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20 **UNITED STATES DISTRICT COURT**
21 **NORTHERN DISTRICT OF CALIFORNIA**
22 **SAN FRANCISCO DIVISION**

23 *IN RE: ETHOS TECHNOLOGIES, INC.*
24 *DATA BREACH LITIGATION*

Case No. 3:22-cv-09203-SK

25 This Document Relates To:
26 ALL ACTIONS

**CONSOLIDATED CLASS ACTION
COMPLAINT**

DEMAND FOR JURY TRIAL

27 Plaintiffs Christopher Stein, Josephine Dibisceglia, John Blumenstock, Thomas Rossello,
28 Jeffrey Branch, Derrick Carter, Trevor Pearch, James Schneider and Tameka Young,
individually, and on behalf of all others similarly situated, bring this Class Action Complaint
("Complaint") against Defendant Ethos Technologies, Inc. ("Ethos") ("Defendant" or "Ethos"),

1 to obtain damages, restitution, and injunctive relief for the Class, as defined below, from
2 Defendant. Plaintiffs make the following allegations on information and belief, except as to their
3 own actions, which are made on personal knowledge, the investigation of their counsel, and the
4 facts that are a matter of public record.
5

6 **I. INTRODUCTION**

7 1. This class action arises out of the recent targeted cyberattack and data breach
8 (“Data Breach”) on Ethos’ network that resulted in unauthorized access to highly sensitive data.¹
9 As a result of the Data Breach, Class Members suffered ascertainable losses in the form of the
10 benefit of their bargain, out-of-pocket expenses, and the value of their time reasonably incurred
11 to remedy or mitigate the effects of the attack, emotional distress, and the present risk of imminent
12 harm caused by the compromise of their sensitive personal information.
13

14 2. The specific information compromised in the Data Breach includes personally
15 identifiable information (“PII”), including full names and Social Security numbers.
16

17 3. Upon information and belief, prior to and through December 2022, Defendant
18 obtained the PII of Plaintiffs and Class Members and stored that PII, unencrypted, in an Internet-
19 accessible environment on Defendant Ethos’ network, in which unauthorized actors used an
20 extraction tool to retrieve Social Security numbers from Ethos’ network.
21

22 4. Plaintiffs and Class Members’ PII—which were entrusted to Defendant, their
23 officials, and agents—were compromised and unlawfully accessed due to the Data Breach.
24

25 5. Plaintiffs bring this class action lawsuit on behalf of those similarly situated to
26 address Defendant’s inadequate safeguarding of theirs and Class Members’ PII that Defendant
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28 ¹ *Consumer Notification Letter*, DEPT JUSTICE MONTANA (Dec. 21, 2022) <https://dojmt.gov/wp-content/uploads/Consumer-notification-letter-21.pdf>.

1 collected and maintained, and for Defendant's failure to provide timely and adequate notice to
2 Plaintiffs and other Class Members that their PII had been subject to the unauthorized access of
3 an unknown, unauthorized party.

4 6. Defendant maintained the PII in a negligent and/or reckless manner. In particular,
5 the PII was maintained on Defendant's computer system and network in a condition vulnerable
6 to cyberattacks. Upon information and belief, the mechanism of the cyberattack and potential for
7 improper disclosure of Plaintiffs' and Class Members' PII was a known risk to Defendant, and
8 thus Defendant was on notice that failing to take steps necessary to secure the PII from those risks
9 left that property in a dangerous condition.

10 7. In addition, upon information and belief, Defendant and its employees failed to
11 properly monitor the computer network, IT systems, and integrated service that housed Plaintiffs'
12 and Class Members' PII.

13 8. Plaintiffs' and Class Members' identities are now at risk because of Defendant's
14 negligent conduct because the PII that Defendant collected and maintained is now in the hands
15 of malicious cybercriminals. The risks to Plaintiffs and Class Members will remain for their
16 respective lifetimes.

17 9. Defendant failed to provide timely, accurate and adequate notice to Plaintiffs and
18 Class Members. Plaintiffs' and Class Members' knowledge about the PII that Defendant lost, as
19 well as precisely what type of information was unencrypted and in the possession of unknown
20 third parties, was unreasonably delayed by Defendant's failure to warn impacted persons
21 immediately upon learning of the Data Breach.

22 10. In letters dated December 21, 2022, Defendant Ethos notified state Attorneys
23 General and many Class Members about the widespread data breach that had occurred on
24

1 Defendant Ethos' computer network and that Class Members' PII was accessed and acquired by
2 malicious actors.²

3 11. The Notice provided to the Montana Attorney General is as follows:
4

5 **What Happened?** Ethos offers life insurance policies through an online
6 application process. On December 8, 2022, we learned that unauthorized
7 actors had launched a sophisticated and successful cyberattack against our
8 website to access certain persons' SSNs. We immediately investigated the
9 incident and made a series of technical changes to our website to prevent
10 further unauthorized access to SSNs. The vast majority of people affected
11 by this incident were not existing Ethos customers.

12 To access SSNs, the unauthorized actors entered information they had
13 obtained about you from other sources—first and last name, date of birth,
14 and address—into our online insurance application flow. This caused a
15 third-party integrated service to return your SSN to the page source code on
16 our website. Then, the unauthorized actors used specialized tools to extract
17 SSNs from the page source code of our website. Importantly, these SSNs
18 did not appear on the public-facing application page of the site. The incident
19 spanned from approximately August 4, 2022 through December 9, 2022.

20 **What Information Was Involved?** Social Security number.³

21 12. Defendant Ethos acknowledged its investigation into the Data Breach and
22 determined that there was unauthorized access to Plaintiffs' and Class Members' Social Security
23 numbers between August 4, 2022, and December 9, 2022. Defendant Ethos' investigation
24 concluded, and it learned what information was available to the unauthorized actors, on
25 December 8, 2022.

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28 ² *Id.*

³ *Id.*

1 13. Defendant Ethos' Notice of Security correspondence further admitted that the PII
2 accessed included individuals' names and Social Security numbers.⁴

3 14. Armed with the PII accessed in the Data Breach, data thieves can commit a variety
4 of crimes including opening new financial accounts in Class Members' names, taking out loans
5 in Class Members' names, using Class Members' names to obtain medical services, using Class
6 Members' information to target other phishing and hacking intrusions using Class Members'
7 information to obtain government benefits, filing fraudulent tax returns using Class Members'
8 information, obtaining driver's licenses in Class Members' names but with another person's
9 photograph, and giving false information to police during an arrest.
10

11 15. As a result of the Data Breach, Plaintiffs and Class Members have been exposed
12 to a present, heightened and imminent risk of fraud and identity theft. Plaintiffs and Class
13 Members must now closely monitor their financial accounts to guard against identity theft for the
14 rest of their lives.
15

16 16. Plaintiffs and Class Members may also incur out of pocket costs for purchasing
17 credit monitoring services, credit freezes, credit reports, or other protective measures to deter and
18 detect identity theft.
19

20 17. By their Complaint, Plaintiffs seek to remedy these harms on behalf of themselves
21 and all similarly situated individuals whose PII was accessed during the Data Breach.

22 18. Accordingly, Plaintiffs bring claims on behalf of themselves and the Class for: (i)
23 negligence, (ii) invasion of privacy, (iii) unjust enrichment, (iv) violations of the California Unfair
24 Competition Law, and (v) declaratory judgment and injunctive relief. Through these claims,
25
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27
28 ⁴ *Id.*

1 Plaintiffs seek, *inter alia*, damages and injunctive relief, including improvements to Defendant's
2 data security systems and integrated services, future annual audits, and adequate credit
3 monitoring services.

4
5 **II. PARTIES**

6 19. Plaintiff Christopher Stein is a natural person, resident, and citizen of Ohio where
7 he intends to remain. He is a Data Breach victim, having received Ethos' breach notice in
8 December 2022.

9 20. Plaintiff Josephine Dibisceglia is a natural person, resident, and citizen of Florida
10 where she intends to remain. She is a Data Breach victim, having received Ethos' breach notice
11 in December 2022.

12 21. Plaintiff John Blumenstock is a natural person, resident, and citizen of Kentucky
13 where he intends to remain. He is a Data Breach victim, having received Ethos' breach notice in
14 December 2022.

15 22. Plaintiff Thomas Rossello is a natural person, resident, and citizen of Florida
16 where he intends to remain. He is a Data Breach victim, having received Ethos' breach notice in
17 December 2022.

18 23. Plaintiff Jeffrey Branch is a natural person, resident, and citizen of Florida where
19 he intends to remain. He is a Data Breach victim, having received Ethos' breach notice in
20 December 2022.

21 24. Plaintiff Derrick Carter is a natural person, resident and citizen of the State of
22 Florida where he intends to remain. Plaintiff Carter is a data breach victim, having received a
23 Notice of Data Security Incident letter from Ethos, dated December 21, 2022, by U.S. Mail.

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1 31. Venue is proper in this Court pursuant to 28 U.S.C. § 1391(b) because Defendant's
2 principal places of business is in this District and a substantial part of the events, acts, and
3 omissions giving rise to Plaintiffs' claims occurred in this District.
4

5 **IV. BACKGROUND FACTS**

6 **A. Defendant's Businesses**

7 32. Defendant Ethos is an insurance carrier, specializing in life insurance.
8

9 33. On information and belief, Defendant maintain the PII of customers, insurance
10 applicants, and others, including but not limited to:

- 11 a. name, address, phone number and email address;
- 12 b. date of birth;
- 13 c. demographic information;
- 14 d. social Security number;
- 15 e. financial information;
- 16 f. information relating to individual medical history;
- 17 g. information concerning an individual's doctor, nurse, or other medical
18 providers;
- 19 h. medication information;
- 20 i. health insurance information;
- 21 j. photo identification;
- 22 k. employment information, and;
- 23 l. other information that Defendant may deem necessary to provide care.
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1 34. Additionally, Defendant may receive PII from other individuals and/or
2 organizations that are part of a customers' "circle of care," such as referring physicians,
3 customers' other doctors, customers' health plan(s), close friends, and/or family Members.

4 35. Plaintiffs and Class Members directly or indirectly entrusted Defendant with
5 sensitive and confidential PII, which includes information that is static, does not change, and can
6 be used to commit myriad financial crimes.

7 36. Because of the highly sensitive and personal nature of the information that the
8 Defendant acquires, stores, and has access to. Defendant, upon information and belief, promised
9 to, among other things: keep PII private; comply with industry standards related to data security
10 and PII; inform individuals of their legal duties and comply with all federal and state laws
11 protecting PII; only use and release PII for reasons that relate to medical care and treatment; and
12 provide adequate notice to impacted individuals if their PII is disclosed without authorization.

13 37. By obtaining, collecting, using, and deriving a benefit from Plaintiffs and Class
14 Members' PII, Defendant assumed legal and equitable duties and knew or should have known
15 that it was responsible for protecting Plaintiffs' and Class Members' PII from unauthorized
16 disclosure.

17 38. Plaintiffs and the Class Members have taken reasonable steps to maintain the
18 confidentiality of their PII.

19 39. Plaintiffs and the Class Members relied on Defendant to implement and follow
20 adequate data security policies and protocols, to keep their PII confidential and securely
21 maintained, to use such PII solely for business purposes, and to prevent the unauthorized
22 disclosures of the PII.

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1 **B. Defendant Fails to Safeguard Consumer PII**

2 40. On or around December 8, 2022, Defendant Ethos became aware of suspicious
3 activity in its network environment and its website.

4 41. Defendant Ethos investigated the suspicious activity, and through its investigation
5 determined that its network was subject to a cyber-attack using the integrated service software on
6 its website. Unauthorized actors used this integrated software to access and acquire PII without
7 authorization.
8

9 42. The investigation determined that private information related to certain customers
10 and other individuals on Defendant Ethos' website was accessed and taken by an unauthorized
11 user between August 4, 2022, and December 9, 2022.
12

13 43. Upon information and belief, Plaintiffs' and Class Members' PII was exfiltrated
14 and stolen in the attack.

15 44. Upon information and belief, the unauthorized actors were able to plug in
16 consumer information that they had obtained through other sources into Defendant Ethos'
17 insurance application flow on its website. This simple maneuver prompted a return of the named
18 consumers' Social Security numbers in the application. The PII was then accessible, unencrypted,
19 unprotected, and vulnerable for acquisition and/or exfiltration by the unauthorized actor.
20

21 45. It is likely the Data Breach was targeted at Defendant due to its status as an
22 insurance related service provider that collects, creates, and maintains sensitive PII.

23 46. Upon information and belief, the cyberattack was expressly designed to gain
24 access to private and confidential data of specific individuals, including (among other things) the
25 PII of Plaintiffs and the Class Members.
26

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1 47. Defendant Ethos admitted that the stolen information included full names and
2 Social Security Numbers.

3 48. While Defendant Ethos stated in the notice letter that the unauthorized activity
4 occurred and was discovered on December 8, 2022, Defendant did not notify the specific persons or
5 entities whose PII was acquired and exfiltrated until December 21, 2022—over six months after
6 the Data Breach began on August 4, 2022.

7 49. Upon information and belief, and based on the type of cyberattack, it is plausible
8 and likely that Plaintiffs’ PII was stolen in the Data Breach. Plaintiffs further believe their PII
9 was likely subsequently sold on the dark web following the Data Breach, as that is the *modus*
10 *operandi* of cybercriminals.

11 50. Defendant had a duty to adopt reasonable measures to protect Plaintiffs’ and Class
12 Members’ PII from involuntary disclosure to third parties.

13 51. In response to the Data Breach, Defendant Ethos admits it worked with an
14 “independent forensic investigation firm” to determine the nature and scope of the incident and
15 purports to have taken steps to secure the systems. Defendant Ethos admits additional security
16 was required, but there is no indication whether these steps are adequate to protect Plaintiffs’ and
17 Class Members’ PII going forward.

18 52. Because of the Data Breach, data thieves were able to gain access to Defendant’s
19 private systems for months—between August 4, 2022, and December 9, 2021—and were able to
20 compromise, access, and acquire the protected PII of Plaintiffs and Class Members.

21 53. Defendant had obligations created by contract, industry standards, common law,
22 and its own promises and representations made to Plaintiffs and Class Members to keep their PII
23 confidential and to protect them from unauthorized access and disclosure.

1 54. Plaintiffs and Class Members reasonably relied (directly or indirectly) on these
2 sophisticated parties to keep their sensitive PII confidential; to maintain proper system security;
3 to use this information for business purposes only; and to make only authorized disclosures of
4 their PII.

5
6 55. Plaintiffs' and Class Members' unencrypted, unredacted PII was compromised
7 due to Defendant's negligent and/or careless acts and omissions, and due to the utter failure to
8 protect Class Members' PII. Criminal hackers obtained their PII because of its value in exploiting
9 and stealing the identities of Plaintiffs and Class Members. The risks to Plaintiffs and Class
10 Members will remain for their respective lifetimes.

11
12 **C. The Data Breach was a Foreseeable Risk and Defendant were on Notice**

13 56. Defendant's data security obligations were particularly important given the
14 substantial increase in cyberattacks and/or data breaches in the insurance industry and other
15 industries holding significant amounts of PII preceding the date of the breach.
16

17 57. In light of recent high profile data breaches at other insurance partner and provider
18 companies, Defendant knew or should have known that their electronic records and PII they
19 maintained would be targeted by cybercriminals and ransomware attack groups.
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21 58. Defendant Ethos knew or should have known that these attacks were common and
22 foreseeable, as it discovered a separate and distinct but substantially similar data breach in
23 January 2022, which also occurred for approximately six months.⁵

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27 ⁵ *Breach Notice*, DEPT JUSTICE NEW HAMPSHIRE, (Feb. 11, 2022)
28 <https://www.doj.nh.gov/consumer/security-breaches/documents/ethos-technologies-20220218.pdf>.

1 59. In 2021, a record 1,862 data breaches occurred, resulting in approximately
2 293,927,708 sensitive records being exposed, a 68% increase from 2020.⁶ The 330 reported
3 breaches reported in 2021 exposed nearly 30 million sensitive records (28,045,658), compared to
4 only 306 breaches that exposed nearly 10 million sensitive records (9,700,238) in 2020.⁷

5
6 60. In light of recent high profile cybersecurity incidents within Defendant Ethos’
7 website and at other insurance partners and provider companies, Defendant knew or should have
8 known that their electronic records would be targeted by cybercriminals.

9 61. Therefore, the increase in such attacks, and attendant risk of future attacks, was
10 widely known to the public and to anyone in Defendant’s industry, including Defendant.
11

12 **D. Defendant Fails to Comply with FTC Guidelines**

13 62. The Federal Trade Commission (“FTC”) has promulgated numerous guides for
14 businesses which highlight the importance of implementing reasonable data security practices.
15 According to the FTC, the need for data security should be factored into all business decision-
16 making.
17

18 63. In 2016, the FTC updated its publication, *Protecting Personal Information: A*
19 *Guide for Business*, which established cyber-security guidelines for businesses. The guidelines
20 note that businesses should protect the personal customer information that they keep; properly
21 dispose of personal information that is no longer needed; encrypt information stored on computer
22 networks; understand its network’s vulnerabilities; and implement policies to correct any security
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27 ⁶ See 2021 Data Breach Annual Report (ITRC, Jan. 2022) (available at
<https://notified.idtheftcenter.org/s/>), at 6.

28 ⁷ *Id.*

1 problems.⁸ The guidelines also recommend that businesses use an intrusion detection system to
2 expose a breach as soon as it occurs; monitor all incoming traffic for activity indicating someone
3 is attempting to hack the system; watch for large amounts of data being transmitted from the
4 system; and have a response plan ready in the event of a breach.⁹

5
6 64. The FTC further recommends that companies not maintain PII longer than is
7 needed for authorization of a transaction; limit access to sensitive data; require complex
8 passwords to be used on networks; use industry-tested methods for security; monitor for
9 suspicious activity on the network; and verify that third-party service providers have
10 implemented reasonable security measures.

11
12 65. The FTC has brought enforcement actions against businesses for failing to
13 adequately and reasonably protect customer data, treating the failure to employ reasonable and
14 appropriate measures to protect against unauthorized access to confidential consumer data as an
15 unfair act or practice prohibited by Section 5 of the Federal Trade Commission Act (“FTCA”),
16 15 U.S.C. § 45. Orders resulting from these actions further clarify the measures businesses must
17 take to meet their data security obligations.

18
19 66. These FTC enforcement actions include actions against insurance providers and
20 partners like Defendant.

21 67. Defendant failed to properly implement basic data security practices.

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26 ⁸ *Protecting Personal Information: A Guide for Business*, Federal Trade Commission (2016).
27 Available at [https://www.ftc.gov/system/files/documents/plain-language/pdf-0136_proteting-](https://www.ftc.gov/system/files/documents/plain-language/pdf-0136_proteting-personal-information.pdf)
28 [personal-information.pdf](https://www.ftc.gov/system/files/documents/plain-language/pdf-0136_proteting-personal-information.pdf) (last visited Feb. 23, 2023).

⁹ *Id.*

1 68. Defendant’s failure to employ reasonable and appropriate measures to protect
2 against unauthorized access to customers and other impacted individuals’ PII constitutes an unfair
3 act or practice prohibited by Section 5 of the FTC Act, 15 U.S.C. § 45.

4 69. Defendant was at all times fully aware of their obligation to protect the PII.
5 Defendant was also aware of the significant repercussions that would result from their failure to
6 do so.

7
8 **E. Defendant Fails to Comply with Industry Standards**

9 70. As shown above, experts studying cyber security routinely identify insurance
10 providers and partners as being particularly vulnerable to cyberattacks because of the value of
11 the PII which they collect and maintain.

12 71. Several best practices have been identified that at a minimum should be
13 implemented by insurance providers like Defendant, including but not limited to, educating all
14 employees; strong passwords; multi-layer security, including firewalls, anti-virus, and anti-
15 malware software; encryption, making data unreadable without a key; multi-factor
16 authentication; backup data; and limiting which employees can access sensitive data.

17 72. Other best cybersecurity practices that are standard in the insurance industry
18 include installing appropriate malware detection software; monitoring and limiting the network
19 ports; protecting web browsers and email management systems; setting up network systems such
20 as firewalls, switches and routers; monitoring and protection of physical security systems;
21 protection against any possible communication system; training staff regarding critical points.

22 73. Defendant failed to meet the minimum standards of any of the following
23 frameworks: the NIST Cybersecurity Framework Version 1.1 (including without limitation
24 PR.AC-1, PR.AC-3, PR.AC-4, PR.AC-5, PR.AC-6, PR.AC-7, PR.AT-1, PR.DS-1, PR.DS-5,

1 PR.PT-1, PR.PT-3, DE.CM-1, DE.CM-4, DE.CM-7, DE.CM-8, and RS.CO-2), and the Center
2 for Internet Security's Critical Security Controls (CIS CSC), which are all established standards
3 in reasonable cybersecurity readiness.

4 74. These foregoing frameworks are existing and applicable industry standards in the
5 insurance industry, and Defendant failed to comply with these accepted standards, thereby
6 opening the door to the cyber incident and causing the data breach.
7

8 **F. Defendant's Breach**

9 75. Defendant breached its obligations to Plaintiffs and Class Members and/or was
10 otherwise negligent and reckless because it failed to properly maintain and safeguard its computer
11 systems and website's application flow. Defendant's unlawful conduct includes, but is not limited
12 to, the following acts and/or omissions:
13

- 14 a. failing to maintain an adequate data security system to reduce the risk of
15 data breaches and cyber-attacks;
16
17 b. failing to adequately protect PII;
18
19 c. failing to properly monitor their own data security systems for existing
20 intrusions;
21
22 d. failing to ensure that their vendors with access to their computer systems
23 and data employed reasonable security procedures;
24
25 e. failing to ensure the confidentiality and integrity of electronic PII it
26 created, received, maintained, and/or transmitted;
27
28 f. failing to implement technical policies and procedures for electronic
information systems that maintain electronic PII to allow access only to
those persons or software programs that have been granted access rights;

- 1 g. failing to implement policies and procedures to prevent, detect, contain,
2 and correct security violations;
- 3 h. failing to implement procedures to review records of information system
4 activity regularly, such as audit logs, access reports, and security incident
5 tracking reports;
- 6 i. failing to protect against reasonably anticipated threats or hazards to the
7 security or integrity of electronic PII;
- 8 j. failing to train all members of their workforces effectively on the policies
9 and procedures regarding PII;
- 10 k. failing to render the electronic PII it maintained unusable, unreadable, or
11 indecipherable to unauthorized individuals;
- 12 l. failing to comply with FTC guidelines for cybersecurity, in violation of
13 Section 5 of the FTC Act;
- 14 m. failing to adhere to industry standards for cybersecurity as discussed
15 above; and,
- 16 n. otherwise breaching their duties and obligations to protect Plaintiffs' and
17 Class Members' PII.

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21 76. Defendant negligently and unlawfully failed to safeguard Plaintiffs' and Class
22 Members' PII by allowing cyberthieves to access Defendant's online insurance application flow,
23 which provided unauthorized actors with unsecured and unencrypted PII.

24
25 77. Accordingly, as outlined below, Plaintiffs and Class Members now face a present,
26 increased risk of fraud and identity theft. In addition, Plaintiffs and the Class Members also lost
27 the benefit of the bargain they made with Defendant.

1 **G. Data Breaches Cause Disruption and Increased Risk of Fraud and Identity**
2 **Theft**

3 78. Cyberattacks and data breaches at insurance companies and insurance software
4 companies like Defendant are especially problematic because they can negatively impact the
5 overall daily lives of individuals affected by the attack.

6 79. The United States Government Accountability Office released a report in 2007
7 regarding data breaches (“GAO Report”) in which it noted that victims of identity theft will face
8 “substantial costs and time to repair the damage to their good name and credit record.”¹⁰
9

10 80. That is because any victim of a data breach is exposed to serious ramifications
11 regardless of the nature of the data. Indeed, the reason criminals steal personally identifiable
12 information is to monetize it. They do this by selling the spoils of their cyberattacks on the black
13 market to identity thieves who desire to extort and harass victims, take over victims’ identities in
14 order to engage in illegal financial transactions under the victims’ names. Because a person’s
15 identity is akin to a puzzle, the more accurate pieces of data an identity thief obtains about a
16 person, the easier it is for the thief to take on the victim’s identity, or otherwise harass or track
17 the victim. For example, armed with just a name and date of birth, a data thief can utilize a hacking
18 technique referred to as “social engineering” to obtain even more information about a victim’s
19 identity, such as a person’s login credentials or Social Security number. Social engineering is a
20 form of hacking whereby a data thief uses previously acquired information to manipulate
21 individuals into disclosing additional confidential or personal information through means such as
22 spam phone calls and text messages or phishing emails.
23
24

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27 ¹⁰ See U.S. GOV. ACCOUNTING OFFICE, GAO-07-737, *Personal Information: Data Breaches Are*
28 *Frequent, but Evidence of Resulting Identity Theft Is Limited; However, the Full Extent Is*
Unknown (2007) <https://www.gao.gov/new.items/d07737.pdf>.

1 81. The FTC recommends that identity theft victims take several steps to protect their
2 personal and financial information after a data breach, including contacting one of the credit
3 bureaus to place a fraud alert (consider an extended fraud alert that lasts for 7 years if someone
4 steals their identity), reviewing their credit reports, contacting companies to remove fraudulent
5 charges from their accounts, placing a credit freeze on their credit, and correcting their credit
6 reports.¹¹

8 82. Identity thieves use stolen personal information such as Social Security numbers
9 for a variety of crimes, including credit card fraud, phone or utilities fraud, and bank/finance
10 fraud.

12 83. Identity thieves can also use Social Security numbers to obtain a driver’s license
13 or official identification card in the victim’s name but with the thief’s picture; use the victim’s
14 name and Social Security number to obtain government benefits; or file a fraudulent tax return
15 using the victim’s information. In addition, identity thieves may obtain a job using the victim’s
16 Social Security number, rent a house or receive medical services in the victim’s name, and may
17 even give the victim’s personal information to police during an arrest resulting in an arrest
18 warrant being issued in the victim’s name.

20 84. Moreover, theft of PII is also gravely serious because PII is an extremely valuable
21 property right.¹²

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25 ¹¹ See *IdentityTheft.gov*, FEDERAL TRADE COMMISSION, <https://www.identitytheft.gov/Steps> (last visited Feb. 23, 2023).

26 ¹² See, e.g., John T. Soma, et al, *Corporate Privacy Trend: The “Value” of Personally Identifiable*
27 *Information (“PII”) Equals the “Value” of Financial Assets*, 15 RICH. J.L. & TECH. 11, at *3-4
28 (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 85. Its value is axiomatic, considering the value of “big data” in corporate America
2 and the fact that the consequences of cyber thefts include heavy prison sentences. Even this
3 obvious risk to reward analysis illustrates beyond doubt that PII has considerable market value.

4 86. It must also be noted there may be a substantial time lag – measured in years --
5 between when harm occurs and when it is discovered, and also between when PII is stolen and
6 when it is used.

7 87. According to the U.S. Government Accountability Office, which conducted a
8 study regarding data breaches:
9

10 [L]aw enforcement officials told us that in some cases, stolen data may
11 be held for up to a year or more before being used to commit identity
12 theft. Further, once stolen data have been sold or posted on the Web,
13 fraudulent use of that information may continue for years. As a result,
14 studies that attempt to measure the harm resulting from data breaches
cannot necessarily rule out all future harm.¹³

15 88. PII is such a valuable commodity to identity thieves that once the information has
16 been compromised, criminals often trade the information on the “cyber black-market” for years.

17 89. There is a strong probability that entire batches of stolen information have been
18 dumped on the black market and are yet to be dumped on the black market, meaning Plaintiffs
19 and Class Members are at an increased risk of fraud and identity theft for many years into the
20 future.
21

22 90. Thus, Plaintiffs and Class Members must vigilantly monitor their financial and
23 medical accounts for many years to come.
24
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28 ¹³ GAO Report, at p. 21.

1 91. PII can sell for as much as \$363 per record according to the Infosec Institute.¹⁴ PII
2 is particularly valuable because criminals can use it to target victims with frauds and scams. Once
3 PII is stolen, fraudulent use of that information and damage to victims may continue for many
4 years.

5
6 92. For example, the Social Security Administration has warned that identity thieves
7 can use an individual's Social Security number to apply for additional credit lines.¹⁵ Such fraud
8 may go undetected until debt collection calls commence months, or even years, later. Stolen
9 Social Security Numbers also make it possible for thieves to file fraudulent tax returns, file for
10 unemployment benefits, or apply for a job using a false identity.¹⁶ Each of these fraudulent
11 activities is difficult to detect. An individual may not know that their Social Security Number
12 was used to file for unemployment benefits until law enforcement notifies the individual's
13 employer of the suspected fraud. Fraudulent tax returns are typically discovered only when an
14 individual's authentic tax return is rejected.

15
16 93. Moreover, it is not an easy task to change or cancel a stolen Social Security
17 Number.

18
19 94. 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 ¹⁴ See Ashiq Ja, *Hackers Selling Healthcare Data in the Black Market*, INFOSEC (July 27, 2015),
26 [https://resources.infosecinstitute.com/topic/hackers-selling-healthcare-data-in-the-black-](https://resources.infosecinstitute.com/topic/hackers-selling-healthcare-data-in-the-black-market/)
27 [market/](https://resources.infosecinstitute.com/topic/hackers-selling-healthcare-data-in-the-black-market/).

28 ¹⁵ *Identity Theft and Your Social Security Number*, SOCIAL SECURITY ADMINISTRATION (2018) at
1, <https://www.ssa.gov/pubs/EN-05-10064.pdf> (last visited Feb. 23, 2023).

¹⁶ *Id* at 4.

1 old number, so all of that old bad information is quickly inherited into the new Social Security
2 number.”¹⁷

3 95. This data, as one would expect, demands a much higher price on the black market.
4 Martin Walter, senior director at cybersecurity firm RedSeal, explained, “[c]ompared to credit
5 card information, personally identifiable information and Social Security Numbers are worth
6 more than 10x on the black market.”¹⁸

8 96. Because of the value of its collected and stored data, the insurance industry has
9 experienced disproportionately higher numbers of data theft events than other industries.

10 97. For this reason, Defendant knew or should have known about these dangers and
11 strengthened its data and email handling systems accordingly. Defendant was put on notice of the
12 substantial and foreseeable risk of harm from a data breach, yet Defendant failed to properly
13 prepare for that risk.

15 **H. Plaintiffs’ and Class Members’ Damages**

16 98. To date, Defendant has done nothing to provide Plaintiffs and the Class Members
17 with relief for the damages they have suffered as a result of the Data Breach.

19 99. Defendant Ethos has merely offered Plaintiffs and Class Members complimentary
20 fraud and identity monitoring services for up to two years, but this does nothing to compensate
21 them for damages incurred and time spent dealing with the Data Breach.

22 ///

25 ¹⁷ Brian Naylor, *Victims of Social Security Number Theft Find It’s Hard to Bounce Back*, NPR
(Feb. 9, 2015), <http://www.npr.org/2015/02/09/384875839/data-stolen-by-anthem-s-hackers-has-millions-worrying-about-identity-theft>.

27 ¹⁸ 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-hack-personal-data-stolen-sells-for-10x-price-of-stolen-credit-card-numbers.html>.

1 100. Plaintiffs and Class Members have been damaged by the compromise of their PII
2 in the Data Breach.

3 101. Plaintiffs and Class Members' full names and Social Security numbers were
4 compromised in the Data Breach and are now in the hands of the cybercriminals who accessed
5 Defendant's software maintaining PII. As Defendant Ethos admits, these impacted persons were
6 specifically targeted: the cybercriminals used their names, dates of birth and addresses to steal
7 Plaintiffs' and Class Members Social Security numbers.
8

9 102. Since being notified of the Data Breach, Plaintiffs have spent time dealing with
10 the impact of the Data Breach, valuable time Plaintiffs otherwise would have spent on other
11 activities, including but not limited to work and/or recreation.
12

13 103. Due to the Data Breach, Plaintiffs anticipate spending considerable time and
14 money on an ongoing basis to try to mitigate and address harms caused by the Data Breach. This
15 includes changing passwords, cancelling credit and debit cards, and monitoring their accounts for
16 fraudulent activity.
17

18 104. Plaintiffs' PII was compromised as a direct and proximate result of the Data
19 Breach.

20 105. As a direct and proximate result of Defendant's conduct, Plaintiffs and Class
21 Members have been placed at a present, imminent, immediate, and continuing increased risk of
22 harm from fraud and identity theft.

23 106. As a direct and proximate result of Defendant's conduct, Plaintiffs and Class
24 Members have been forced to expend time dealing with the effects of the Data Breach.
25

26 ///

27 ///

1 107. Plaintiffs and Class Members face substantial risk of out-of-pocket fraud losses
2 such as loans opened in their names, medical services billed in their names, tax return fraud,
3 utility bills opened in their names, credit card fraud, and similar identity theft.

4 108. Plaintiffs and Class Members face substantial risk of being targeted for future
5 phishing, data intrusion, and other illegal schemes based on their PII as potential fraudsters could
6 use that information to more effectively target such schemes to Plaintiffs and Class Members.
7

8 109. Plaintiffs and Class Members may also incur out-of-pocket costs for protective
9 measures such as credit monitoring fees, credit report fees, credit freeze fees, and similar costs
10 directly or indirectly related to the Data Breach. Since learning of the Data Breach, Plaintiff Stein
11 has instituted a credit freeze.
12

13 110. Plaintiffs and Class Members also suffered a loss of value of their PII when it was
14 acquired by cyber thieves in the Data Breach. Numerous courts have recognized the propriety of
15 loss of value damages in related cases.

16 111. Plaintiffs and Class Members were also damaged via benefit-of-the-bargain
17 damages. Plaintiffs and Class Members overpaid for a service that was intended to be
18 accompanied by adequate data security that complied with industry standards but was not. Part
19 of the price Plaintiffs and Class Members paid to Defendant was intended to be used by Defendant
20 to fund adequate security of Defendant's systems and Plaintiffs' and Class Members' PII. Thus,
21 the Plaintiffs and the Class Members did not get what they paid for and agreed to.
22

23 112. Plaintiffs and Class Members have spent and will continue to spend significant
24 amounts of time to monitor their financial accounts and sensitive information for misuse.
25

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

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

- 3 a. reviewing and monitoring sensitive accounts and finding fraudulent
4 insurance claims, loans, and/or government benefits claims;
5
6 b. purchasing credit monitoring and identity theft prevention;
7
8 c. placing “freezes” and “alerts” with reporting agencies;
9
10 d. spending time on the phone with or at financial institutions, healthcare
11 providers, and/or government agencies to dispute unauthorized and
12 fraudulent activity in their name;
13
14 e. contacting financial institutions and closing or modifying financial
15 accounts; and
16
17 f. closely reviewing and monitoring Social Security Number, medical
18 insurance accounts, bank accounts, and credit reports for unauthorized
19 activity for years to come.

18 114. Moreover, Plaintiffs and Class Members have an interest in ensuring that their PII,
19 which is believed to remain in the possession of Defendant, is protected from further breaches by
20 the implementation of adequate security measures and safeguards, including but not limited to,
21 making sure that the storage of data or documents containing PII is not accessible online and that
22 access to such data is password protected.
23

24 115. Further, as a result of Defendant’s conduct, Plaintiffs and Class Members are
25 forced to live with the anxiety that their PII may be disclosed to the entire world, thereby
26 subjecting them to embarrassment and depriving them of any right to privacy whatsoever.
27

28 ///

1 116. As a direct and proximate result of Defendant’s actions and inactions, Plaintiffs
2 and Class Members have suffered anxiety, emotional distress, and loss of privacy, and are at an
3 increased risk of future harm.

4 **Plaintiff Stein’s Experience**

5
6 117. Plaintiff Stein does not know how Defendant obtained his PII and he had never
7 heard of Defendant until he received the breach notice in December 2022.

8 118. Plaintiff Stein is very careful about sharing his sensitive Private Information.
9 Plaintiff Stein has never knowingly transmitted unencrypted sensitive PII over the internet or any
10 other unsecured source.

11
12 119. Plaintiff Stein first learned of the Data Breach after receiving a data breach
13 notification letter dated December 21, 2022, from Ethos, notifying him that Defendant suffered
14 a data breach for four months prior and that his PII had been improperly accessed and/or obtained
15 by unauthorized third parties while in possession of Defendant.

16 120. The data breach notification letter indicated that the PII involved in the Data
17 Breach may have included Plaintiff Stein’s full name and Social Security number.

18
19 121. As a result of the Data Breach, Plaintiff Stein made reasonable efforts to mitigate
20 the impact of the Data Breach after receiving the data breach notification letter, including but not
21 limited to researching the Data Breach, reviewing credit reports, financial account statements,
22 and/or medical records for any indications of actual or attempted identity theft or fraud.

23 122. Plaintiff Stein experienced actual identify theft and fraud, which includes
24 discovering a financial account was opened at Bank of America using his name. In November
25 2022, an unauthorized third party used Plaintiff’s Social Security number and name to
26 fraudulently apply for a Bank Of America credit card. The fraudulent application was successful,
27
28

1 and the credit card was issued to the fraudster with a limit of \$28,500.00. It was mailed to a
2 fraudulent address in Florida, far from Plaintiff's home in Ohio. Plaintiff Stein placed credit
3 freezes on his files with all three credit agencies.

4
5 123. Plaintiff Stein has spent multiple hours and will continue to spend valuable time
6 for the remainder of his life, that he otherwise would have spent on other activities, including but
7 not limited to work and/or recreation. As such, Plaintiff has spent significant time trying to
8 mitigate the breach by, *inter alia*:

- 9
10 a. filing a police report with his local police agency;
11 b. filing a report with the FTC's identity theft reporting website;
12 c. placing a credit freeze on his accounts; and
13 d. taking significant efforts to remedy his credit file.

14 124. Plaintiff Stein suffered actual injury from having his PII compromised as a result
15 of the Data Breach including, but not limited to (a) damage to and diminution in the value of his
16 PII, a form of property that Defendant maintained belonging to Plaintiff Stein; (b) violation of
17 his privacy rights; (c) the theft of his PII; and (d) present, imminent and impending injury arising
18 from the increased risk of identity theft and fraud.

19
20 125. As a result of the Data Breach, Plaintiff Stein has also suffered emotional distress
21 as a result of the release of his PII, which he believed would be protected from unauthorized
22 access and disclosure, including anxiety about unauthorized parties viewing, selling, and/or using
23 his PII for purposes of identity theft and fraud. Plaintiff Stein is very concerned about identity
24 theft and fraud, as well as the consequences of such identity theft and fraud resulting from the
25 Data Breach.

26
27 ///

1 126. As a result of the Data Breach, Plaintiff Stein anticipates spending considerable
2 time and money on an ongoing basis

3 127. to try to mitigate and address harms caused by the Data Breach. In addition,
4 Plaintiff Stein will continue to be at present, imminent, and continued increased risk of identity
5 theft and fraud for the remainder of his life.
6

7 **Plaintiff Dibisceglia's Experience**

8 128. Plaintiff Josephine Dibisceglia does not know how Defendant obtained her PII,
9 and she had never heard of Defendant until she received the notice letter regarding the Data
10 Breach in December 2022.

11 129. Plaintiff Dibisceglia is very careful about sharing her sensitive Private
12 Information. Plaintiff Dibisceglia has never knowingly transmitted unencrypted sensitive PII over
13 the internet or any other unsecured source.
14

15 130. Plaintiff Dibisceglia first learned of the Data Breach after receiving a data breach
16 notification letter from Ethos, dated December 21, 2022, notifying her that Defendant suffered a
17 data breach five months earlier and that her PII had been improperly accessed and/or obtained by
18 unauthorized third parties while in possession of Defendant.
19

20 131. The data breach notification letter indicated that the PII involved in the Data
21 Breach may have included Plaintiff Dibisceglia's full name and Social Security number.

22 132. As a result of the Data Breach, Plaintiff Dibisceglia made reasonable efforts to
23 mitigate the impact of the Data Breach after receiving the data breach notification letter, including
24 but not limited to researching the Data Breach; contacting her bank regarding fraudulent activity;
25 contacting credit bureaus regarding fraudulent activity; and reviewing credit reports and financial
26 account statements for any indications of actual or attempted identity theft or fraud.
27
28

1 133. Plaintiff Dibisceglia experienced actual identify theft and fraud in or about
2 December 2022, including:

- 3 a. over seven thousand dollars of fraudulent charges being placed on her
4 credit card; and;
5 b. identity thieves attempting to open additional credit cards falsely under her
6 name.
7

8 134. Plaintiff Dibisceglia has taken significant efforts to remedy her credit file as a
9 result of the Data Breach.

10 135. Plaintiff Dibisceglia has spent several hours and will continue to spend valuable
11 time for the remainder of her life, that she otherwise would have spent on other activities,
12 including but not limited to work and/or recreation.
13

14 136. Plaintiff Dibisceglia suffered actual injury from having her PII compromised as a
15 result of the Data Breach including, but not limited to (a) damage to and diminution in the value
16 of her PII, a form of property that Defendant maintained belonging to Plaintiff Dibisceglia; (b)
17 violation of her privacy rights; (c) the theft of her PII; and (d) present, imminent and impending
18 injury arising from the increased risk of identity theft and fraud.
19

20 137. As a result of the Data Breach, Plaintiff Dibisceglia has also suffered emotional
21 distress as a result of the release of her PII, which she believed would be protected from
22 unauthorized access and disclosure, including anxiety about unauthorized parties viewing,
23 selling, and/or using her PII for purposes of identity theft and fraud. Plaintiff Dibisceglia is very
24 concerned about identity theft and fraud, as well as the consequences of such identity theft and
25 fraud resulting from the Data Breach.
26

27 ///

1 138. As a result of the Data Breach, Plaintiff Dibisceglia anticipates spending
2 considerable time and money on an ongoing basis to try to mitigate and address harms caused by
3 the Data Breach.

4 **Plaintiff Blumenstock's Experience**

5
6 139. Despite never forming or seeking a relationship with Ethos, Plaintiff
7 Blumenstock's PII was compromised in Ethos' second data breach, compromising his Social
8 Security number and exposing him to identity theft and fraud.

9
10 140. Plaintiff Blumenstock experienced actual identify theft and fraud, including
11 having \$6,800 stolen from his Wells Fargo account on or about December 8, 2022by criminals
12 using his exposed PII.

13
14 141. Plaintiff Blumenstock does not recall ever learning that his information was
15 compromised in a data breach incident, other than the breach at issue in this case.

16 142. As a result of the Data Breach and the recommendations of Defendant's Notice,
17 Plaintiff Blumenstock made reasonable efforts to mitigate the impact of the Data Breach,
18 including but not limited to, researching the Data Breach, reviewing credit card and financial
19 account statements, changing his online account passwords, placing a credit freeze through the
20 three main credit bureaus, and monitoring his credit information as suggested by Defendant.

21
22 143. Indeed, Plaintiff Blumenstock has spent considerable time reaching out to
23 Experian, the designated contact organization for the Ethos Data Breach Response Plan. The
24 information provided by Experian was limited and unable to address Plaintiff Blumenstock's
25 concerns.

26
27 ///

1 144. Plaintiff Blumenstock has spent approximately five hours responding to the Data
2 Breach and will continue to spend valuable time he otherwise would have spent on other
3 activities, including but not limited to work and/or recreation.

4 145. Plaintiff Blumenstock has and will spend considerable time and effort monitoring
5 his accounts to protect himself from identity theft. Plaintiff Blumenstock fears for his personal
6 financial security and uncertainty over what PII was exposed in the Data Breach. Plaintiff
7 Blumenstock has and is experiencing feelings of anxiety, sleep disruption, stress, fear, and
8 frustration because of the Data Breach. This goes far beyond allegations of mere worry or
9 inconvenience; it is exactly the sort of injury and harm to a Data Breach victim that the law
10 contemplates and addresses.

11 146. Plaintiff Blumenstock is now subject to the present and continuing risk of fraud,
12 identity theft, and misuse resulting from his PII being placed in the hands of unauthorized third
13 parties. This injury was worsened by Defendant's delay in informing Plaintiffs and Class
14 Members about the Data Breach.

15 147. Plaintiff Blumenstock has a continuing interest in ensuring that his PII, which,
16 upon information and belief, remains backed up in Defendant's possession, is protected and
17 safeguarded from future breaches.

18
19
20
21 **Plaintiff Rossello's Experience**

22 148. Despite never forming or seeking a relationship with Ethos, Plaintiff Rossello's
23 PII was compromised in the Data Breach, compromising his Social Security number and exposing
24 him to identity theft and fraud.

25 149. Indeed, following the Data Breach, Mr. Rossello suffered identity theft and fraud
26 repeatedly, including:
27
28

- a. Bank of America called him on or about November 3, 2022 to verify a payment card someone tried to open in his name without his authorization;
- b. receiving a similar call from JP Morgan Chase on or about November 3, 2022 seeking to verify a credit card he never opened or authorized;
- c. discovering—upon reviewing his credit report on or about November 3, 2022—that there was a hard inquiry from Pentagon Credit Union that he did not authorize; and;
- d. having someone try to open a credit card in his name on or about November 3, 2022, specifically, criminals tried to open a credit card in his name *13 times* with Check Systems.

150. Given these attempts, Plaintiff Rossello contacted all credit bureaus to freeze his accounts, also contacting his phone provider to lock his phone account. In total, Plaintiff Rossello has devoted 30 hours to remediating the fraud he has suffered.

151. Plaintiff Rosello does not recall ever learning that his information was compromised in a data breach incident, other than the breach at issue in this case.

152. As a result of the Data Breach and the recommendations of Defendant’s Notice, Plaintiff Rossello made reasonable efforts to mitigate the impact of the Data Breach, including but not limited to researching the Data Breach, reviewing credit card and financial account statements, changing his online account passwords, and monitoring his credit information as suggested by Defendant.

153. Plaintiff Rossello has and will spend considerable time and effort monitoring his accounts to protect himself from identity theft. Plaintiff Rossello fears for his personal financial security and uncertainty over what PII was exposed in the Data Breach. Plaintiff Rossello has and

1 is experiencing feelings of anxiety, sleep disruption, stress, fear, and frustration because of the
2 Data Breach. This goes far beyond allegations of mere worry or inconvenience; it is exactly the
3 sort of injury and harm to a Data Breach victim that the law contemplates and addresses.

4
5 154. Plaintiff Rossello is now subject to the present and continuing risk of fraud,
6 identity theft, and misuse resulting from his PII being placed in the hands of unauthorized third
7 parties. This injury was worsened by Defendant's delay in informing Plaintiffs and Class
8 Members about the Data Breach.

9
10 155. Plaintiff Rossello has a continuing interest in ensuring that his PII, which, upon
11 information and belief, remains backed up in Defendant's possession, is protected and
12 safeguarded from future breaches.

13 **Plaintiff Branch's Experience**

14
15 156. Despite never forming or seeking a relationship with Ethos, Plaintiff Branch's PII
16 was compromised in Ethos' second data breach, compromising his Social Security number and
17 exposing him to identity theft and fraud.

18 157. Plaintiff Branch experienced actual identify theft and fraud, including:

- 19 a. unauthorized individuals opened two bank accounts in Plaintiff Branch's
20 name at the First National Bank of Omaha on or about December 20, 2022;
21 and
22 b. such unauthorized individuals accessed other accounts belonging to him
23 between December 20 and 28, 2022 to transfer approximately \$60,000
24 from his accounts to the fraudulent First National Bank of Omaha
25 accounts;
26 i. \$25,000 was transferred on December 20, 2022;

1 ii. \$5,000 was transferred on December 20, 2022; and

2 iii. \$30,000 was transferred on December 28, 2022.

3 158. As a result, he has spent the better part of two days attempting to remediate the
4 harm this identity theft and fraud has caused him.

5 159. Plaintiff Branch does not recall ever learning that his information was
6 compromised in a data breach incident, other than the breach at issue in this case.

7 160. As a result of the Data Breach and the recommendations of Defendant's Notice,
8 Plaintiff Branch made reasonable efforts to mitigate the impact of the Data Breach, including but
9 not limited to researching the Data Breach, reviewing credit card and financial account
10 statements, changing his online account passwords, and monitoring his credit information as
11 suggested by Defendant.

12 161. Plaintiff Branch has and will spend considerable time and effort monitoring his
13 accounts to protect himself from identity theft. Plaintiff Branch fears for his personal financial
14 security and uncertainty over what PII was exposed in the Data Breach. Plaintiff Branch has and
15 is experiencing feelings of anxiety, sleep disruption, stress, fear, and frustration because of the
16 Data Breach. This goes far beyond allegations of mere worry or inconvenience; it is exactly the
17 sort of injury and harm to a Data Breach victim that the law contemplates and addresses.

18 162. Plaintiff Branch is now subject to the present and continuing risk of fraud, identity
19 theft, and misuse resulting from his PII being placed in the hands of unauthorized third parties.
20 This injury was worsened by Defendant's delay in informing Plaintiffs and Class Members about
21 the Data Breach.

22 ///

23 ///

1 163. Plaintiff Branch has a continuing interest in ensuring that his PII, which, upon
2 information and belief, remains backed up in Defendant's possession, is protected and
3 safeguarded from future breaches.
4

5 **Plaintiff Carter's Experience**

6 164. Upon information and belief, Defendant obtained Plaintiff Carter's PII when
7 Plaintiff applied for life insurance.

8 165. Plaintiff Carter's PII was compromised in Ethos' second data breach,
9 compromising his Social Security number and exposing him to identity theft and fraud.
10

11 166. Plaintiff Carter trusted that his PII would be safeguarded according to internal
12 policies and state and federal law.

13 167. Had Plaintiff Carter known of Defendant's security failures, Plaintiff Carter
14 would not have entrusted his PII to Defendant. As a result of the Data Breach, Plaintiff Carter
15 experienced actual identify theft and fraud, including an unknown address showing up on his
16 credit report in late August of 2022.

17 168. As a result, he has spent at least 4 hours attempting to remediate the harm this
18 identity theft and fraud has caused him, including verifying the legitimacy of the Notice of Data
19 Breach Letter, freezing his credit, and self-monitoring his accounts and credit reports to ensure
20 no fraudulent activity has occurred. This time has been lost forever and cannot be recaptured.

21 169. Shortly after and as a result of the Data Breach, Plaintiff Carter began
22 experiencing an increase in spam and suspicious phone calls, texts, and emails.

23 170. Plaintiff Carter does not recall ever learning that his information was
24 compromised in a data breach incident, other than the breach at issue in this case.

25 171. Plaintiff Carter has and will spend considerable time and effort monitoring his
26 accounts to protect himself from identity theft. Plaintiff Carter fears for his personal financial
27 security and uncertainty over what PII was exposed in the Data Breach. This worry goes far
28

1 beyond allegations of mere worry or inconvenience; it is exactly the sort of injury and harm to
2 a Data Breach victim that the law contemplates and addresses.

3 172. Plaintiff Carter is now subject to the present and continuing risk of fraud, identity
4 theft, and misuse resulting from his PII being placed in the hands of unauthorized third parties.
5 This injury was worsened by Defendant's delay in informing Plaintiffs and Class Members
6 about the Data Breach.

7 173. Plaintiff Carter has a continuing interest in ensuring that his PII, which, upon
8 information and belief, remains backed up in Defendant's possession, is protected and
9 safeguarded from future breaches.

10 **Plaintiff Young's Experience**

11 174. Upon information and belief, Defendant obtained Plaintiff Young's PII when
12 Plaintiff applied for life insurance.

13 175. Plaintiff Young's PII was compromised in Ethos' second data breach,
14 compromising her Social Security number and exposing her to identity theft and fraud.

15 176. Plaintiff Young trusted that her PII would be safeguarded according to internal
16 policies and state and federal law.

17 177. Had Plaintiff Young known of Defendant's security failures, Plaintiff Young
18 would not have entrusted her PII to Defendant.

19 178. As a result of the Data Breach, Plaintiff Young experienced actual identity theft
20 and fraud, including:

- 21
- 22 a. multiple fraudulent charges on two of her bank accounts.
 - 23 i. As a result of these Fraudulent Charges, in November of 2022,
24 one of her banks restricted her use of the credit card use.
 - 25 ii. The other institution, in January of 2023, locked her account
26 after notifying her that someone was fraudulently attempting
27 to transfer money out of her account.
- 28

1 b. numerous emails from reputable lending institutions requesting that
2 Plaintiff Young finish loan applications, which she never commenced.

3 179. As a result of the Breach and resulting identity thefts, Plaintiff Young has
4 suffered credit issues. Specifically, in December of 2022, her application for a new credit card
5 was rejected due to too many recent credit inquiries. These credit inquiries are suspicious and
6 likely fraudulent as Plaintiff Young has applied for new lines of credit only two times in the
7 past 12 months.

8 180. As a result of these Fraudulent Charges, Plaintiff Young has had to borrow
9 money from relatives and spend numerous hours speaking with her bank's fraud department
10 and is still in the process of fixing these problems.

11 181. Shortly after and as a result of the Data Breach, Plaintiff Young experienced an
12 increase in spam and suspicious phone calls, texts, and emails.

13 182. As a result of the Data Breach, Plaintiff Young has spent more than 35 hours
14 dealing with the identity theft, fraud, and other consequences of the Data Breach, including
15 which include time spent verifying the legitimacy of the Notice of Data Breach Letter, and self-
16 monitoring her accounts and credit reports to ensure no fraudulent activity has occurred. This
17 time has been lost forever and cannot be recaptured.

18 183. Plaintiff Young does not recall ever learning that her information was
19 compromised in a data breach incident, other than the breach at issue in this case.

20 184. Plaintiff Young has and will spend considerable time and effort monitoring her
21 accounts to protect himself from identity theft. Plaintiff Young fears for her personal financial
22 security and uncertainty over what PII was exposed in the Data Breach. This worry goes far
23 beyond allegations of mere worry or inconvenience; it is exactly the sort of injury and harm to
24 a Data Breach victim that the law contemplates and addresses.

25 185. Plaintiff Young is now subject to the present and continuing risk of fraud,
26 identity theft, and misuse resulting from his PII being placed in the hands of unauthorized third
27
28

1 parties. This injury was worsened by Defendant's delay in informing Plaintiffs and Class
2 Members about the Data Breach.

3 186. Plaintiff Young has a continuing interest in ensuring that his PII, which, upon
4 information and belief, remains backed up in Defendant's possession, is protected and
5 safeguarded from future breaches.

6 **Plaintiff Schneider's Experience**

7
8 187. Upon information and belief, prior to the Data Breach, Defendant obtained
9 Plaintiff Schneider's PII when Plaintiff applied for life insurance.

10 188. Plaintiff Schneider trusted that his Private Information would be safeguarded
11 according to internal policies and state and federal law.

12 189. Had Plaintiff Schneider known of Defendant's security failures, he would not
13 have entrusted his PII to Defendant.

14 190. Upon information and belief, Defendant obtained Plaintiff Young's PII when
15 Plaintiff applied for life insurance.

16 191. As a result of the Data Breach, Plaintiff Schneider experienced actual identify
17 theft and fraud, including at the end of November 2022, two reputable financial institutions sent
18 him letters informing him that an unauthorized party attempted to open an account in his name
19 to obtain a line of credit.

20 192. Shortly after and as a result of the Data Breach, Plaintiff Schneider experienced
21 an increase in spam and suspicious phone calls, texts, and emails.

22 193. As a result of the Data Breach, Plaintiff Schneider has spent time dealing with
23 the identity theft, fraud, and other consequences of the Data Breach, including which include
24 time spent verifying the legitimacy of the Notice of Data Breach Letter, and self-monitoring his
25 accounts and credit reports to ensure no fraudulent activity has occurred. This time has been
26 lost forever and cannot be recaptured.

27 ///

1 194. Plaintiff Schneider does not recall ever learning that his information was
2 compromised in a data breach incident, other than the breach at issue in this case.

3 195. Plaintiff Schneider has and will spend considerable time and effort monitoring
4 his accounts to protect himself from identity theft. Plaintiff Schneider fears for his personal
5 financial security and uncertainty over what PII was exposed in the Data Breach. This worry
6 goes far beyond allegations of mere worry or inconvenience; it is exactly the sort of injury and
7 harm to a Data Breach victim that the law contemplates and addresses.

8 196. Plaintiff Schneider is now subject to the present and continuing risk of fraud,
9 identity theft, and misuse resulting from his PII being placed in the hands of unauthorized third
10 parties. This injury was worsened by Defendant's delay in informing Plaintiffs and Class
11 Members about the Data Breach.

12 197. Plaintiff Schneider has a continuing interest in ensuring that his PII, which, upon
13 information and belief, remains backed up in Defendant's possession, is protected and
14 safeguarded from future breaches.

15 **Plaintiff Pearch's Experience**

16 198. Despite never forming or seeking a relationship with Ethos, Plaintiff Pearch's PII
17 was compromised in Ethos' second data breach, compromising his Social Security number and
18 exposing him to identity theft and fraud.

19 199. Plaintiff Branch experienced actual identify theft and fraud, including:

- 20 a. fraud when his debit card was accessed on December 17, 2022 and over
21 \$8,500 was taken from his checking account;
22 b. fraud when his debit card was accessed on December 17, 2022 and over
23 \$8,500 was taken from his checking account;
24 \$8,500 was taken from his checking account;
25

26 ///
27
28

1 c. identity theft when he received a letter in December of 2022 from a
2 reputable financial institution informing him that an unauthorized party
3 attempted to open an account in his name; and,

4 d. actual injury in the form of identity theft when in August of 2022, Plaintiff
5 Branch discovered that unauthorized parties had opened numerous Turbo
6 Tax accounts in his name.
7

8 200. As a result of the fraud on his debit card, Plaintiff Pearch's checking account was
9 also overdrawn, and he was assessed resulting fees.

10 201. As a result of the fraud on his debit card, Plaintiff Pearch lost access to his debit
11 card.
12

13 202. As a result of the fraud on his debit card, Plaintiff Pearch was unable to pay
14 numerous bills in the following months, was forced to borrow money and seek funds—from
15 friends and family—which was a source of embarrassment.

16 203. Shortly after and as a result of the Data Breach, Plaintiff Pearch experienced an
17 increase in spam and suspicious phone calls, texts, and emails.
18

19 204. As a result of the Data Breach, Plaintiff Pearch purchased credit monitoring
20 services from Experian, the cost of which was reasonable and necessary.

21 205. As a result of the fraud and identity theft stemming from the Data Breach, Plaintiff
22 Pearch has spent more than two days attempting to remediate the harm this identity theft and fraud
23 has caused him.

24 206. Plaintiff Pearch does not recall ever learning that his information was
25 compromised in a data breach incident, other than the breach at issue in this case.
26

27 ///

1 207. Plaintiff Pearch has and will spend considerable time and effort monitoring his
2 accounts to protect himself from identity theft. Plaintiff Pearch fears for his personal financial
3 security and uncertainty over what PII was exposed in the Data Breach. This goes far beyond
4 allegations of mere worry or inconvenience; it is exactly the sort of injury and harm to a Data
5 Breach victim that the law contemplates and addresses.
6

7 208. Plaintiff Pearch is now subject to the present and continuing risk of fraud, identity
8 theft, and misuse resulting from his PII being placed in the hands of unauthorized third parties.
9 This injury was worsened by Defendant's delay in informing Plaintiffs and Class Members about
10 the Data Breach.
11

12 209. Plaintiff Pearch has and will spend more than 50 hours and missed approximately
13 five days of work as a result of responding to the consequences of the Data Breach, including
14 monitoring his accounts to protect himself from identity theft. Plaintiff Pearch fears for his
15 personal financial security and uncertainty over what PII was exposed in the Data Breach. This
16 worry goes far beyond allegations of mere worry or inconvenience; it is exactly the sort of injury
17 and harm to a Data Breach victim that the law contemplates and addresses.
18

19 210. Plaintiff Pearch is now subject to the present and continuing risk of fraud, identity
20 theft, and misuse resulting from his PII being placed in the hands of unauthorized third parties.
21 This injury was worsened by Defendant's delay in informing Plaintiffs and Class Members about
22 the Data Breach.
23

24 211. Plaintiff Pearch has a continuing interest in ensuring that his PII, which, upon
25 information and belief, remains backed up in Defendant's possession, is protected and
26 safeguarded from future breaches.
27
28

1 **V. CLASS ACTION ALLEGATIONS**

2 212. Plaintiffs bring this action on behalf of themselves and on behalf of all other
3 persons similarly situated (“the Class”).

4 213. Plaintiffs propose the following Class and Subclass definitions, subject to
5 amendment as appropriate:
6

7 **All persons identified by Defendant (or its agents or affiliates) as**
8 **being among those individuals impacted by the Data Breach,**
9 **including all who were sent a notice of the Data Breach (the “Class”).**

10 **All persons identified by Defendant (or its agents or affiliates) as**
11 **being among those individuals residing in California impacted by the**
12 **Data Breach, including all who were sent a notice of the Data Breach**
13 **(the “California Subclass”).**

14 214. Collectively the Class and California Subclass are referred to as the Classes.

15 215. Excluded from the Class are Defendant’s officers, directors, and employees; any
16 entity in which Defendant has a controlling interest; and the affiliates, legal representatives,
17 attorneys, successors, heirs, and assigns of Defendant. Excluded also from the Class are members
18 of the judiciary to whom this case is assigned, their families and Members of their staff.

19 216. Plaintiffs reserve the right to amend or modify the Class or Subclass definitions
20 as this case progresses.

21 217. Numerosity. The Members of the Class are so numerous that joinder of all of them
22 is impracticable. While the exact number of Class Members is unknown to Plaintiffs at this time,
23 based on information and belief, the Class consists of thousands of individuals whose sensitive
24 data was compromised in the Data Breach.

25 ///

26 ///

1 218. Commonality. There are questions of law and fact common to the Class, which
2 predominate over any questions affecting only individual Class Members. These common
3 questions of law and fact include, without limitation:

- 4 a. if Defendant unlawfully used, maintained, lost, or disclosed Plaintiffs' and
5 Class Members' PII;
6 b. if Defendant failed to implement and maintain reasonable security
7 procedures and practices appropriate to the nature and scope of the
8 information compromised in the Data Breach;
9 c. if Defendant's data security systems prior to and during the Data Breach
10 complied with applicable data security laws and regulations;
11 d. if Defendant's data security systems prior to and during the Data Breach
12 were consistent with industry standards;
13 e. if Defendant owed a duty to Class Members to safeguard their PII;
14 f. if Defendant breached their duty to Class Members to safeguard their PII;
15 g. if Defendant knew or should have known that their data security systems
16 and monitoring processes were deficient;
17 h. if Defendant should have discovered the Data Breach sooner;
18 i. if Plaintiffs and Class Members suffered legally cognizable damages as a
19 result of Defendant's misconduct;
20 j. if Defendant's conduct was negligent;
21 k. if Defendant's breach implied contracts with Plaintiffs and Class
22 Members;
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- 1 l. if Defendant were unjustly enriched by unlawfully retaining a benefit
- 2 conferred upon them by Plaintiffs and Class Members;
- 3 m. if Defendant failed to provide notice of the Data Breach in a timely
- 4 manner, and;
- 5
- 6 n. if Plaintiffs and Class Members are entitled to damages, civil penalties,
- 7 punitive damages, treble damages, and/or injunctive relief.
- 8

9 219. Typicality. Plaintiffs' claims are typical of those of other Class Members because
10 Plaintiffs' information, like that of every other Class Member, was compromised in the Data
11 Breach.

12 220. Adequacy of Representation. Plaintiffs will fairly and adequately represent and
13 protect the interests of the Members of the Class. Plaintiffs' Counsel are competent and
14 experienced in litigating class actions.

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

21 222. Superiority. A class action is superior to other available methods for the fair and
22 efficient adjudication of the controversy. Class treatment of common questions of law and fact is
23 superior to multiple individual actions or piecemeal litigation. Absent a class action, most Class
24 Members would likely find that the cost of litigating their individual claims is prohibitively high
25 and would therefore have no effective remedy. The prosecution of separate actions by individual
26
27
28

1 Class Members would create a risk of inconsistent or varying adjudications with respect to
2 individual Class Members, which would establish incompatible standards of conduct for
3 Defendant. In contrast, the conduct of this action as a Class action presents far fewer management
4 difficulties, conserves judicial resources and the parties' resources, and protects the rights of each
5 Class Member.
6

7 223. Defendant has acted on grounds that apply generally to the Class as a whole, so
8 that Class certification, injunctive relief, and corresponding declaratory relief are appropriate on
9 a Class-wide basis.

10 224. Likewise, particular issues under Rule 42(d)(1) are appropriate for certification
11 because such claims present only particular, common issues, the resolution of which would
12 advance the disposition of this matter and the parties' interests therein. Such particular issues
13 include, but are not limited to:
14

- 15 a. if Defendant failed to timely notify the public of the Data Breach;
- 16 b. if Defendant owed a legal duty to Plaintiffs and the Class to exercise due
17 care in collecting, storing, and safeguarding their PII;
- 18 c. if Defendant's security measures to protect their data systems were
19 reasonable in light of best practices recommended by data security experts;
- 20 d. if Defendant's failure to institute adequate protective security measures
21 amounted to negligence;
- 22 e. if Defendant failed to take commercially reasonable steps to safeguard
23 consumer PII; and
24
25
26
27
28

1 f. if adherence to FTC data security recommendations, and measures
2 recommended by data security experts would have reasonably prevented
3 the Data Breach.

4 225. Finally, all members of the proposed Class are readily ascertainable. Defendant
5 has access to Class Members' names and addresses affected by the Data Breach. Class Members
6 have already been preliminarily identified and sent notice of the Data Breach by Defendant Ethos.
7

8 **FIRST CAUSE OF ACTION**

9 **Negligence**

10 **(On Behalf of Plaintiffs and the Class)**

11 226. Plaintiffs re-allege and incorporate by reference herein all of the allegations
12 contained in paragraphs 1 through 224.

13 227. Plaintiffs and the Class entrusted Defendant with their PII on the premise and with
14 the understanding that Defendant would safeguard their information, use their PII for business
15 purposes only, and/or not disclose their PII to unauthorized third parties.

16 228. Defendant has full knowledge of the sensitivity of the PII and the types of harm
17 that Plaintiffs and the Class could and would suffer if the PII were wrongfully disclosed.
18

19 229. By collecting and storing this data in their computer system and network, and
20 sharing it and using it for commercial gain, Defendant owed a duty of care to use reasonable
21 means to secure and safeguard their computer system—and Class Members' PII held within it—
22 to prevent disclosure of the information, and to safeguard the information from theft. Defendant's
23 duty included a responsibility to implement processes by which it could detect a breach of their
24 security systems in a reasonably expeditious period of time and to give prompt notice to those
25 affected in the case of a data breach.
26

27 ///

1 230. Defendant owed a duty of care to Plaintiffs and Class Members to provide data
2 security consistent with industry standards and other requirements discussed herein, and to ensure
3 that their systems and networks, and the personnel responsible for them, adequately protected the
4 PII.
5

6 231. Defendant’s duty of care to use reasonable security measures arose as a result of
7 the special relationship that existed between Defendant and individuals who entrusted them with
8 PII, which is recognized by laws and regulations, as well as common law. Defendant were in a
9 superior position to ensure that their systems were sufficient to protect against the foreseeable
10 risk of harm to Class Members from a data breach.
11

12 232. Defendant’s duty to use reasonable security measures required Defendant to
13 reasonably protect confidential data from any intentional or unintentional use or disclosure.
14

15 233. In addition, Defendant had a duty to employ reasonable security measures under
16 Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45, which prohibits “unfair . . .
17 practices in or affecting commerce,” including, as interpreted and enforced by the FTC, the unfair
18 practice of failing to use reasonable measures to protect confidential data.
19

20 234. Defendant’s duty to use reasonable care in protecting confidential data arose not
21 only as a result of the statutes and regulations described above, but also because Defendant are
22 bound by industry standards to protect confidential PII.
23

24 235. Defendant breached its duties, and thus was negligent, by failing to use reasonable
25 measures to protect Class Members’ PII. The specific negligent acts and omissions committed by
26 Defendant include, but are not limited to, the following:
27

- 28 a. failing to adopt, implement, and maintain adequate security measures to
safeguard Class Members’ PII;

- b. failing to adequately monitor the security of their networks and systems;
- d. failing to have in place mitigation policies and procedures;
- e. allowing unauthorized access to Class Members' PII;
- f. failing to detect in a timely manner that Class Members' PII had been compromised; and
- g. failing to timely notify Class Members about the Data Breach so that they could take appropriate steps to mitigate the potential for identity theft and other damages.

236. Defendant owed to Plaintiffs and Class Members a duty to notify them within a reasonable timeframe of any breach to the security of their PII. Defendant also owed a duty to timely and accurately disclose to Plaintiffs and Class Members the scope, nature, and occurrence of the data breach. This duty is required and necessary for Plaintiffs and Class Members to take appropriate measures to protect their PII, to be vigilant in the face of an increased risk of harm, and to take other necessary steps to mitigate the harm caused by the data breach.

237. Plaintiffs and Class Members are also entitled to injunctive relief requiring Defendant to, *e.g.*, (i) strengthen their data security systems and monitoring procedures; (ii) submit to future annual audits of those systems and monitoring procedures; and (iii) continue to provide adequate credit monitoring to all Class Members.

238. Defendant breached its duties to Plaintiffs and Class Members by failing to provide fair, reasonable, or adequate computer systems and data security practices to safeguard Plaintiffs' and Class Members' PII.

///

1 239. Defendant owed these duties to Plaintiffs and Class Members because they are
2 members of a well-defined, foreseeable, and probable class of individuals whom Defendant knew
3 or should have known would suffer injury-in-fact from Defendant's inadequate security protocols.
4 Defendant actively sought and obtained Plaintiffs' and Class Members' PII.
5

6 240. The risk that unauthorized persons would attempt to gain access to the PII
7 and misuse it was foreseeable. Given that Defendant holds vast amounts of PII, it was inevitable
8 that unauthorized individuals would attempt to access Defendant's databases containing the
9 PII—whether by malware or otherwise.
10

11 241. PII is highly valuable, and Defendant knew, or should have known, the risk in
12 obtaining, using, handling, emailing, and storing the PII of Plaintiffs and Class Members and
13 the importance of exercising reasonable care in handling it.

14 242. Defendant breached its duties by failing to exercise reasonable care in supervising
15 their agents, contractors, vendors, and suppliers, and in handling and securing the PII
16 of Plaintiffs and Class Members—which actually and proximately caused the Data Breach
17 and injured Plaintiffs and Class Members.
18

19 243. Defendant further breached its duties by failing to provide reasonably timely notice
20 of the data breach to Plaintiffs and Class Members, which actually and proximately caused and
21 exacerbated the harm from the data breach and Plaintiffs and Class Members' injuries-in-fact. As
22 a direct and traceable result of Defendant's negligence and/or negligent supervision, Plaintiffs and
23 Class Members have suffered or will suffer damages, including monetary damages, increased risk
24 of future harm, embarrassment, humiliation, frustration, and emotional distress.
25

26 244. Defendant's breach of its common-law duties to exercise reasonable care and
27 their failures and negligence actually and proximately caused Plaintiffs and Class Members
28

1 actual, tangible, injury-in-fact and damages, including, without limitation, the theft of their
2 PII by criminals, improper disclosure of their PII, lost benefit of their bargain, lost value of
3 their PII, and lost time and money incurred to mitigate and remediate the effects of the data
4 breach that resulted from and were caused by Defendant's negligence, which injury-in-fact
5 and damages are ongoing, imminent, immediate, and which they continue to face.
6

7 **SECOND CAUSE OF ACTION**
8 **Invasion of Privacy**
9 **(On behalf of the Plaintiffs and the Class)**

10 245. Plaintiffs re-allege and incorporate by reference herein all of the allegations
11 contained in paragraphs 1 through 224.

12 246. Plaintiffs and Class Members had a legitimate expectation of privacy regarding
13 their PII and were accordingly entitled to the protection of this information against disclosure to
14 unauthorized third parties.

15 247. Defendant owed a duty to Plaintiffs and Class Member to keep their PII
16 confidential.

17 248. The unauthorized disclosure and/or acquisition (*i.e.*, theft) by a third party of
18 Plaintiffs' and Class Members' PII is highly offensive to a reasonable person.
19

20 249. Defendant's reckless and negligent failure to protect Plaintiffs' and Class
21 Members' PII constitutes an intentional interference with Plaintiffs' and the Class Members'
22 interest in solitude or seclusion, either as to their person or as to their private affairs or concerns,
23 of a kind that would be highly offensive to a reasonable person.
24

25 250. Defendant's failure to protect Plaintiffs' and Class Members' PII acted with a
26 knowing state of mind when it permitted the Data Breach because it knew its information security
27 practices were inadequate.
28

1 251. Defendant knowingly did not notify Plaintiffs and Class Members in a timely
2 fashion about the Data Breach.

3 252. Because Defendant failed to properly safeguard Plaintiffs' and Class Members'
4 PII, Defendant had notice and knew that its inadequate cybersecurity practices would cause injury
5 to Plaintiffs and the Class.
6

7 253. As a proximate result of Defendant's acts and omissions, the private and sensitive
8 PII of Plaintiffs and the Class Members was stolen by a third party and is now available for
9 disclosure and redisclosure without authorization, causing Plaintiffs and the Class to suffer
10 damages.
11

12 254. Defendant's wrongful conduct will continue to cause great and irreparable injury
13 to Plaintiffs and the Class since their PII is still maintained by Defendant with their inadequate
14 cybersecurity system and policies.

15 255. Plaintiffs and Class Members have no adequate remedy at law for the injuries
16 relating to Defendant's continued possession of their sensitive and confidential records. A
17 judgment for monetary damages will not end Defendant's inability to safeguard the PII of
18 Plaintiffs and the Class.
19

20 256. Plaintiffs, on behalf of themselves and Class Members, seeks injunctive relief to
21 enjoin Defendant from further intruding into the privacy and confidentiality of Plaintiffs' and
22 Class Members' PII.

23 257. Plaintiffs, on behalf of themselves and Class Members, seeks compensatory
24 damages for Defendant's invasion of privacy, which includes the value of the privacy interest
25 invaded by Defendant, the costs of future monitoring of their credit history for identity theft and
26 fraud, plus prejudgment interest, and costs.
27
28

THIRD CAUSE OF ACTION
Unjust Enrichment
(On Behalf of Plaintiffs and the Class)

1
2
3 258. Plaintiffs re-allege and incorporate by reference herein all of the allegations
4 contained in paragraphs 1 through 224.

5
6 259. This count is pleaded in the alternative to breach of implied contract.

7
8 260. Upon information and belief, Defendant funds its data security measures entirely
9 from its general revenue, including payments made by or on behalf of Plaintiffs and the Class
10 Members.

11
12 261. As such, a portion of the payments made by or on behalf of Plaintiffs and the Class
13 Members is to be used to provide a reasonable level of data security, and the amount of the portion
14 of each payment made that is allocated to data security is known to Defendant.

15
16 262. Plaintiffs and Class Members conferred a monetary benefit on Defendant.
17 Specifically, they purchased goods and services from Defendant and/or its agents and in so doing
18 provided Defendant with their PII. In exchange, Plaintiffs and Class Members should have
19 received from Defendant the goods and services that were the subject of the transaction and have
20 their PII protected with adequate data security.

21
22 263. Defendant knew that Plaintiffs and Class Members conferred a benefit which
23 Defendant accepted. Defendant profited from these transactions and used the PII of Plaintiffs and
24 Class Members for business purposes.

25
26 264. Plaintiffs and Class Members conferred a monetary benefit on Defendant, by
27 paying Defendant as part of Defendant rendering insurance related services, a portion of which
28 was to have been used for data security measures to secure Plaintiffs' and Class Members' PII,
and by providing Defendant with their valuable PII.

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

9 266. Under the principles of equity and good conscience, Defendant should not be
10 permitted to retain the money belonging to Plaintiffs and Class Members, because Defendant
11 failed to implement appropriate data management and security measures that are mandated by
12 industry standards.
13

14 267. Defendant acquired the monetary benefit and PII through inequitable means in
15 that it failed to disclose the inadequate security practices previously alleged.
16

17 268. If Plaintiffs and Class Members knew that Defendant had not secured their PII,
18 they would not have agreed to provide their PII to Defendant.
19

20 269. Plaintiffs and Class Members have no adequate remedy at law.
21

22 270. As a direct and proximate result of Defendant's conduct, Plaintiffs and Class
23 Members have suffered and will suffer injury, including but not limited to: (i) actual identity
24 theft; (ii) the loss of the opportunity how their PII is used; (iii) the compromise, publication,
25 and/or theft of their PII; (iv) out-of-pocket expenses associated with the prevention, detection,
26 and recovery from identity theft, and/or unauthorized use of their PII; (v) lost opportunity costs
27 associated with effort expended and the loss of productivity addressing and attempting to mitigate
28 the actual and future consequences of the Data Breach, including but not limited to efforts spent

1 researching how to prevent, detect, contest, and recover from identity theft; (vi) the continued
2 risk to their PII, which remain in Defendant’s possession and is subject to further unauthorized
3 disclosures so long as Defendant fails to undertake appropriate and adequate measures to protect
4 PII in their continued possession; and (vii) future costs in terms of time, effort, and money that
5 will be expended to prevent, detect, contest, and repair the impact of the PII compromised as a
6 result of the Data Breach for the remainder of the lives of Plaintiffs and Class Members.
7

8 271. As a direct and proximate result of Defendant’s conduct, Plaintiffs and Class
9 Members have suffered and will continue to suffer other forms of injury and/or harm.

10 272. Defendant should be compelled to disgorge into a common fund or constructive
11 trust, for the benefit of Plaintiffs and Class Members, proceeds that they unjustly received from
12 them. In the alternative, Defendant should be compelled to refund the amounts that Plaintiffs and
13 Class Members overpaid for Defendant’s services.
14

15 **FOURTH CAUSE OF ACTION**
16 **Violation of the California Unfair Competition Law**
17 **[Cal. Bus. & Prof. Code § 17200, et seq. – Unlawful Business Practices]**
18 **(On Behalf of Plaintiffs and the Class)**

19 273. Plaintiffs re-allege and incorporate by reference herein all of the allegations
20 contained in paragraphs 1 through 224.

21 274. Ethos violated Cal. Bus. and Prof. Code § 17200, et seq., by engaging in unlawful,
22 unfair or fraudulent business acts and practices and unfair, deceptive, untrue or misleading
23 advertising that constitute acts of “unfair competition” as defined in Cal. Bus. Prof. Code § 17200
24 with respect to the services provided to the Class.

25 275. Ethos engaged in unlawful acts and practices with respect to the services by
26 establishing the sub-standard security practices and procedures described herein; by soliciting
27 and collecting Plaintiffs’ and Class Members’ PII with knowledge that the information would not
28

1 be adequately protected; and by storing Plaintiffs' and Class Members' PII in an unsecure
2 electronic environment in violation of California's data breach statute, Cal. Civ. Code §
3 1798.81.5, which requires Ethos to take reasonable methods for safeguarding the PII of Plaintiffs
4 and the Class Members.
5

6 276. In addition, Ethos engaged in unlawful acts and practices by failing to disclose the
7 Data Breach in a timely and accurate manner, contrary to the duties imposed by Cal. Civ. Code
8 § 1798.82.

9 277. As a direct and proximate result of Ethos' unlawful practices and acts, Plaintiffs
10 and Class Members were injured and lost money or property, including but not limited to the
11 price received by Ethos for the products and services, the loss of Plaintiffs' and Class Members'
12 legally protected interest in the confidentiality and privacy of their PII, nominal damages, and
13 additional losses as described herein.
14

15 278. Ethos knew or should have known that its computer systems and data security
16 practices were inadequate to safeguard Plaintiffs' and Class Members' PII and that the risk of a
17 data breach or theft was highly likely. Ethos' actions in engaging in the above-named unlawful
18 practices and acts were negligent, knowing and willful, and/or wanton and reckless with respect
19 to the rights of Plaintiffs and Class Members.
20

21 279. Plaintiffs, on behalf of the Class, seeks relief under Cal. Bus. & Prof. Code §
22 17200, et seq., including, but not limited to, restitution to Plaintiffs and Class Members of money
23 or property that Ethos may have acquired by means of its unlawful, and unfair business practices,
24 restitutionary disgorgement of all profits accruing to Ethos because of its unlawful and unfair
25 business practices, declaratory relief, attorneys' fees and costs (pursuant to Cal. Code Civ. Proc.
26 § 1021.5), and injunctive or other equitable relief.
27
28

FIFTH CAUSE OF ACTION
Declaratory Judgment and Injunctive Relief
(On Behalf of Plaintiffs and the Class)

1
2
3 280. Plaintiffs re-allege and incorporate by reference herein all of the allegations
4 contained in paragraphs 1 through 224.

5
6 281. Under the Declaratory Judgment Act, 28 U.S.C. §§ 2201, et seq., this Court is
7 authorized to enter a judgment declaring the rights and legal relations of the parties and to grant
8 further necessary relief. Furthermore, the Court has broad authority to restrain acts, such as those
9 alleged herein, which are tortious, and which violate the terms of the federal and state statutes
10 described above.

11
12 282. An actual controversy has arisen in the wake of the Data Breach at issue regarding
13 Defendant's common law and other duties to act reasonably with respect to employing reasonable
14 data security. Plaintiffs allege Defendant's actions in this respect were inadequate and
15 unreasonable and, upon information and belief, remain inadequate and unreasonable.
16 Additionally, Plaintiffs and the Classes continue to suffer injury due to the continued and ongoing
17 threat of new or additional fraud against them or on their accounts using the stolen data.

18
19 283. Under its authority under the Declaratory Judgment Act, this Court should enter a
20 judgment declaring, among other things, the following:

- 21 a. Defendant owed, and continues to owe, a legal duty to employ reasonable
22 data security to secure the PII it possesses, and to notify impacted
23 individuals of the Data Breach under the common law and Section 5 of the
24 FTC Act;

25
26 ///

27 ///

1 b. Defendant breached, and continues to breach, its duty by failing to employ
2 reasonable measures to secure its customers’ personal and financial
3 information; and

4 c. Defendant’s breach of its legal duty continues to cause harm to Plaintiffs
5 and the Classes.
6

7 284. The Court should also issue corresponding injunctive relief requiring Defendant
8 to employ adequate security protocols consistent with industry standards to protect its employees’
9 (i.e., Plaintiffs and the Classes’) data.

10 285. If an injunction is not issued, Plaintiffs and the Classes will suffer irreparable
11 injury and lack an adequate legal remedy in the event of another breach of Defendant’s data
12 systems. If another breach of Defendant’s data systems occurs, Plaintiffs and the Classes will not
13 have an adequate remedy at law because many of the resulting injuries are not readily quantified
14 in full and they will be forced to bring multiple lawsuits to rectify the same conduct. Simply put,
15 monetary damages, while warranted to compensate Plaintiffs and the Classes for their out-of-
16 pocket and other damages that are legally quantifiable and provable, do not cover the full extent
17 of injuries suffered by Plaintiffs and the Classes, which include monetary damages that are not
18 legally quantifiable or provable.
19

20 286. The hardship to Plaintiffs and the Classes if an injunction does not issue exceeds
21 the hardship to Defendant if an injunction is issued.
22

23 287. Issuance of the requested injunction will not disserve the public interest. To the
24 contrary, such an injunction would benefit the public by preventing another data breach, thus
25 eliminating the injuries that would result to Plaintiffs, the Classes, and the public at large.
26

27 ///
28

SIXTH CAUSE OF ACTION

**Violation of California’s Consumer Privacy Act, Cal. Civ. Code. § 1798.100, *et seq.*
(On Behalf of Plaintiff Trevor Pearch and the California Subclass)**

1
2
3 288. Plaintiff Trevor Pearch and the California Subclass re-allege and incorporate by
4 reference herein all of the allegations contained in paragraphs 1 through 224.
5

6 289. Defendant violated sections 1798.81.5(b) and 1798.150(a) of the California
7 Consumer Privacy Act (“CCPA”) by failing to prevent Plaintiff’s and the California Subclass’s
8 nonencrypted and nonredacted PII from unauthorized access and exfiltration, theft, or disclosure
9 as a result of Defendant’s violations of its duty to implement and maintain reasonable security
10 procedures and practices appropriate to the nature of the information to protect the PII of Plaintiff
11 and the California Subclass.
12

13 290. As a direct and proximate result of Defendant’s acts and violations of their duty
14 under the CCPA, Plaintiff’s and the California Subclass’s non-redacted and non-encrypted PII
15 was subjected to unauthorized access and exfiltration, theft, or disclosure through Defendant’s
16 computer systems.
17

18 291. As a direct and proximate result of Defendant’s acts, Plaintiff and the California
19 Subclass were injured and lost money or property, including but not limited to the loss of the
20 California Subclass’s legally protected interest in the confidentiality and privacy of their PII,
21 nominal damages, and additional losses as described above.
22

23 292. Defendant knew or should have known that their computer systems and data
24 security practices were inadequate to safeguard the California Subclass’s PII and that the risk of
25 a data breach or theft was highly likely. Defendant failed to implement and maintain reasonable
26 security procedures and practices appropriate to the nature of the information to protect the
27 personal information of Plaintiff and the California Subclass.
28

1 293. Defendant is organized or operated for the profit or financial benefit of its
2 shareholders. Defendant collected Plaintiff’s and California Subclass Members’ PII as defined
3 in Cal. Civ. Code § 1798.140.

4 294. The PII taken in the Data Breach is personal information as defined by Civil Code
5 § 1798.81.5(d)(1)(A) because it contains Plaintiff’s and the California Subclass Members’
6 unencrypted first and last names and Social Security numbers among other information.

7 295. Plaintiff and the California Subclass Members are “consumer[s]” as defined by
8 Civ. Code § 1798.140(g) because they are “natural person[s] who [are] California resident[s], as
9 defined in Section 17014 of Title 18 of the California Code of Regulations, as that section read
10 on September 1, 2017.”

11 296. At this time, Plaintiff and the California Subclass seek injunctive or other equitable
12 relief to ensure that Defendants hereinafter adequately safeguard PII by implementing reasonable
13 security procedures and practices. This relief is important because Defendant still holds PII related
14 to Plaintiff and the California Subclass. Plaintiff and the California Subclass have an interest in
15 ensuring that their PII is reasonably protected.

16 297. Pursuant to § 1798.150(b) of the CCPA, on March 1, 2023, Plaintiff Trevor Pearch
17 separately provided written notice to Defendant identifying the specific provisions of this title he
18 alleges it has violated. If within 30 days of Plaintiff’s written notice to Defendant it fails to
19 “actually cure” its violations of Cal. Civ. Code § 1798.150(a) and provide “an express written
20 statement that the violations have been cured and that no further violations shall occur,” Plaintiff
21 will amend this complaint to also seek the greater of statutory damages in an amount no less than
22 one hundred dollars (\$100) and up to seven hundred and fifty (\$750) per consumer per incident
23
24
25
26
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1 or actual damages, whichever is greater, on behalf of the California Subclass. See Cal. Civ. Code
2 § 1798.150(b).

3 **PRAYER FOR RELIEF**

4 **WHEREFORE**, Plaintiffs, on behalf of themselves and Class Members, requests
5 judgment against Defendant and that the Court grant the following:
6

- 7 A. For an Order certifying the Class, and appointing Plaintiffs and their Counsel to
8 represent the Class;
- 9 B. For equitable relief enjoining Defendant from engaging in the wrongful conduct
10 complained of herein pertaining to the misuse and/or disclosure of the PII of
11 Plaintiffs and Class Members;
- 12 C. For injunctive relief requested by Plaintiffs, including but not limited to, injunctive
13 and other equitable relief as is necessary to protect the interests of Plaintiffs and
14 Class Members, including but not limited to an order;
- 15
- 16
- 17 i. prohibiting Defendant from engaging in the wrongful and unlawful
18 acts described herein;
- 19 ii. requiring Defendant to protect, including through encryption, all data
20 collected through the course of its business in accordance with all
21 applicable regulations, industry standards, and federal, state or local
22 laws;
- 23
- 24 iii. requiring Defendant to delete, destroy, and purge the personal
25 identifying information of Plaintiffs and Class Members unless
26 Defendant can provide to the Court reasonable justification for the
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1 retention and use of such information when weighed against the
2 privacy interests of Plaintiffs and Class Members;

3 iv. requiring Defendant to provide out-of-pocket expenses associated with
4 the prevention, detection, and recovery from identity theft, tax fraud,
5 and/or unauthorized use of their PII for Plaintiffs' and Class Members'
6 respective lifetimes;

7
8 v. requiring Defendant to implement and maintain a comprehensive
9 Information Security Program designed to protect the confidentiality
10 and integrity of the PII of Plaintiffs and Class Members;

11 vi. prohibiting Defendant from maintaining the PII of Plaintiffs and Class
12 Members on a cloud-based database;

13
14 vii. requiring Defendant to engage independent third-party security
15 auditors/penetration testers as well as internal security personnel to
16 conduct testing, including simulated attacks, penetration tests, and
17 audits on Defendant's systems on a periodic basis, and ordering
18 Defendant to promptly correct any problems or issues detected by such
19 third-party security auditors;

20
21 viii. requiring Defendant to engage independent third-party security
22 auditors and internal personnel to run automated security monitoring;

23 ix. requiring Defendant to audit, test, and train its security personnel
24 regarding any new or modified procedures;

25
26 x. requiring Defendant to segment data by, among other things, creating
27 firewalls and access controls so that if one area of Defendant's network
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1 is compromised, hackers cannot gain access to other portions of
2 Defendant's systems;

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4 xi. requiring Defendant to conduct regular database scanning and securing
5 checks;

6
7 xii. requiring Defendant to establish an information security training
8 program that includes at least annual information security training for
9 all employees, with additional training to be provided as appropriate
10 based upon the employees' respective responsibilities with handling
11 personal identifying information, as well as protecting the personal
12 identifying information of Plaintiffs and Class Members;

13
14 xiii. requiring Defendant to routinely and continually conduct internal
15 training and education, and on an annual basis to inform internal
16 security personnel how to identify and contain a breach when it occurs
17 and what to do in response to a breach;

18
19 xiv. requiring Defendant to implement a system of tests to assess its
20 respective employees' knowledge of the education programs discussed
21 in the preceding subparagraphs, as well as randomly and periodically
22 testing employees' compliance with Defendant's policies, programs,
23 and systems for protecting personal identifying information;

24
25 xv. requiring Defendant to implement, maintain, regularly review, and
26 revise as necessary a threat management program designed to
27 appropriately monitor Defendant's information networks for threats,
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1 both internal and external, and assess whether monitoring tools are
2 appropriately configured, tested, and updated;

3
4 xvi. requiring Defendant to meaningfully educate all Class Members about
5 the threats that they face as a result of the loss of their confidential
6 personal identifying information to third parties, as well as the steps
7 affected individuals must take to protect themselves; and

8
9 xvii. requiring Defendant to implement logging and monitoring programs
10 sufficient to track traffic to and from Defendant's servers; and for a
11 period of 10 years, appointing a qualified and independent third-party
12 assessor to conduct a SOC 2 Type 2 attestation on an annual basis to
13 evaluate Defendant's compliance with the terms of the Court's final
14 judgment, to provide such report to the Court and to counsel for the
15 class, and to report any deficiencies with compliance of the Court's
16 final judgment;
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18
19 D. For an award of damages, including actual, nominal, statutory, consequential, and
20 punitive damages, as allowed by law in an amount to be determined;

21 E. For an award of attorneys' fees, costs, and litigation expenses, as allowed by law;

22 F. For prejudgment interest on all amounts awarded; and

23 G. Such other and further relief as this Court may deem just and proper.
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JURY TRIAL DEMANDED

Plaintiffs hereby demand that this matter be tried before a jury.

Dated: March 2, 2023,

Respectfully Submitted,

By: /s/ M. Anderson Berry

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