-a-location/> (last accessed Feb. 21, 2024).



- 1 • Marital status;
- 2 • Contact information;
- 3 • Primary and secondary insurance policy holders' name, address, date of birth,
- 4 and Social Security number;
- 5 • Demographic information;
- 6 • Driver's license or state or federal identification number;
- 7 • Medical history information;
- 8 • Insurance information and coverage; and
- 9 • Banking and/or credit card information.

10  
11 37. Defendant also creates and stores medical records and other protected health information  
12 for its patients, records of treatments and diagnoses.

13 38. Plaintiffs and Class Member (electronically and in-person) transferred their Private  
14 Information to Defendant for the purposes of facilitating services from and employment with  
15 Defendant and with the agreement and understanding that the Private Information would be  
16 adequately safeguarded and/or destroyed within a reasonable time after the termination of the  
17 respective relationship.  
18

19 39. By obtaining, collecting, receiving, and/or storing Plaintiffs' and Class Members'  
20 Private Information, Defendant assumed legal and equitable duties to Plaintiffs and the Class,  
21 and it knew, or should have known, that it was thereafter responsible for protecting Plaintiffs'  
22 and Class Members' Private Information from unauthorized disclosure.  
23

24 40. Defendant derived a substantial economic benefit from collecting Plaintiffs' and Class  
25 Members' Private Information. Without that Private Information, Defendant could not perform  
26 the services it provides.  
27  
28

1 41. Plaintiffs and Class Members have taken reasonable steps to maintain the confidentiality  
2 of their Private Information, including but not limited to, protecting their usernames and  
3 passwords, using only strong passwords for their accounts, and refraining from browsing  
4 potentially unsafe websites.

5  
6 42. On information and belief, Prestige Care’s HIPAA Notice of Privacy Practices (“Privacy  
7 Policy”) is provided to every senior, both prior to receiving services and upon request. Prestige  
8 Care’s Privacy Notice makes clear that it understands that seniors Private Information is  
9 personal and must be protected by law.<sup>6</sup>

10  
11 43. Defendant’s Privacy Policy promises that “[a]t Prestige Care Inc., and Prestige Senior  
12 Living, L.L.C., we take your privacy seriously.”<sup>7</sup>

13 44. Defendant’s Privacy Policy promises to only disclose patient Private Information in  
14 limited circumstances, none of which includes a data breach.

15 45. On information and belief, all Plaintiffs transferred via one of Defendant’s web  
16 properties at least some of the Private Information compromised in the Data Breach.

17  
18 46. Defendant Prestige Care agreed to and undertook legal duties to maintain the protected  
19 health and personal information entrusted to it by Plaintiffs and Class Members safely,  
20 confidentially, and in compliance with all applicable laws, including the Federal Trade  
21 Commission Act (“FTCA”), 15 U.S.C. § 45, and the Health Insurance Portability and  
22 Accountability Act (“HIPAA”).

23  
24 47. Yet, through its failure to properly secure the Private Information of Plaintiffs and Class,  
25 Prestige Care failed to meet its own promises of patient privacy.

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<sup>6</sup> <https://www.prestigecare.com/privacy-policy/> (last accessed April 22, 2024).

28 <sup>7</sup> *Id.*

1 48. The information held by Defendant Prestige Care in its computer system and network  
2 included the highly sensitive Private Information of Plaintiffs and Class Members.

3 49. On information and belief, Defendant does not follow its own policies or industry  
4 standard practices in securing residents' and employee's PII.

5 50. On information and belief, Defendant failed to ensure the proper monitoring and logging  
6 of the ingress and egress of network traffic.

7 51. On information and belief, Defendant failed to ensure the proper monitoring and logging  
8 of file access and modifications.

9 52. On information and belief, Defendant failed to ensure the proper implementation of  
10 processes to quickly detect and respond to data breaches, security incidents, or intrusions.

11 53. On information and belief, Defendant failed to ensure the proper encryption of  
12 Plaintiff's and Class Members' Private Information and monitor user behavior and activity to  
13 identify possible threats.

14 54. On information and belief, Defendant inadequately trains its employees and  
15 cybersecurity partners on cybersecurity policies and then fails to enforce those policies.

16 55. On information and belief, Defendant failed to maintain reasonable and adequate  
17 security practices over its systems storing Plaintiff's and Class Members' PII.

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22 ***The Data Breach***

23 56. A data breach occurs when cyber criminals intend to access and steal Private  
24 Information that has not been adequately secured by a business entity like Prestige Care.

25 57. According to Defendant's website Notice, it learned of a cyber attack on its computer  
26 systems on or around September 7, 2023, when it took many of the healthcare provider's  
27  
28

1 networked systems offline, adversely affecting patient treatment, scheduling, and the ability to  
2 access patient histories.<sup>8</sup>

3 58. As of January 31, 2024, on information and belief, Prestige Care sent the required State  
4 Attorney Generals' notices of the Data Breach, and Plaintiffs and Class Members received  
5 direct notice that their Private Information was breached and exfiltrated.  
6

7 59. On or about January 31, 2024, months after Prestige Care learned that Plaintiffs and  
8 Class Members Private Information was accessed and exfiltrated by cybercriminals, Plaintiffs  
9 and Class Members first began receiving their notices of the Data Breach.  
10

11 60. Prestige Care's notice letters recommended time-consuming, generic steps that victims  
12 of data security incidents can take, such as getting a copy of a credit report or notifying law  
13 enforcement about suspicious financial account activity. Other than providing one year of credit  
14 monitoring that Plaintiffs and Class Members would have to affirmatively sign up for and a call  
15 center number that victims may contact with questions, Prestige Care offered no other  
16 substantive steps to help victims like Plaintiffs and Class Members to protect themselves. On  
17 information and belief, Prestige Care sent a similar generic letter to all individuals affected by  
18 the Data Breach.  
19

20 61. Due to the actual and imminent risk of identity theft, Defendant instructs Plaintiffs and  
21 Class Members to do the following: "[w]e encourage you to remain vigilant against incidents of  
22 identity theft and fraud by reviewing your account statements and monitoring your free credit  
23 reports for suspicious activity."  
24

25 62. Prestige Care's data security obligations were particularly important given the  
26 substantial increase in cyberattacks in recent years.  
27  
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<sup>8</sup> <https://www.prestigecare.com/notice-of-data-event/> (last accessed Feb. 21, 2024).

1 63. In January 2023, for example, the U.S. Department of Health & Human Services  
2 (“HHS”) created a presentation specifically for healthcare providers and IT departments,  
3 warning entities like Prestige Care of the severe threats posed by Royal, BlackCat and similar  
4 cybercriminal groups.<sup>9</sup> Within the healthcare industry, the risk of a cyber attack is well-known  
5 and preventable with adequate security systems in place.  
6

7 64. Prestige Care knew or should have known that its electronic records would be targeted  
8 by cybercriminals.

9 65. Prestige Care had obligations created by HIPAA, FTCA, contract, industry standards,  
10 common law, and representations made to Plaintiffs and Class Members to keep their Private  
11 Information confidential and to protect it from unauthorized access and disclosure.  
12

13 66. Plaintiffs and Class Members provided their Private Information to Defendant with the  
14 reasonable expectation and mutual understanding that Defendant would comply with its  
15 obligations to keep such information confidential and secure from unauthorized access.  
16

17 ***The Data Breach was a***  
18 ***Foreseeable Risk of which Defendant was on Notice.***

19 67. It is well known that PII, including Social Security numbers in particular, is a valuable  
20 commodity and a frequent, intentional target of cyber criminals. Companies that collect such  
21 information, including Prestige Care, are well-aware of the risk of being targeted by  
22 cybercriminals.

23 68. Individuals place a high value not only on their PII, but also on the privacy of that data.  
24 Identity theft causes severe negative consequences to its victims, as well as severe distress and  
25 hours of lost time trying to fight against the impact of identity theft.  
26  
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28 <sup>9</sup> <https://www.hhs.gov/sites/default/files/royal-blackcat-ransomware-tlpclear.pdf> (last accessed  
Feb. 21, 2024).

1 69. A data breach increases the risk of becoming a victim of identity theft. Victims of  
2 identity theft can suffer from both direct and indirect financial losses. According to a research  
3 study published by the Department of Justice, “[a] direct financial loss is the monetary amount  
4 the offender obtained from misusing the victim’s account or personal information, including the  
5 estimated value of goods, services, or cash obtained. It includes both out-of-pocket loss and any  
6 losses that were reimbursed to the victim. An indirect loss includes any other monetary cost  
7 caused by the identity theft, such as legal fees, bounced checks, and other miscellaneous  
8 expenses that are not reimbursed (e.g., postage, phone calls, or notary fees). All indirect losses  
9 are included in the calculation of out-of-pocket loss.”<sup>10</sup>  
10  
11

12 70. Individuals, like Plaintiffs and Class members, are particularly concerned with  
13 protecting the privacy of their Social Security numbers, which are the key to stealing any  
14 person’s identity and, for a hacker’s purpose, is likened to accessing your DNA.  
15

16 71. Data Breach victims suffer long-term consequences when their Social Security numbers  
17 are taken and used by hackers. Even if they know their Social Security numbers are being  
18 misused, Plaintiffs and Class Members cannot obtain new numbers unless they become a victim  
19 of Social Security number misuse.  
20

21 72. The Social Security Administration has warned that “a new number probably won’t  
22 solve all your problems. This is because other governmental agencies (such as the IRS and state  
23 motor vehicle agencies) and private businesses (such as banks and credit reporting companies)  
24 will have records under your old number. Along with other personal information, credit  
25 reporting companies use the number to identify your credit record. So, using a new number  
26  
27

28 <sup>10</sup> “Victims of Identity Theft, 2018,” U.S. Department of Justice (April 2021, NCJ 256085)  
available at <https://bjs.ojp.gov/content/pub/pdf/vit18.pdf> (last accessed Feb. 21, 2024).

1 won't guarantee you a fresh start. This is especially true if your other personal information, such  
2 as your name and address, remains the same.”<sup>11</sup>

3 73. In 2021, there were a record 1,862 data breaches, surpassing both 2020's total of 1,108  
4 and the previous record of 1,506 set in 2017.<sup>12</sup>

5  
6 74. Additionally in 2021, there was a 15.1% increase in cyberattacks and data breaches over  
7 the prior year. Over the next two years, security executives predicted an increase in attacks  
8 from “social engineering and ransomware” as nation-states and cybercriminals grow more  
9 sophisticated. Unfortunately, these preventable causes will largely come from  
10 “misconfigurations, human error, poor maintenance, and unknown assets.”<sup>13</sup>

11  
12 75. Cyberattacks have become so notorious that the FBI and U.S. Secret Service have issued  
13 a warning to potential targets so they are aware of, are prepared for, and hopefully can ward off  
14 a cyberattack.

15  
16 76. Despite the prevalence of public announcements of data breaches and data security  
17 compromises, despite its own acknowledgment of data security compromises, and despite its  
18 own acknowledgment of its duties to keep PII private and secure, Prestige Care failed to take  
19 appropriate steps to protect the PII of Plaintiffs and the proposed Class from being  
20 compromised.

21  
22 ***Data Breaches are Rampant in Healthcare.***

23 77. Defendant's data security obligations were particularly important given the substantial  
24 increase in data breaches in the healthcare industry preceding the date of the breach.

25  
26 <sup>11</sup> <https://www.ssa.gov/pubs/EN-05-10064.pdf> (last accessed Feb. 21, 2024).

27 <sup>12</sup> <https://www.cnet.com/tech/services-and-software/record-number-of-data-breaches-reported-in-2021-new-report-says/> (last accessed Feb. 21, 2024).

28 <sup>13</sup> <https://www.forbes.com/sites/chuckbrooks/2022/06/03/alarming-cyber-statistics-for-mid-year-2022-that-you-need-to-know/?sh=176bb6887864> (last accessed Feb. 21, 2024).

1 78. According to an article in the HIPAA Journal posted on October 14, 2022,  
2 cybercriminals hack into medical practices for their “highly prized” medical records. “[T]he  
3 number of data breaches reported by HIPAA-regulated entities continues to increase every year.  
4 2021 saw 714 data breaches of 500 or more records reported to the [HHS’ Office for Civil  
5 Rights] OCR – an 11% increase from the previous year. Almost three-quarters of those breaches  
6 were classified as hacking/IT incidents.”<sup>14</sup>

8 79. Healthcare organizations are easy targets because “even relatively small healthcare  
9 providers may store the records of hundreds of thousands of patients. The stored data is highly  
10 detailed, including demographic data, Social Security numbers, financial information, health  
11 insurance information, and medical and clinical data, and that information can be easily  
12 monetized.”<sup>15</sup>

14 80. The HIPAA Journal article goes on to explain that patient records, like those stolen from  
15 Prestige Care, are “often processed and packaged with other illegally obtained data to create full  
16 record sets (fullz) that contain extensive information on individuals, often in intimate detail.”  
17 The record sets are then sold on dark web sites to other criminals and “allows an identity kit to  
18 be created, which can then be sold for considerable profit to identity thieves or other criminals  
19 to support an extensive range of criminal activities.”<sup>16</sup>

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26 <sup>14</sup> <https://www.hipaajournal.com/why-do-criminals-target-medical-records/> (last accessed Feb.  
27 21, 2024).

28 <sup>15</sup> *Id.*

<sup>16</sup> *Id.*



1 81. In fact, according to the cybersecurity firm Mimecast, 90% of healthcare organizations  
2 experienced cyberattacks in the past year.<sup>17</sup>

3 82. HHS data shows more than 39 million patients' information was exposed in the first half  
4 of 2023 in nearly 300 incidents, and healthcare breaches have doubled between 2020 and 2023,  
5 according to records compiled from HHS data by Health IT Security.<sup>18</sup>

7 83. According to Advent Health University, when an electronic health record "lands in the  
8 hands of nefarious persons the results can range from fraud to identity theft to extortion. In fact,  
9 these records provide such valuable information that hackers can sell a single stolen medical  
10 record for up to \$1,000."<sup>19</sup>

12 84. The significant increase in attacks in the healthcare industry, and attendant risk of future  
13 attacks, is widely known to the public and to anyone in that industry, including Defendant  
14 Prestige Care.

15 ***Defendant Fails to Comply with FTC Guidelines.***

16 85. The Federal Trade Commission ("FTC") has promulgated numerous guides for  
17 businesses that highlight the importance of implementing reasonable data security practices.  
18 According to the FTC, the need for data security should be factored into all business decision-  
19 making.  
20

21 86. In October 2016, the FTC updated its publication, Protecting Personal Information: A  
22 Guide for Business, which established cyber-security guidelines for businesses. The guidelines  
23

24  
25 <sup>17</sup> See Maria Henriquez, Iowa City Hospital Suffers Phishing Attack, Security Magazine (Nov.  
26 23, 2020), <https://www.securitymagazine.com/articles/93988-iowa-city-hospital-suffers-phishing-attack> (last accessed Feb. 21, 2024).

27 <sup>18</sup> <https://healthitsecurity.com/features/biggest-healthcare-data-breaches-reported-this-year-so-far>  
28 (last accessed Feb. 21, 2024).

<sup>19</sup> <https://www.ahu.edu/blog/data-security-in-healthcare> (last accessed Feb. 21, 2024).

1 note that businesses should protect the personal patient information that they keep; properly  
2 dispose of personal information that is no longer needed; encrypt information stored on  
3 computer networks; understand their network’s vulnerabilities; and implement policies to  
4 correct any security problems.<sup>20</sup> The guidelines also recommend that businesses use an intrusion  
5 detection system to expose a breach as soon as it occurs; monitor all incoming traffic for  
6 activity indicating someone is attempting to hack the system; watch for large amounts of data  
7 being transmitted from the system; and have a response plan ready in the event of a breach.<sup>21</sup>

9 87. The FTC further recommends that companies not maintain PII longer than is needed for  
10 authorization of a transaction; limit access to sensitive data; require complex passwords to be  
11 used on networks; use industry-tested methods for security; monitor for suspicious activity on  
12 the network; and verify that third-party service providers have implemented reasonable security  
13 measures.

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

23 89. These FTC enforcement actions include actions against healthcare providers like  
24 Defendant. See, e.g., *In the Matter of LabMD, Inc., A Corp*, 2016-2 Trade Cas. (CCH) ¶ 79708,  
25 2016 WL 4128215, at \*32 (MSNET July 28, 2016) (“[T]he Commission concludes that

26 \_\_\_\_\_  
27 <sup>20</sup> *Protecting Personal Information: A Guide for Business*, Federal Trade Commission (2016),  
28 available at [https://www.ftc.gov/system/files/documents/plain-language/pdf-0136\\_proteting-personal-information.pdf](https://www.ftc.gov/system/files/documents/plain-language/pdf-0136_proteting-personal-information.pdf) (last accessed Feb. 21, 2024).

<sup>21</sup> *Id.*

1 LabMD's data security practices were unreasonable and constitute an unfair act or practice in  
2 violation of Section 5 of the FTC Act.”).

3 90. Defendant failed to properly implement basic data security practices.

4 91. Defendant's failure to employ reasonable and appropriate measures to protect against  
5 unauthorized access to patients' and employees' Private Information constitutes an unfair act or  
6 practice prohibited by Section 5 of the FTC Act, 15 U.S.C. § 45.  
7

8 92. Defendant was at all times fully aware of its obligation to protect the Private Information  
9 of its patients and employees. Defendant was also aware of the significant repercussions that  
10 would result from its failure to do so.  
11

12 ***Defendant Fails to Comply with Industry Standards.***

13 93. As shown above, experts studying cyber security routinely identify healthcare providers  
14 as being particularly vulnerable to cyberattacks because of the value of the PII and PHI that they  
15 collect and maintain.  
16

17 94. Industry experts have also identified several best practices healthcare providers like  
18 Defendant should implement at a minimum, including but not limited to: educating all  
19 employees; utilizing strong passwords; creating multi-layer security, including firewalls, anti-  
20 virus, and anti-malware software; encryption, making data unreadable without a key; using  
21 multi-factor authentication; protecting backup data, and; limiting which employees can access  
22 sensitive data.  
23

24 95. Other best cybersecurity practices that are standard in the healthcare industry include  
25 installing appropriate malware detection software; monitoring and limiting the network ports;  
26 protecting web browsers and email management systems; setting up network systems such as  
27  
28

1 firewalls, switches and routers; monitoring and protection of physical security systems;  
2 protection against any possible communication system; training staff regarding critical points.

3 96. Defendant failed to meet the minimum standards of any of the following frameworks:  
4 the NIST Cybersecurity Framework Version 1.1 (including without limitation PR.AC-1,  
5 PR.AC-3, PR.AC-4, PR.AC-5, PR.AC-6, PR.AC-7, PR.AT-1, PR.DS-1, PR.DS-5, PR.PT-1,  
6 PR.PT-3, DE.CM-1, DE.CM-4, DE.CM-7, DE.CM-8, and RS.CO-2), and the Center for  
7 Internet Security’s Critical Security Controls (CIS CSC), which are all established standards in  
8 reasonable cybersecurity readiness.  
9

10 97. These frameworks are existing and applicable industry standards in the healthcare  
11 industry, yet Defendant failed to comply with these accepted standards, thereby opening the  
12 door to, and failing to thwart, the Data Breach.  
13

14 ***Defendant’s Conduct Violates HIPAA.***

15 98. HIPAA requires covered entities such as Defendant to protect against reasonably  
16 anticipated threats to the security of sensitive patient health information (PHI).  
17

18 99. Covered entities must implement safeguards to ensure the confidentiality, integrity, and  
19 availability of PHI. Safeguards must include physical, technical, and administrative  
20 components.  
21

22 100. Title II of HIPAA contains what are known as the Administrative Simplification  
23 provisions. See 42 U.S.C. §§ 1301, et seq. These provisions require, among other things, that  
24 the Department of Health and Human Services (“HHS”) create rules to streamline the standards  
25 for handling PII and PHI like the data Defendant left unguarded. The HHS subsequently  
26 promulgated multiple regulations under authority of the Administrative Simplification  
27 provisions of HIPAA. These rules include 45 C.F.R. § 164.306(a)(1-4); 45 C.F.R. §  
28

1 164.312(a)(1); 45 C.F.R. § 164.308(a)(1)(i); 45 C.F.R. § 164.308(a)(1)(ii)(D); and 45 C.F.R. §  
2 164.530(b).

3 101. A Data Breach such as the one Defendant experienced is considered a breach  
4 under the HIPAA rules because there is an access of PHI not permitted under the HIPAA  
5 Privacy Rule.  
6

7 102. A breach under the HIPAA Rules is defined as “. . . the acquisition, access, use,  
8 or disclosure of PHI in a manner not permitted under the [HIPAA Privacy Rule] which  
9 compromises the security or privacy of the PHI.” See 45 C.F.R. 164.40.  
10

11 103. Defendant’s Data Breach resulted from a combination of insufficiencies that  
12 demonstrate it failed to comply with safeguards mandated by HIPAA regulations.

13 ***Defendant has Breached its Obligations to Plaintiffs and Class Members.***

14 104. Defendant breached its obligations to Plaintiffs and Class Members and/or was  
15 otherwise negligent and reckless because it failed to properly maintain and safeguard its  
16 computer systems and its patients’ and employees’ Private Information. Defendant’s unlawful  
17 conduct includes, but is not limited to, the following acts and/or omissions:  
18

- 19 a. Failing to maintain an adequate data security system to reduce the risk of  
20 data breaches and cyber-attacks;
- 21 b. Failing to adequately protect patients’ and employees’ Private Information;
- 22 c. Failing to properly monitor its own data security systems for existing  
23 intrusions;
- 24 d. Failing to ensure that vendors with access to Defendant’s protected health  
25 data employed reasonable security procedures;
- 26 e. Failing to ensure the confidentiality and integrity of electronic PHI it created,  
27 received, maintained, and/or transmitted, in violation of 45 C.F.R.  
28 § 164.306(a)(1);
- f. Failing to implement technical policies and procedures for electronic  
information systems that maintain electronic PHI to allow access only to

1 those persons or software programs that have been granted access rights, in  
2 violation of 45 C.F.R. § 164.312(a)(1);

3 g. Failing to implement policies and procedures to prevent, detect, contain, and  
4 correct security intrusions, in violation of 45 C.F.R. § 164.308(a)(1)(i);

5 h. Failing to implement procedures to review records of information system  
6 activity regularly, such as audit logs, access reports, and security incident  
7 tracking reports, in violation of 45 C.F.R. § 164.308(a)(1)(ii)(D);

8 i. Failing to protect against reasonably anticipated threats or hazards to the  
9 security or integrity of electronic PHI, in violation of 45 C.F.R.  
10 § 164.306(a)(2);

11 j. Failing to protect against reasonably anticipated uses or disclosures of  
12 electronic PHI that are not permitted under the privacy rules regarding  
13 individually identifiable health information in violation of 45 C.F.R.  
14 § 164.306(a)(3);

15 k. Failing to ensure compliance with HIPAA security standard rules by  
16 Defendant’s workforce, in violation of 45 C.F.R. § 164.306(a)(4);

17 l. Failing to train all members of Defendant’s workforce effectively on the  
18 policies and procedures regarding PHI as necessary and appropriate for the  
19 members of their workforces to carry out their functions and to maintain  
20 security of PHI, in violation of 45 C.F.R. § 164.530(b); and/or

21 m. Failing to render the electronic PHI it maintained unusable, unreadable, or  
22 indecipherable to unauthorized individuals, as it had not encrypted the  
23 electronic PHI as specified in the HIPAA Security Rule by “the use of an  
24 algorithmic process to transform data into a form in which there is a low  
25 probability of assigning meaning without use of a confidential process or  
26 key” (45 CFR 164.304 definition of encryption).

27 105. As a result of maintaining its computer systems in manner that required security  
28 upgrading, having inadequate procedures for handling emails containing ransomware or other  
malignant computer code, and inadequately training employees who opened files containing a  
ransomware virus, Defendant negligently and unlawfully failed to safeguard Plaintiffs’ and  
Class Members’ Private Information.

106. Accordingly, as outlined below, Plaintiffs and Class Members now face an  
increased risk of fraud and identity theft.

***Data Breaches Put Consumers at an Increased Risk  
Of Fraud and Identify Theft.***

1  
2  
3 107. Data Breaches such as the one experienced by Plaintiffs and Class Members are  
4 especially problematic because of the disruption they cause to the overall daily lives of victims  
5 affected by the attack.

6 108. In 2019, the United States Government Accountability Office released a report  
7 addressing the steps consumers can take after a data breach. Its appendix of steps consumers  
8 should consider, in extremely simplified terms, continues for five pages. In addition to  
9 explaining specific options and how they can help, one column of the chart explains the  
10 limitations of the consumers' options. It is clear from the GAO's recommendations that the  
11 steps Data Breach victims (like Plaintiffs and Class) must take after a breach like Defendant's  
12 are both time consuming and of only limited and short-term effectiveness.  
13  
14

15 109. The GAO has long recognized that victims of identity theft will face "substantial  
16 costs and time to repair the damage to their good name and credit record," discussing the same  
17 in a 2007 report as well ("2007 GAO Report").<sup>22</sup>  
18

19 110. The FTC, like the GAO, recommends that identity theft victims take several  
20 steps to protect their personal and financial information after a data breach, including contacting  
21 one of the credit bureaus to place a fraud alert (and to consider an extended fraud alert that lasts  
22 for seven years if someone steals their identity), reviewing their credit reports, contacting  
23  
24  
25  
26

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27 <sup>22</sup> See "Data Breaches Are Frequent, but Evidence of Resulting Identity Theft Is Limited;  
28 However, the Full Extent Is Unknown," p. 2, U.S. Government Accountability Office, June  
2007, <https://www.gao.gov/new.items/d07737.pdf> (last accessed July 19, 2023) ("2007 GAO  
Report").

1 companies to remove fraudulent charges from their accounts, placing a credit freeze on their  
2 credit, and correcting their credit reports.<sup>23</sup>

3 111. Identity thieves use stolen personal information such as Social Security numbers  
4 for a variety of crimes, including credit card fraud, phone or utilities fraud, and bank/finance  
5 fraud.  
6

7 112. Identity thieves can also use Social Security numbers to obtain a driver's license  
8 or official identification card in the victim's name but with the thief's picture; use the victim's  
9 name and Social Security number to obtain government benefits; or file a fraudulent tax return  
10 using the victim's information.  
11

12 113. Theft of Private Information is also gravely serious. PII/PHI is a valuable  
13 property right.<sup>24</sup>

14 114. There may be a substantial time lag—measured in years—between when harm  
15 occurs versus when it is discovered.  
16

17 115. Private Information and financial information are such valuable commodities to  
18 identity thieves that once the information has been compromised, criminals often trade the  
19 information on the “cyber black-market” for years.  
20

21 116. There is a strong probability that the entirety of the stolen information has been  
22 dumped on the black market or will be dumped on the black market, meaning Plaintiffs and  
23 Class Members are at an increased risk of fraud and identity theft for many years into the future.  
24

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25 <sup>23</sup> See <https://www.identitytheft.gov/Steps> (last accessed Feb. 21, 2024).

26 <sup>24</sup> See, e.g., John T. Soma, et al, *Corporate Privacy Trend: The “Value” of Personally*  
27 *Identifiable Information (“PII”) Equals the “Value” of Financial Assets*, 15 Rich. J.L. & Tech.  
28 11, at \*3–4 (2009) (“PII, which companies obtain at little cost, has quantifiable value that is rapidly reaching a level comparable to the value of traditional financial assets.”) (citations omitted).



1 Thus, Plaintiffs and Class Members must vigilantly monitor their financial and medical  
2 accounts for many years to come.

3 117. As the HHS warns, “PHI can be exceptionally valuable when stolen and sold on  
4 a black market, as it often is. PHI, once acquired by an unauthorized individual, can be  
5 exploited via extortion, fraud, identity theft and data laundering. At least one study has  
6 identified the value of a PHI record at \$1000 each.”<sup>25</sup>

7  
8 118. Furthermore, the Social Security Administration has warned that identity thieves  
9 can use an individual’s Social Security number to apply for additional credit lines.<sup>26</sup> Such fraud  
10 may go undetected until debt collection calls commence months, or even years, later. Stolen  
11 Social Security numbers also make it possible for thieves to file fraudulent tax returns, file for  
12 unemployment benefits, or apply for a job using a false identity.<sup>27</sup> Each of these fraudulent  
13 activities is difficult to detect. An individual may not know that his or her Social Security  
14 Number was used to file for unemployment benefits until law enforcement notifies the  
15 individual’s employer of the suspected fraud. Fraudulent tax returns are typically discovered  
16 only when an individual’s authentic tax return is rejected.

17  
18 119. Moreover, it is not an easy task to change or cancel a stolen Social Security  
19 number. An individual cannot obtain a new Social Security number without significant  
20 paperwork and evidence of actual misuse. Even then, a new Social Security number may not be  
21 effective, as “[t]he credit bureaus and banks are able to link the new number very quickly to the  
22

23  
24  
25  
26 <sup>25</sup> <https://www.hhs.gov/sites/default/files/cost-analysis-of-healthcare-sector-data-breaches.pdf> at  
27 2 (citations omitted) (last accessed Feb. 21, 2024).

28 <sup>26</sup> *Identity Theft and Your Social Security Number*, Social Security Administration, 1 (2018),  
available at <https://www.ssa.gov/pubs/EN-05-10064.pdf> (last accessed Feb. 21, 2024).

<sup>27</sup> *Id.* at 4.

1 old number, so all of that old bad information is quickly inherited into the new Social Security  
2 number.”<sup>28</sup>

3 120. This data, as one would expect, demands a much higher price on the black  
4 market. Martin Walter, senior director at cybersecurity firm RedSeal, explained, “[c]ompared to  
5 credit card information, personally identifiable information and Social Security numbers are  
6 worth more than 10x on the black market.”<sup>29</sup>

7  
8 121. In recent years, the medical and financial services industries have experienced  
9 disproportionally higher numbers of data theft events than other industries. Defendant therefore  
10 knew or should have known this and strengthened its data systems accordingly. Defendant was  
11 put on notice of the substantial and foreseeable risk of harm from a data breach, yet it failed to  
12 properly prepare for that risk.

13  
14 122. Fraudsters can also use medical information, including health insurance  
15 information, to commit healthcare fraud, including by submitting fraudulent requests for  
16 reimbursement to an individual’s health insurance provider or obtaining healthcare in another  
17 individual’s name. The individual typically does not discover the fraud until their health  
18 insurance premiums increase or they receive a bill for the service obtained in their name.  
19

## 20 **PLAINTIFFS’ EXPERIENCES**

### 21 ***Plaintiff Brim***

22  
23  
24

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25 <sup>28</sup> Brian Naylor, *Victims of Social Security Number Theft Find It’s Hard to Bounce Back*, NPR  
26 (Feb. 9, 2015), [http://www.npr.org/2015/02/09/384875839/data-stolen-by-anthem-s-hackers-has-](http://www.npr.org/2015/02/09/384875839/data-stolen-by-anthem-s-hackers-has-millions-worrying-about-identity-theft)  
[millions-worrying-about-identity-theft](http://www.npr.org/2015/02/09/384875839/data-stolen-by-anthem-s-hackers-has-millions-worrying-about-identity-theft) (last accessed Feb. 21, 2024).

27 <sup>29</sup> Tim Greene, *Anthem Hack: Personal Data Stolen Sells for 10x Price of Stolen Credit Card*  
28 *Numbers*, Computer World (Feb. 6, 2015), [http://www.itworld.com/article/2880960/anthem-](http://www.itworld.com/article/2880960/anthem-hack-personal-data-stolen-sells-for-10x-price-of-stolen-credit-card-numbers.html)  
[hack-personal-data-stolen-sells-for-10x-price-of-stolen-credit-card-numbers.html](http://www.itworld.com/article/2880960/anthem-hack-personal-data-stolen-sells-for-10x-price-of-stolen-credit-card-numbers.html) (last accessed  
Feb. 21, 2024).

1 123. Plaintiff Brim is a former Prestige Care employee who worked for Prestige from  
2 approximately 2012 through 2016.

3 124. To obtain employment from Defendant, Plaintiff Brim was required to provide  
4 her Private Information to Defendant, including her name, Social Security number, health  
5 insurance information, and medical information. Plaintiff Brim would not have entrusted her  
6 Private Information to Defendant had she known that Defendant would not take reasonable  
7 steps to safeguard her Private Information.  
8

9 125. At the time the Data Breach was discovered on or around September 7, 2023,  
10 Prestige Care retained and maintained Plaintiff Brim’s Private Information in its system—  
11 though she had not worked for them for approximately seven years.  
12

13 126. Plaintiff Brim is very careful about sharing her sensitive Private Information.  
14 Plaintiff stores any documents containing her Private Information in a safe and secure location.  
15 She has never knowingly transmitted unencrypted sensitive Private Information over the  
16 internet or any other unsecured source.  
17

18 127. Plaintiff Brim received the Notice Letter, by mail, directly from Defendant, dated  
19 January 31, 2024. According to the Notice Letter, Plaintiff Brim’s Private Information was  
20 improperly accessed and obtained by unauthorized third parties, including her name, Social  
21 Security number, health insurance information, and medical information.  
22

23 128. As a result of the Data Breach, and at the direction of Defendant’s Notice  
24 Letter—which instructs all victims to “remain vigilant against incidents of identity theft and  
25 fraud by reviewing your account statements and monitoring your free credit reports for  
26 suspicious activity”—Plaintiff Brim made reasonable efforts to mitigate the impact of the Data  
27 Breach, including but not limited to researching and verifying the Data Breach and monitoring  
28

1 her financial accounts for any indication of fraudulent activity, which may take years to detect.  
2 Plaintiff Brim has spent significant time dealing with the Data Breach, valuable time Plaintiff  
3 Brim otherwise would have spent on other activities, including but not limited to work and/or  
4 recreation. This time has been lost forever and cannot be recaptured.  
5

6 129. The Data Breach has caused Plaintiff Brim to suffer fear, anxiety, and stress,  
7 which has been compounded by the fact that Prestige Care has still not fully informed her of  
8 key details about the Data Breach.

9 130. As a result of the Data Breach and accompanying injuries, Plaintiff Brim  
10 anticipates spending considerable time and money on an ongoing basis to try to mitigate and  
11 address harms caused by the Data Breach. As a result of the Data Breach, Plaintiff Brim is at a  
12 present risk and will continue to be at increased risk of identity theft and fraud for years to  
13 come.  
14

15 ***Plaintiff Perry***

16 131. Plaintiff Perry is a former employee of Prestige Care. Plaintiff Perry received a  
17 Notice of Data Breach Letter dated January 31, 2024 informing her of Prestige Care's Data  
18 Breach.  
19

20 132. The Notice Letter generically states that the files accessed in the Breach contain  
21 her "Social Security number, date of birth, employer assigned identification number, health  
22 insurance information, and [] name." The Notice Letter does not state what exact health  
23 insurance information was taken, and whether that included medical treatment information.  
24

25 133. Plaintiff Perry is especially alarmed by the vagueness of the Notice Letter and  
26 equally by the fact that her Social Security number was identified as among the breached data  
27 on Prestige Care's computer system.  
28

1 134. As a result of the Data Breach, and at the direction of Defendant’s Notice  
2 Letter—which instructs victims to “remain vigilant against incidents of identity theft and fraud  
3 by reviewing your account statements and monitoring your free credit reports for suspicious  
4 activity—Plaintiff Perry made reasonable efforts to mitigate the impact of the Data Breach,  
5 including but not limited to researching and verifying the Data Breach and monitoring her  
6 financial accounts for any indication of fraudulent activity, which may take years to detect.  
7 Plaintiff Perry has spent significant time dealing with the Data Breach, valuable time she  
8 otherwise would have spent on other activities, including but not limited to work and/or  
9 recreation. This time has been lost forever and cannot be recaptured.  
10  
11

12 135. Since the Data Breach, Plaintiff Perry monitors her financial accounts for about  
13 an hour per week. This is more time than she spent prior to learning of the Prestige Care’s Data  
14 Breach. Having to do this every week not only wastes her time as a result of Prestige Care’s  
15 negligence, but it also causes her great anxiety.  
16

17 136. Shortly after and as a result of the Data Breach, Plaintiff Perry began receiving  
18 an excessive number of spam calls on the same cell phone number she provided to Prestige Care  
19 for her employee records. These calls are a distraction, must be deleted, and waste time each  
20 day. On information and belief, the increase in spam phone calls is attributable to the Data  
21 Breach.  
22

23 137. Plaintiff Perry receives many spam emails and texts now, which was not typical  
24 before the Data Breach. On information and belief, the increase in spam emails and texts is  
25 attributable to the Data Breach.  
26

27 138. Plaintiff Perry is aware that cybercriminals often sell Private Information, and  
28 once stolen, it is likely to be abused months or even years after Prestige Care’s Data Breach.

1 139. Had Plaintiff Perry been aware that Prestige Care’s computer systems were not  
2 secure, she would not have entrusted Prestige Care with her PII and PHI.

3 140. As a result of the Data Breach and accompanying injuries, Plaintiff Perry  
4 anticipates spending considerable time and money on an ongoing basis to try to mitigate and  
5 address harms caused by the Data Breach. As a result of the Data Breach, Plaintiff Perry is at a  
6 present risk and will continue to be at increased risk of identity theft and fraud for years to  
7 come.  
8

9 ***Plaintiff Turner Lamonica***

10 141. Plaintiff Turner Lamonica is a former employee of Prestige Care.

11 142. As a condition of her employment with Defendant, Plaintiff Turner Lamonica  
12 entrusted her Private Information to Defendant with the reasonable expectation and  
13 understanding that Defendant would take, at a minimum, industry standard precaution to  
14 protect, maintain, and safeguard that information from unauthorized users or disclosure, and  
15 would timely notify her of any data security incidents related to her. Plaintiff Turner Lamonica  
16 would not have entrusted her Private Information to Defendant had she known that Defendant  
17 would not take reasonable steps to safeguard her Private Information.  
18

19 143. In January 2024, months after Defendant learned of the Data Breach, Plaintiff  
20 Turner Lamonica received a letter from Defendant, notifying her that her Private Information  
21 had been improperly accessed and/or obtained by unauthorized third parties in the Data Breach.  
22

23 144. As a result of the Data Breach and at Defendant’s recommendations, Plaintiff  
24 Turner Lamonica made reasonable efforts to mitigate the impact of the Data Breach after  
25 receiving the data breach notification letter, including but not limited to researching the Data  
26 Breach and reviewing credit card and financial account statements. She also intends to order a  
27  
28

1 copy of her credit report and reach out to her insurance company to review those records to  
2 ensure that he has not been subject to any fraud. She also has and is in the process of changing  
3 passwords. She is also researching credit monitoring services to find an affordable option.  
4

5 145. Plaintiff Turner Lamonica has spent multiple hours attempting to mitigate the  
6 effects of the Data Breach and safeguard herself from its consequences. She will continue to  
7 spend time she otherwise would have spent on other activities, including, but not limited to,  
8 work and/or recreation.

9 146. Plaintiff Turner Lamonica has also suffered emotional distress as a result of the  
10 release of her Private Information—which she believed would be protected from unauthorized  
11 access and disclosure—including anxiety about unauthorized parties viewing, selling, and/or  
12 using her Private Information for purposes of identity theft and fraud. Plaintiff Turner Lamonica  
13 is very concerned about identity theft and fraud, as well as the consequences of such identity  
14 theft and fraud resulting from the Data Breach. Plaintiff Turner Lamonica also has suffered  
15 anxiety about unauthorized parties viewing, using, and/or publishing information related to her  
16 medical records and prescriptions.  
17

18 147. As a result of the Data Breach and its accompanying injuries, Plaintiff Turner  
19 Lamonica anticipates spending considerable time and money on an ongoing basis to try to  
20 mitigate and address harms caused by the Data Breach. In addition, Plaintiff Turner Lamonica  
21 will continue to be at a present, imminent, and continued increased risk of identity theft and  
22 fraud in perpetuity.  
23

24  
25 **PLAINTIFFS' AND CLASS MEMBERS' INJURIES**

26 148. To date, Defendant Prestige Care has done absolutely nothing to compensate  
27 Plaintiffs and Class Members for the damages they sustained in the Data Breach.  
28

1 149. Defendant Prestige Care has merely offered one year of credit monitoring  
2 services through Cyberscout, a tacit admission that its failure to protect their Private  
3 Information has caused Plaintiffs and Class great injuries that will continue into the future.  
4 These limited services are inadequate when victims are likely to face many years of identity  
5 theft.  
6

7 150. Prestige Care's offer fails to sufficiently compensate victims of the Data Breach,  
8 who commonly face multiple years of ongoing identity theft, and it entirely fails to provide any  
9 compensation for its unauthorized release and disclosure of Plaintiffs' and Class Members'  
10 Private Information, out of pocket costs, and the time they are required to spend attempting to  
11 mitigate their injuries.  
12

13 151. Furthermore, Defendant Prestige Care's credit monitoring offer and advice to  
14 Plaintiffs and Class Members squarely places the burden on Plaintiffs and Class Members,  
15 rather than on the Defendant, to investigate and protect themselves from Defendant's tortious  
16 acts resulting in the Data Breach. Defendant merely sent instructions to Plaintiffs and Class  
17 Members about actions they can affirmatively take to protect themselves.  
18

19 152. Plaintiffs and Class Members have been damaged by the compromise and  
20 exfiltration of their Private Information in the Data Breach and by the severe disruption to their  
21 lives as a direct and foreseeable consequence of this Data Breach.  
22

23 153. Plaintiffs' and Class Members' Private Information was compromised and  
24 exfiltrated by cyber-criminals as a direct and proximate result of the Data Breach.  
25

26 154. Plaintiffs and Class were damaged in that their Private Information is now in the  
27 hands of cyber criminals, sold and potentially for sale for years into the future.  
28



1 155. As a direct and proximate result of Defendant's conduct, Plaintiffs and Class  
2 Members have been placed at an actual, imminent, and substantial risk of harm from fraud and  
3 identity theft.

4 156. As a direct and proximate result of Defendant's conduct, Plaintiffs and Class  
5 Members have been forced to spend time dealing with the effects of the Data Breach.  
6

7 157. Plaintiffs and Class Members face substantial risk of out-of-pocket fraud losses  
8 such as loans opened in their names, medical services billed in their names, tax return fraud,  
9 utility bills opened in their names, credit card fraud, and similar identity theft. Plaintiffs and  
10 Class Members may also incur out-of-pocket costs for protective measures such as credit  
11 monitoring fees, credit report fees, credit freeze fees, and similar costs directly or indirectly  
12 related to the Data Breach.  
13

14 158. Plaintiffs and Class Members face substantial risk of being targeted for future  
15 phishing, data intrusion, and other illegal schemes based on their Private Information, as  
16 potential fraudsters could use that information to more effectively target such schemes to  
17 Plaintiffs and Class Members.  
18

19 159. Plaintiffs and Class Members also suffered a loss of value of their Private  
20 Information when it was acquired by cyber thieves in the Data Breach. Numerous courts have  
21 recognized the propriety of loss of value damages in related cases.  
22

23 160. Plaintiffs and Class Members have spent and will continue to spend significant  
24 amounts of time monitoring their financial accounts and records for misuse.

25 161. Plaintiffs and Class Members have suffered or will suffer actual injury as a direct  
26 result of the Data Breach. Many victims suffered ascertainable losses in the form of out-of-  
27  
28

1 pocket expenses and the value of their time reasonably incurred to remedy or mitigate the  
2 effects of the Data Breach relating to:

- 3 a. Finding fraudulent charges;
- 4 b. Canceling and reissuing credit and debit cards;
- 5 c. Purchasing credit monitoring and identity theft prevention services;
- 6 d. Monitoring their medical records for fraudulent charges and data;
- 7 e. Addressing their inability to withdraw funds linked to compromised  
8 accounts;
- 9 f. Taking trips to banks and waiting in line to obtain funds held in limited  
10 accounts;
- 11 g. Placing “freezes” and “alerts” with credit reporting agencies;
- 12 h. Spending time on the phone with or at a financial institution to dispute  
13 fraudulent charges;
- 14 i. Contacting financial institutions and closing or modifying financial accounts;
- 15 j. Resetting automatic billing and payment instructions from compromised  
16 credit and debit cards to new ones;
- 17 k. Paying late fees and declined payment fees imposed as a result of failed  
18 automatic payments that were tied to compromised cards that had to be  
19 cancelled; and
- 20 l. Closely reviewing and monitoring bank accounts and credit reports for  
unauthorized activity for years to come.

21 162. Plaintiffs and Class Members have an interest in ensuring that their Private  
22 Information, which is believed to remain in the possession of Defendant, is protected from  
23 further breaches by the implementation of security measures and safeguards, including but not  
24 limited to, making sure that the storage of data or documents containing personal and financial  
25 information as well as health information is not accessible online and that access to such data is  
26 password-protected.  
27  
28

1 163. As a result of Defendant’s conduct, Plaintiffs and Class Members are forced to  
2 live with the anxiety that their Private Information—which contains the most intimate details  
3 about a person’s life—may be disclosed to the entire world, thereby subjecting them to  
4 embarrassment and depriving them of any right to privacy whatsoever.  
5

6 164. Defendant’s delay in identifying and reporting the Data Breach caused additional  
7 harm. In a data breach, time is of the essence to reduce the imminent misuse of PII and PHI.  
8 Early notification helps a victim of a Data Breach mitigate their injuries, and in the converse,  
9 delayed notification causes more harm and increases the risk of identity theft. Here, Prestige  
10 Care knew of the breach since September 7, 2023 and did not notify the victims until January  
11 31, 2024. Yet Prestige Care offered no explanation of purpose for the delay. This delay violates  
12 HIPAA and other notification requirements, and it increases the injuries to Plaintiffs and Class.  
13

14 **CLASS ACTION ALLEGATIONS**

15 165. Plaintiffs bring this action on behalf of themselves and on behalf of all other  
16 persons similarly situated.  
17

18 166. Plaintiffs propose the following Class definition, subject to amendment as  
19 appropriate:  
20

21 All individuals residing in the United States whose Private Information was  
22 compromised as a result of the Data Breach discovered by Prestige Care, Inc., in  
September 2023 and to whom it provided notice in 2024 (the “Class”).

23 167. Excluded from the Class are Defendant’s officers and directors, and any entity in  
24 which Defendant has a controlling interest; and the affiliates, legal representatives, attorneys,  
25 successors, heirs, and assigns of Defendant; and members of the judiciary to whom this case is  
26 assigned, their families and Members of their staff.  
27  
28

1 168. Plaintiffs hereby reserve the right to amend or modify the class definitions with  
2 greater specificity or division after having had an opportunity to conduct discovery. The  
3 proposed Class meets the criteria for certification Fed. R. Civ. P. Rule 23.  
4

5 169. Numerosity, Fed. R. Civ. P. 23(a)(1): The Members of the Class are so numerous  
6 that joinder of all of them is impracticable. The number class members is believed to be around  
7 38,087 people.

8 170. Commonality. As required by Fed. R. Civ. P. 23(a)(2) and (b)(3), there are  
9 questions of law and fact common to the Class, which predominate over any questions affecting  
10 only individual Class Members. These common questions of law and fact include, without  
11 limitation:  
12

- 13 a. Whether Defendant unlawfully used, maintained, lost, or disclosed Plaintiffs’  
14 and Class Members’ Private Information;
- 15 b. Whether Defendant failed to implement and maintain reasonable security  
16 procedures and practices appropriate to the nature and scope of the  
17 information compromised in the Data Breach;
- 18 c. Whether Defendant’s data security systems prior to and during the Data Breach  
19 complied with applicable data security laws and regulations;
- 20 d. Whether Defendant’s data security systems prior to and during the Data Breach  
21 were consistent with industry standards;
- 22 e. Whether Defendant owed a duty to Class Members to safeguard their Private  
23 Information;
- 24 f. Whether Defendant breached its duty to Class Members to safeguard their  
25 Private Information;
- 26 g. Whether computer hackers obtained Class Members’ Private Information in the  
27 Data Breach;
- 28 h. Whether Defendant knew or should have known that its data security systems  
and monitoring processes were deficient;
- i. Whether Plaintiffs and Class Members suffered legally cognizable damages as a  
result of Defendant’s misconduct;

1 j. Whether Defendant failed to provide notice of the Data Breach in a timely  
2 manner; and

3 k. Whether Plaintiffs and Class Members are entitled to damages, civil penalties,  
4 punitive damages, and/or injunctive relief.

5 171. Typicality, Fed. R. Civ. P. 23(a)(3): Plaintiffs' claims are typical of those of  
6 other Class Members because Plaintiffs' Private Information, like that of every other Class  
7 member, was compromised in the Data Breach.

8 172. Adequacy of Representation, Fed. R. Civ. P. 23(a)(4): Plaintiffs will fairly and  
9 adequately represent and protect the interests of the Members of the Class. Plaintiffs' Counsel is  
10 competent and experienced in litigating class actions, including data privacy litigation of this  
11 kind.

12 173. Predominance. Defendant has engaged in a common course of conduct toward  
13 Plaintiffs and Class Members, in that all the Plaintiffs' and Class Members' data was stored on  
14 the same computer systems and unlawfully accessed in the same way. The common issues  
15 arising from Defendant's conduct affecting Class Members set out above predominate over any  
16 individualized issues. Adjudication of these common issues in a single action has important and  
17 desirable advantages of judicial economy.

18 174. Superiority, Fed. R. Civ. P. 23(b)(3): A class action is superior to other available  
19 methods for the fair and efficient adjudication of the controversy. Class treatment of common  
20 questions of law and fact is superior to multiple individual actions or piecemeal litigation.  
21 Absent a class action, most Class Members would likely find that the cost of litigating their  
22 individual claims is prohibitively high and would therefore have no effective remedy. The  
23 prosecution of separate actions by individual Class Members would create a risk of inconsistent  
24 or varying adjudications with respect to individual Class Members, which would establish  
25 incompatible standards of conduct for Defendant. In contrast, the conduct of this action as a  
26  
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28

1 class action presents far fewer management difficulties, conserves judicial resources and the  
2 parties' resources, and protects the rights of each Class member.

3 175. Defendant has acted on grounds that apply generally to the Class as a whole, so  
4 that class certification, injunctive relief, and corresponding declaratory relief are appropriate on  
5 a Class-wide basis. Further, Plaintiff and Class Members have an interest in ensuring that their  
6 Personal Information, which is believed to remain in the possession of Defendant, is protected  
7 from further breaches by the implementation of security measures and safeguards, including but  
8 not limited to, making sure that the storage of data or documents containing personal and  
9 financial information is not accessible online, is encrypted, and is password-protected. Damages  
10 from a future breach due to Defendant's inadequate data security represent an irreparable injury  
11 (such as the further loss of privacy and exposure of PII such as social security numbers) for  
12 which no adequate remedy at law exists.

13 176. Likewise, particular issues are appropriate for certification under Rule 23(c)(4)  
14 because such claims present only particular, common issues, the resolution of which would  
15 advance the disposition of this matter and the parties' interests therein. Such particular issues  
16 include, but are not limited to:

- 17
- 18 a. whether Defendant failed to timely notify the public of the Data Breach;
  - 19 b. whether Defendant owed a legal duty to Plaintiffs and the Class to exercise due  
20 care in collecting, storing, and safeguarding their Private Information;
  - 21 c. whether Defendant's security measures to protect their data systems were  
22 reasonable in light of best practices recommended by data security experts;
  - 23 d. whether Defendant's failure to institute adequate protective security measures  
24 amounted to negligence;
  - 25
  - 26
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- 1 e. whether Defendant failed to take commercially reasonable steps to safeguard  
2 consumer Private Information; and  
3  
4 f. whether adherence to FTC data security recommendations, and measures  
5 recommended by data security experts would have reasonably prevented the  
6 Data Breach; and  
7  
8 g. whether Defendant failed to abide by its responsibilities under HIPAA.

9 177. Finally, all members of the proposed Class are readily ascertainable. Defendant  
10 has access to Class Members' names and addresses affected by the Data Breach. Class  
11 Members have already been preliminarily identified and sent notice of the Data Breach by  
12 Defendant.

13 **CLAIMS FOR RELIEF**

14 **First Count**  
15 **Negligence**

16 **(On Behalf of Plaintiffs and Class Members)**

17 178. Plaintiffs reallege and incorporate the above allegations as if fully set forth  
18 herein.

19 179. Defendant Prestige Care required Plaintiffs and Class Members to submit non-  
20 public Private Information to Prestige to obtain assisted living services and/or employment.

21 180. By collecting and storing this data in Prestige Care's computer systems, and  
22 sharing it and using it for commercial gain, Defendant had a duty of care to use reasonable  
23 means to secure and safeguard their computer systems—and Class Members' Private  
24 Information held within it—to prevent disclosure of the information, and to safeguard the  
25 information from theft. Defendant's duty included a responsibility to implement processes by  
26  
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28

1 which it could detect a breach of their security systems in a reasonably expeditious period of  
2 time and to give prompt notice to those affected in the case of a Data Breach.

3 181. Defendant owed a duty of care to Plaintiffs and Class Members to provide data  
4 security consistent with industry standards and other requirements discussed herein, and to  
5 ensure that its systems and networks, and the personnel responsible for them, adequately  
6 protected the Private Information.  
7

8 182. Defendant's duty of care to use reasonable security measures arose as a result of  
9 the special relationship that existed between Defendant Prestige Care and its patients, which is  
10 recognized by laws and regulations including but not limited to HIPAA, as well as common  
11 law. Defendant was in a position to ensure that its systems were sufficient to protect against the  
12 foreseeable risk of harm to Class Members from a Data Breach.  
13

14 183. Defendant's duty to use reasonable security measures under HIPAA required  
15 Defendant to "reasonably protect" confidential data from "any intentional or unintentional use  
16 or disclosure" and to "have in place appropriate administrative, technical, and physical  
17 safeguards to protect the privacy of protected health information." 45 C.F.R. § 164.530(c)(1).  
18 Some or all of the healthcare, medical, and/or medical information at issue in this case  
19 constitutes "protected health information" within the meaning of HIPAA.  
20

21 184. Defendant had a duty to employ reasonable security measures under Section 5 of  
22 the Federal Trade Commission Act, 15 U.S.C. § 45, which prohibits "unfair . . . practices in or  
23 affecting commerce," including, as interpreted and enforced by the FTC, the unfair practice of  
24 failing to use reasonable measures to protect confidential data.  
25  
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1 185. Defendant's duty to use reasonable care in protecting confidential data arose not  
2 only as a result of the statutes and regulations described above, but also because Defendant is  
3 bound by industry standards to protect confidential Private Information.  
4

5 186. Defendant breached its duties, and thus were negligent, by failing to use  
6 reasonable measures to protect Class Members' Private Information. The specific negligent acts  
7 and omissions committed by Defendant include, but are not limited to, the following:

- 8 a. failing to adopt, implement, and maintain adequate security measures to  
9 safeguard Class Members' Private Information;
- 10 b. failing to adequately monitor the security of their networks and systems;
- 11 c. failure to periodically ensure that their email system had plans in place to  
12 maintain reasonable data security safeguards;
- 13 d. allowing unauthorized access to Class Members' Private Information;
- 14 e. failing to detect in a timely manner that Class Members' Private Information had  
15 been compromised; and
- 16 f. failing to timely notify Class Members about the Data Breach so that they could  
17 take appropriate steps to mitigate the potential for identity theft and other  
18 damages.  
19  
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21

22 187. It was foreseeable that Defendant's failure to use reasonable measures to protect  
23 Class Members' Private Information would result in injuries to Class Members. Further, the  
24 breach of security was reasonably foreseeable given the known high frequency of cyberattacks  
25 and data breaches in the healthcare industry.

26 188. It was therefore foreseeable that the failure to adequately safeguard Class  
27 Members' Private Information would result in one or more types of injuries to Class Members.  
28

1 189. Defendant's negligence was the proximate cause and cause-in-fact of Plaintiffs'  
2 and Class Members' injuries and damages stemming from the Data Breach.

3 190. Plaintiffs and Class Members are entitled to compensatory and consequential  
4 damages suffered as a result of the Data Breach.

5 191. Defendant's negligent conduct is ongoing, in that it still holds the Private  
6 Information of Plaintiffs and Class Members in an unsafe and unsecure manner.

7 192. Plaintiffs and Class Members are also entitled to injunctive relief requiring  
8 Defendant to (i) strengthen its data security systems and monitoring procedures; (ii) submit to  
9 future annual audits of those systems and monitoring procedures; and (iii) continue to provide  
10 adequate credit monitoring to all Class Members.  
11

12  
13 **Second Count**  
14 **Breach of Implied Contract**  
15 **(On Behalf of Plaintiffs and Class Members)**

16 193. Plaintiffs reallege and incorporate the above allegations as if fully set forth  
17 herein.

18 194. When Plaintiffs and Class Members provided their Private Information to  
19 Defendant Prestige Care in exchange for Defendant's assisted living services or employment,  
20 they entered into implied contracts with Defendant pursuant to which Defendant agreed to  
21 reasonably protect such information.  
22

23 195. Defendant solicited, offered, and invited Class Members to provide their Private  
24 Information as part of Defendant's regular business practices. Plaintiffs and Class Members  
25 accepted Defendant's offers and provided their Private Information to Defendant.  
26  
27  
28

1 196. In entering into such implied contracts, Plaintiffs and Class Members reasonably  
2 believed and expected that Defendant's data security practices complied with relevant laws and  
3 regulations, including HIPAA, and were consistent with industry standards.

4 197. Plaintiffs and Class Members provided valuable Private Information, paid  
5 monies, and provided employment services to Defendant with the reasonable belief and  
6 expectation that Defendant would use part of its earnings therefrom to obtain adequate data  
7 security. Defendant failed to do so.

8 198. Plaintiffs and Class Members would not have entrusted their Private Information  
9 to Defendant in the absence of the implied contract between them and Defendant to keep their  
10 information reasonably secure.

11 199. Plaintiffs and Class Members would not have entrusted their Private Information  
12 to Defendant in the absence of its implied promise to monitor their computer systems and  
13 networks to ensure that it adopted reasonable data security measures.

14 200. Through Defendant's acceptance of Private Information, employment services,  
15 and monies for medical goods and services, it knew or should have known that it must protect  
16 Plaintiffs' and Class Members' confidential Personal Information in accordance with its  
17 policies, practices, industry standards, and applicable law.

18 201. Plaintiffs and Class Members fully and adequately performed their obligations  
19 under the implied contracts with Defendant.

20 202. Defendant breached its implied contracts with Plaintiffs and Class Members by  
21 failing to safeguard and protect Plaintiffs' and Class Members' Private Information.  
22  
23  
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1 203. As a direct and proximate result of Defendant’s breach of the implied contracts,  
2 Plaintiffs and Class Members sustained damages as alleged herein, including the loss of the  
3 benefit of the bargain.

4 204. Plaintiffs and Class Members are entitled to compensatory, consequential, and  
5 nominal damages suffered as a result of the Data Breach.

6 205. Plaintiffs and Class Members are also entitled to injunctive relief requiring  
7 Defendant to, e.g., (i) strengthen its data security systems and monitoring procedures; (ii)  
8 submit to future annual audits of those systems and monitoring procedures; and (iii)  
9 immediately provide adequate long-term credit monitoring to all Class Members.  
10  
11

12 **Third Count**  
13 **Breach of Fiduciary Duty**  
14 **(On Behalf of Plaintiffs and Class Members)**

15 206. Plaintiffs reallege and incorporate the above allegations as if fully set forth  
16 herein.

17 207. In light of the special relationship between Defendant Prestige Care and  
18 Plaintiffs and Class Members, whereby Defendant became guardian of Plaintiffs’ and Class  
19 Members’ Private Information, Defendant became a fiduciary by its undertaking and  
20 guardianship of the Private Information, to act primarily for Plaintiffs and Class Members, (1)  
21 for the safeguarding of Plaintiffs’ and Class Members’ Private Information; (2) to timely notify  
22 Plaintiffs and Class Members of a Data Breach and disclosure; and (3) to maintain complete and  
23 accurate records of what information (and where) Defendant did and does store.  
24

25 208. Defendant has a fiduciary duty to act for the benefit of Plaintiffs and Class  
26 Members upon matters within the scope of its relationship with its current and former patients  
27 and employees to keep secure their Private Information.  
28

1           209.       Defendant breached its fiduciary duties to Plaintiffs and Class Members by  
2 failing to diligently discover, investigate, and give detailed notice of the Data Breach to  
3 Plaintiffs and Class in a reasonable and practicable period of time.

4           210.       Defendant breached its fiduciary duties to Plaintiffs and Class Members by  
5 failing to encrypt and otherwise protect the integrity of the systems containing Plaintiffs' and  
6 Class Members' Private Information.

7           211.       Defendant breached its fiduciary duties owed to Plaintiffs and Class Members by  
8 failing to timely notify and/or warn Plaintiffs and Class Members of the Data Breach.

9           212.       Defendant breached its fiduciary duties to Plaintiffs and Class Members by  
10 otherwise failing to safeguard Plaintiffs' and Class Members' Private Information.

11           213.       As a direct and proximate result of Defendant's breaches of its fiduciary duties,  
12 Plaintiffs and Class Members have suffered and will suffer injury, including but not limited to:  
13 (i) actual identity theft; (ii) the compromise, publication, and/or theft of their Private  
14 Information; (iii) out-of-pocket expenses associated with the prevention, detection, and recovery  
15 from identity theft and/or unauthorized use of their Private Information; (iv) lost opportunity  
16 costs associated with effort expended and the loss of productivity addressing and attempting to  
17 mitigate the actual and future consequences of the Data Breach, including but not limited to  
18 efforts spent researching how to prevent, detect, contest, and recover from identity theft; (v) the  
19 continued risk to their Private Information, which remains in Defendant's possession and is  
20 subject to further unauthorized disclosures so long as Defendant fails to undertake appropriate  
21 and adequate measures to protect the Private Information in their continued possession; (vi)  
22 future costs in terms of time, effort, and money that will be expended as result of the Data  
23  
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1 Breach for the remainder of the lives of Plaintiffs and Class Members; and (vii) the diminished  
2 value of Defendant's services they received.

3 214. As a direct and proximate result of Defendant's breach of its fiduciary duties,  
4 Plaintiffs and Class Members have suffered and will continue to suffer other forms of injury  
5 and/or harm, and other economic and non-economic losses.  
6

7 **Fourth Count**  
8 **Unjust Enrichment**  
9 **(On Behalf of Plaintiffs and Class Members)**

10 215. Plaintiffs reallege and incorporate the above allegations as if fully set forth  
11 herein.

12 216. This Count is pleaded in the alternative to Plaintiffs' claim for Breach of Implied  
13 Contract.

14 217. On information and belief, Defendant funds its data security measures entirely  
15 from its general revenue, including funds made as a result of the labor or amounts received from  
16 Plaintiffs and the Class Members.  
17

18 218. A portion of the revenue made as a result of the labor or amounts received from  
19 Plaintiffs and the Class Members should have been used to provide a reasonable level of data  
20 security.  
21

22 219. Plaintiffs and Class Members conferred a monetary benefit on Defendant. In  
23 exchange, Plaintiff and Class Members should have received adequate data security protecting  
24 their Private Information.

25 220. Defendant knew that Plaintiffs and Class Members conferred a benefit that  
26 Defendant accepted. Defendant profited from these transactions and used the Private  
27 Information of Plaintiff and Class Members for business purposes.  
28

1           221. Defendant unjustly enriched itself by saving the costs it reasonably should have  
2 expended on data security measures to secure Plaintiffs' and Class Members' Personal  
3 Information. Instead of providing a reasonable level of security that would have prevented the  
4 Data Breach, Defendant instead chose to avoid its data security obligations at the expense of  
5 Plaintiffs and Class Members by utilizing cheaper, ineffective security measures. Plaintiffs and  
6 Class Members, on the other hand, suffered as a direct and proximate result of Defendant's  
7 failure to provide the requisite security.  
8

9           222. Under the principles of equity and good conscience, Defendant should not be  
10 permitted to retain the money that should have been used on data security because Defendant  
11 failed to implement appropriate data management and security measures that are mandated by  
12 industry standards.  
13

14           223. Defendant acquired this monetary benefit and Personal Information through  
15 inequitable means in that it failed to disclose its inadequate security practices.  
16

17           224. If Plaintiffs and Class Members knew that Defendant had not secured their  
18 Personal Information, they would not have agreed to provide their Personal Information to  
19 Defendant.  
20

21           225. Plaintiffs and Class Members have no adequate remedy at law.  
22

23           226. As a direct and proximate result of Defendant's conduct, Plaintiffs and Class  
24 Members have suffered and will suffer injury, including but not limited to: (i) actual identity  
25 theft; (ii) the loss of the opportunity to dictate how their Private Information is used; (iii) the  
26 compromise, publication, and/or theft of their Personal Information; (iv) out-of-pocket expenses  
27 associated with the prevention, detection, and recovery from identity theft, and/or unauthorized  
28 use of their Personal Information; (v) lost opportunity costs associated with effort expended and

1 the loss of productivity addressing and attempting to mitigate the actual and future  
2 consequences of the Data Breach, including but not limited to efforts spent researching how to  
3 prevent, detect, contest, and recover from identity theft; (vi) the continued risk to their Personal  
4 Information, which remains in Defendant's possession and is subject to further unauthorized  
5 disclosures so long as Defendant fails to undertake appropriate and adequate measures to  
6 protect Personal Information in its continued possession; and (vii) future costs in terms of time,  
7 effort, and money that will be expended to prevent, detect, contest, and repair the impact of the  
8 Personal Information compromised as a result of the Data Breach for the remainder of the lives  
9 of Plaintiffs and Class Members.  
10  
11

12 227. As a direct and proximate result of Defendant's conduct, Plaintiffs and Class  
13 Members have suffered and will continue to suffer other forms of injury and/or harm.

14 228. Defendant should be compelled to disgorge into a common fund or constructive  
15 trust, for the benefit of Plaintiffs and Class Members, proceeds that it unjustly received from  
16 them.  
17

18 **Fifth Count**  
19 **Declaratory Judgment**  
20 **(On Behalf of Plaintiffs and Class Members)**

21 229. Plaintiffs reallege and incorporate the paragraphs above as if fully set forth  
22 herein.

23 230. Under the Declaratory Judgment Act, 28 U.S.C. §§ 2201, et seq., this Court is  
24 authorized to enter a judgment declaring the rights and legal relations of the parties and grant  
25 further necessary relief. Furthermore, the Court has broad authority to restrain acts, such as  
26 here, that are tortious and violate the terms of the federal and state statutes described in this  
27 Complaint.  
28



1       231.       An actual controversy has arisen in the wake of the Defendant’s Data Breach  
2 regarding its present and prospective common law and other duties to reasonably safeguard its  
3 customers’ Personal Information and whether Defendant is currently maintaining data security  
4 measures adequate to protect Plaintiffs and Class members from further data breaches that  
5 compromise their Private Information.  
6

7       232.       Plaintiffs allege that Defendant’s data security measures remain inadequate.  
8 Plaintiffs will continue to suffer injury because of the compromise of their Private Information  
9 and remain at imminent risk that further compromises of their Private Information will occur in  
10 the future.  
11

12       233.       Pursuant to its authority under the Declaratory Judgment Act, this Court should  
13 enter a judgment declaring, among other things, the following:

- 14           a.     Defendant continues to owe a legal duty to secure patients’ Private Information  
15                   and to timely notify patients of a data breach under the common law, HIPAA,  
16                   Section 5 of the FTC Act, and various states’ statutes; and  
17           b.     Defendant continues to breach this legal duty by failing to employ reasonable  
18                   measures to secure patients’ Private Information.  
19

20       234.       The Court also should issue corresponding prospective injunctive relief requiring  
21 Defendant to employ adequate security protocols consistent with law and industry standards to  
22 protect patients’ Private Information.  
23

24       235.       If an injunction is not issued, Plaintiffs and Class members will suffer irreparable  
25 injury, and lack an adequate legal remedy, in the event of another data breach at Defendant. The  
26 risk of another such breach is real, immediate, and substantial. If another breach at Defendant  
27 occurs, Plaintiffs and Class members will not have an adequate remedy at law because many of  
28

1 the resulting injuries are not readily quantified, and they will be forced to bring multiple  
2 lawsuits to rectify the same conduct.

3 236. The hardship to Plaintiffs and Class members if an injunction does not issue  
4 exceeds the hardship to Defendant if an injunction is issued. Among other things, if another  
5 massive data breach occurs at Defendant, Plaintiffs and Class members will likely be subjected  
6 to fraud, identity theft, and other harms described herein. On the other hand, the cost to  
7 Defendant of complying with an injunction by employing reasonable prospective data security  
8 measures is relatively minimal, and Defendant has pre-existing legal obligations to employ such  
9 measures.  
10

11 237. Issuance of the requested injunction will not do a disservice to the public interest.  
12 To the contrary, such an injunction would benefit the public by preventing another data breach  
13 at Defendant, thus eliminating the additional injuries that would result to Plaintiffs and the  
14 millions of individuals whose Private Information would be further compromised.  
15  
16

17 **Sixth Count**  
18 **Violations of the Washington State Consumer Protection Act, RCW 19.86.010, *et seq.***  
19 **(On Behalf of Plaintiffs and Class Members)**

20 238. Plaintiffs reallege and incorporate the paragraphs above as if fully set forth  
21 herein.

22 239. The Washington Consumer Protection Act, RCW 19.86.020 (the “CPA”)  
23 prohibits any “unfair or deceptive acts or practices” in the conduct of any trade or commerce as  
24 those terms are described by the CPA and relevant case law.

25 240. Defendant is a “person” as described in RCW 19.86.010(1).  
26  
27  
28

1       241. Defendant engages in “trade” and “commerce” as described in RCW  
2 19.86.010(2) in that it engages in the sale of services and commerce directly and indirectly  
3 affecting the people of the State of Washington.

4       242. Defendant is headquartered in Washington; its strategies, decision-making, and  
5 commercial transactions originate in Washington; most if not all of its key operations and  
6 employees reside, work, and make company decisions (including data security decisions) in  
7 Washington; and Defendant and many of its employees are part of the people, residents, and  
8 citizens of the State of Washington.

9       243. In the course of conducting its business, Defendant committed “unfair acts or  
10 practices” by, among other things, knowingly failing to design, adopt, implement, control,  
11 direct, oversee, manage, monitor and audit appropriate data security processes, controls,  
12 policies, procedures, protocols, and software and hardware systems to safeguard and protect  
13 Plaintiffs’ and Class Members’ Private Information. Plaintiffs and Class Members reserve the  
14 right to allege other violations of law by Defendant constituting other unlawful business acts or  
15 practices. As described above, Defendant’s unfair acts and practices are ongoing and continue to  
16 this date.

17       244. Defendant’s conduct was also deceptive. Defendant failed to timely notify and  
18 concealed from Plaintiffs and Class Members the unauthorized release and disclosure of their  
19 Private Information. If Plaintiffs and Class Members had been notified in an appropriate  
20 fashion, and had the information not been hidden from them, they could have taken earlier and  
21 more robust precautions to safeguard and protect their Private Information and identities.  
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1       245.       Defendant’s “unfair or deceptive acts or practices” affect the public interest  
2 because they are substantially injurious to persons, they had the capacity to injure other persons,  
3 and they have the capacity to injure other persons.  
4

5       246.       The gravity of Defendant’s wrongful conduct outweighs any alleged benefits  
6 attributable to such conduct. There were reasonably available alternatives to further Defendant’s  
7 legitimate business interests other than engaging in its wrongful conduct.

8       247.       Defendant’s unfair and deceptive acts and practices directly and proximately  
9 caused injury to Plaintiffs and Class Members’ businesses and property. Plaintiffs and Class  
10 Members have suffered, and will continue to suffer, actual damages and injury in the form of,  
11 among other things, (1) an imminent, immediate and the continuing increased risk of identity  
12 theft, identity fraud—risks justifying expenditures for protective and remedial services for  
13 which they are entitled to compensation; (2) invasion of privacy; (3) breach of the  
14 confidentiality of their Private Information; (4) deprivation of the value of their Private  
15 Information, for which there is a well-established national and international market; (5) the  
16 financial and temporal cost of monitoring credit, monitoring financial accounts, and mitigating  
17 damages; and/or (6) investment of substantial time and money to monitoring and remediating  
18 the harm inflicted upon them.  
19  
20

21       248.       Unless restrained and enjoined, Defendant will continue to engage in the above-  
22 described wrongful conduct and more data breaches will occur. Plaintiffs, therefore, on behalf  
23 of themselves, Class Members, and the general public, also seek restitution and an injunction  
24 prohibiting Defendant from continuing such wrongful conduct, and requiring Defendant to  
25 modify its corporate culture and design, adopt, implement, control, direct, oversee, manage,  
26  
27  
28

1 monitor and audit appropriate data security processes, controls, policies, procedures protocols,  
2 and software and hardware systems to safeguard and protect Private Information.

3 249. Plaintiffs, on behalf of themselves and the Class, also seek to recover actual  
4 damages sustained by each Class Member together with the costs of the suit, including  
5 reasonable attorneys' fees. In addition, Plaintiffs, on behalf of themselves and the Class, request  
6 that this Court use its discretion under RCW 19.86.090 to increase the damages award for each  
7 class member to three times the actual damages sustained, not to exceed \$25,000.00 per class  
8 member.  
9 member.

10  
11 **PRAYER FOR RELIEF**

12 WHEREFORE, Plaintiffs pray for judgment as follows:

- 13 a) For an Order certifying this action as a class action and appointing Plaintiffs and  
14 their counsel to represent the Class;
- 15 b) For equitable relief enjoining Defendant from engaging in the wrongful conduct  
16 complained of herein pertaining to the misuse and/or disclosure of Plaintiffs' and  
17 Class Members' Private Information, and from refusing to issue prompt,  
18 complete and accurate disclosures to Plaintiffs and Class Members;
- 19 c) For equitable relief compelling Defendant to utilize appropriate methods and  
20 policies with respect to consumer data collection, storage, and safety, and to  
21 disclose with specificity the type of Private Information compromised during the  
22 Data Breach;
- 23 d) For equitable relief requiring restitution and disgorgement of the revenues  
24 wrongfully retained as a result of Defendant's wrongful conduct;
- 25 e) Ordering Defendant to pay for not less than ten years of credit monitoring  
26 services for Plaintiffs and the Class;
- 27 f) For an award of actual damages, compensatory damages, nominal damages,  
28 statutory damages, and statutory penalties, in an amount to be determined, as  
allowable by law;
- g) For an award of attorneys' fees and costs, and any other expense, including  
expert witness fees;
- h) For pre- and post-judgment interest on any amounts awarded; and

1 i) For such other and further relief as this court may deem just and proper.

2 **JURY TRIAL DEMANDED**

3  
4 Plaintiffs demand a trial by jury on all claims so triable.

5 Dated: April 30, 2024

Respectfully submitted,

6 By: /s/ Gary E. Mason

7 Gary E. Mason, admitted *pro hac vice*  
8 Danielle L. Perry, admitted *pro hac vice*  
9 Lisa A. White, admitted *pro hac vice*

**MASON LLP**

5335 Wisconsin Avenue, NW, Suite 640  
Washington, DC 20015

Tel: (202) 429-2290

[gmason@masonllp.com](mailto:gmason@masonllp.com)

[dperry@masonllp.com](mailto:dperry@masonllp.com)

[lwhite@masonllp.com](mailto:lwhite@masonllp.com)

13 /s/ Kaleigh N. Boyd

14 Kaleigh N. Boyd, WSBA No. 52684

**TOUSLEY BRAIN STEPHENS PLLC**

1200 Fifth Avenue, Suite 1700

Seattle, WA 98101

Tel: (206) 682-5600

Fax: (206) 682-2992

[kboyd@tousley.com](mailto:kboyd@tousley.com)

19 *Local Counsel*

20 Gary M. Klinger\*

**MILBERG COLEMAN BRYSON**

**PHILLIPS GROSSMAN, PLLC**

227 W. Monroe Street, Suite 2100

Chicago, IL 60606

Tel: (202) 429-2290

[gklinger@milberg.com](mailto:gklinger@milberg.com)

25 Bryan L. Bleichner\*

Philip J. Krzeski, admitted *pro hac vice*

**CHESTNUT CAMBRONNE PA**

100 Washington Avenue South, Suite 1700

Minneapolis, MN 55401

Tel: (612) 339-7300

Fax: (612) 336-2940

[bbleichner@chestnutcambronne.com](mailto:bbleichner@chestnutcambronne.com)  
[pkzeski@chestnutcambronne.com](mailto:pkzeski@chestnutcambronne.com)

*\*pro hac vice* to be submitted

*Interim Class Counsel*

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