
**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

STEVEN SHAPIRO

Plaintiff(s)

v.

SONY PICTURES ENTERTAINMENT, INC.

Defendant(s).

CASE NUMBER:

2:14-cv-09762-JAK-VBK

**NOTICE TO PARTIES OF
COURT-DIRECTED ADR PROGRAM**

NOTICE TO PARTIES:

It is the policy of this Court to encourage settlement of civil litigation when such is in the best interest of the parties. The Court favors any reasonable means, including alternative dispute resolution (ADR), to accomplish this goal. *See* Civil L.R. 16-15. Unless exempted by the trial judge, parties in all civil cases must participate in an ADR process before trial. *See* Civil L.R. 16-15.1.

The district judge to whom the above-referenced case has been assigned is participating in an ADR Program that presumptively directs this case to either the Court Mediation Panel or to private mediation. *See* General Order No. 11-10, §5. For more information about the Mediation Panel, visit the Court website, www.cacd.uscourts.gov, under "ADR."

Pursuant to Civil L.R. 26-1(c), counsel are directed to furnish and discuss with their clients the attached ADR Notice To Parties *before* the conference of the parties mandated by Fed.R.Civ.P. 26(f). Based upon the consultation with their clients and discussion with opposing counsel, counsel must indicate the following in their Joint 26(f) Report: 1) whether the case is best suited for mediation with a neutral from the Court Mediation Panel or private mediation; and 2) when the mediation should occur. *See* Civil L.R. 26-1(c).

At the initial scheduling conference, counsel should be fully prepared to discuss their preference for referral to the Court Mediation Panel or to private mediation and when the mediation should occur. The Court will enter an Order/Referral to ADR at or around the time of the scheduling conference.

Clerk, U.S. District Court

December 22, 2014
Date

By /s/ Lori Wagers
Deputy Clerk

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

**NOTICE TO PARTIES: COURT POLICY ON SETTLEMENT
AND USE OF ALTERNATIVE DISPUTE RESOLUTION (ADR)
Counsel are required to furnish and discuss this Notice with their clients.**

Despite the efforts of the courts to achieve a fair, timely and just outcome in all cases, litigation has become an often lengthy and expensive process. For this reason, it is this Court's policy to encourage parties to attempt to settle their disputes, whenever possible, through alternative dispute resolution (ADR).

ADR can reduce both the time it takes to resolve a case and the costs of litigation, which can be substantial. ADR options include mediation, arbitration (binding or non-binding), neutral evaluation (NE), conciliation, mini-trial and fact-finding. ADR can be either Court-directed or privately conducted.

The Court's ADR Program offers mediation through a panel of qualified and impartial attorneys who will encourage the fair, speedy and economic resolution of civil actions. Panel Mediators each have at least ten years of legal experience and are appointed by the Court. They volunteer their preparation time and the first three hours of a mediation session. This is a cost-effective way for parties to explore potential avenues of resolution.

This Court requires that counsel discuss with their clients the ADR options available and instructs them to come prepared to discuss the parties' choice of ADR option (settlement conference before a magistrate judge; Court Mediation Panel; private mediation) at the initial scheduling conference. Counsel are also required to indicate the client's choice of ADR option in advance of that conference. *See* Civil L.R. 26-1(c) and Fed.R.Civ.P. 26(f).

Clients and their counsel should carefully consider the anticipated expense of litigation, the uncertainties as to outcome, the time it will take to get to trial, the time an appeal will take if a decision is appealed, the burdens on a client's time, and the costs and expenses of litigation in relation to the amounts or stakes involved.

With more than 15,000 civil cases filed in the District in 2012, less than 1 percent actually went to trial. Most cases are settled between the parties; voluntarily dismissed; resolved through Court-directed or other forms of ADR; or dismissed by the Court as lacking in merit or for other reasons provided by law.

For more information about the Court's ADR Program, the Mediation Panel, and the profiles of mediators, visit the Court website, www.cacd.uscourts.gov, under "ADR."

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

NOTICE OF ASSIGNMENT TO UNITED STATES JUDGES

This case has been assigned to District Judge **John A. Kronstadt** and to Magistrate Judge **Victor B. Kenton**.

The case number on all documents filed with the Court should read as follows:

2:14-cv-09762 JAK (VBKx)

Pursuant to General Order 05-07 of the United States District Court for the Central District of California, the Magistrate Judge has been designated to hear discovery related motions. All discovery related motions should be noticed on the calendar of the Magistrate Judge.

Clerk, U.S. District Court

December 22, 2014
Date

By /s/ Lori Wagers
Deputy Clerk

ATTENTION

A copy of this Notice must be served on all parties served with the Summons and Complaint (or, in cases removed from state court, on all parties served with the Notice of Removal) by the party who filed the Complaint (or Notice of Removal).

1 John H. Gomez (SBN 171485)
John P. Fiske (SBN 249256)
2 Stephanie S. Poli (SBN 286239)
GOMEZ TRIAL ATTORNEYS
3 655 West Broadway Suite1700
San Diego, CA 92101
4 Telephone: (619) 237-3490
Fax: (619) 237-3496

5 Attorneys for Plaintiff
6
7
8
9

10 **UNITED STATES DISTRICT COURT**
11 **CENTRAL DISTRICT OF CALIFORNIA – SOUTHERN DIVISION**

12 STEVEN SHAPIRO, individually and
on behalf of all others similarly
13 situated,

14 **PLAINTIFF,**

15 **v.**

16 **SONY PICTURES**
ENTERTAINMENT, INC.,

17 **DEFENDANT.**
18
19

CASE NO. _____

NOTICE OF RELATED CASES

20 **TO ALL PARTIES AND TO THEIR COUNSEL OF RECORD:**

21 Pursuant to Civil Local Rule 83-1.3, Plaintiff Steven Shapiro hereby notices that the
22 above-captioned action involves allegations which arise from the same or closely related
23 events alleged in Michael Corona et al. v Sony Pictures Entertainment, Inc., United
24 States District Court, Central District Court of California, Case No. 2:14-cv-09600-
25 RGK-SH and Michael Levine et al. v. Sony Pictures Entertainment, Inc., United States
26 District Court, Central District Court of California, Case No. 2:14-cv-09687-SVW-SH .
27

28 The above-listed action involves all or a material part of the subject matter of

1 the instant case: defendant has failed to take reasonable steps to secure the data of
2 its employees and others from hacking and other collateral attacks despite its having a
3 duty to safeguard its employees' and others' data.

4
5 Dated: December 19, 2014

Respectfully submitted,

6
7 By: _____

8
9 John H. Gomez, Esq.
John P. Fiske, Esq.
GOMEZ TRIAL ATTORNEYS
655 West Broadway Suite 1700
San Diego, CA 92101
Telephone: (619) 237-3490
Fax: (619) 237-3496

10
11
12 Joseph G. Sauder (To Apply *Pro Hac Vice*)
13 Matthew D. Schelkopf (To Apply *Pro Hac Vice*)
14 Benjamin F. Johns (To Apply *Pro Hac Vice*)
15 Joseph B. Kenney (To Apply *Pro Hac Vice*)
CHIMICLES & TIKELLIS LLP
One Haverford Centre
361 West Lancaster Avenue
Haverford, PA 19041
Tel: (610) 642-8500
Fax: (610) 649-3633
jgs@chimicles.com
18 mds@chimicles.com
19 bfj@chimicles.com
jbk@chimicles.com

20
21 Richard A. Maniskas, Esquire (To Apply *Pro*
Hac Vice)
22 **RYAN & MANISKAS, LLP**
995 Old Eagle School Rd., Ste. 311
23 Wayne, PA 19087
24 Tel: 484-588-5516
25 Fax: 484-450-2582
rmaniskas@rmclasslaw.com

1 John H. Gomez (SBN 171485)
John P. Fiske (SBN 249256)
2 Stephanie S. Poli (SBN 286239)
GOMEZ TRIAL ATTORNEYS
3 655 West Broadway Suite1700
San Diego, CA 92101
4 Telephone: (619) 237-3490
Fax: (619) 237-3496

5 Attorneys for Plaintiff
6
7
8
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10 **UNITED STATES DISTRICT COURT**
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12 STEVEN SHAPIRO, individually and
on behalf of all others similarly
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14 **PLAINTIFF,**

15 **v.**

16 **SONY PICTURES**
ENTERTAINMENT, INC.,

17 **DEFENDANT.**
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19
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CASE NO. _____

CLASS ACTION COMPLAINT
FOR:

- 1) Violations of the California Records Act;
- 2) Violations of the California Unfair Competition Laws;
- 3) Violations of the Confidentiality of Medical Information Act; and
- 4) Negligence

JURY TRIAL DEMANDED

21
22
23 **PLAINTIFF’S CLASS ACTION COMPLAINT**

24 Plaintiff Steven Shapiro (“Plaintiff” or “Shapiro”) hereby files this class action
25 complaint on behalf of himself and all others similarly situated, by and through the
26 undersigned attorneys, against Defendant Sony Pictures Entertainment, Inc.
27 (“Defendant” or “Sony Pictures”) and alleges as follows upon personal knowledge as
28

1 to himself and his own acts and experiences and, as to all other matters, upon
2 information and belief based upon, *inter alia*, investigation conducted by his
3 attorneys.

4 NATURE OF THE CASE

5 1. In or around late November 2014, Sony Pictures suffered a catastrophic
6 data breach of its corporate network. The hackers gained access to sensitive and
7 confidential data available on the Sony Pictures corporate network, including: full
8 names, home addresses, email addresses, password files, private key files, social
9 security numbers, dates of birth, bank account information, passport and other
10 personal identification information, retirement plan information, health insurance and
11 medical information, as well as scores of other data. To date, it has been reported
12 that *at least 25* gigabytes of sensitive data on tens of thousands of Sony employees
13 was stolen – some of which has been leaked onto the internet by the hackers – and a
14 hundred terrabytes of data in total.

15 2. Sony Pictures suffered the catastrophic data breach because it failed to
16 develop, maintain, and implement internet security measures on its corporate
17 network. Indeed, many reports have indicated Sony Pictures' serious lapses in
18 industry standards regarding data protection measures, and much of the hacked
19 information was available in plain text files that were not protected or encrypted.

20 3. Plaintiff, individually and on behalf of the Class defined below, seeks to
21 obtain relief from Defendant, including, *inter alia*, damages and declaratory relief,
22 based on Sony Pictures' failure to develop, implement, and maintain data security and
23 protection policies that were adequate, reasonable, and reflected industry standards.

24 JURISDICTION AND VENUE

25 4. This Court has subject matter jurisdiction of this action pursuant to 28
26 U.S.C. § 1332 of the Class Action Fairness Act of 2005 because: (i) there are 100 or
27 more class members, (ii) there is an aggregate amount in controversy exceeding
28 \$5,000,000, exclusive of interest and costs, and (iii) there is minimal diversity

1 because at least one plaintiff and defendant are citizens of different states. This
2 Court also has supplemental jurisdiction over the state law claims pursuant to 28
3 U.S.C. § 1367.

4 5. Venue is proper in this judicial district and division pursuant to 28
5 U.S.C. § 1391 because Defendant is headquartered in this district and division, is
6 subject to personal jurisdiction in this district and division, and therefore is deemed
7 to be a citizen of this district and division. Additionally, a substantial part of the
8 events and/or omissions giving rise to the claims occurred within this district and
9 division.

10 6. This Court has personal jurisdiction over Defendant because it
11 maintains its principal place of business this judicial district and division and has
12 such minimum contacts with California to make this Court's exercise of jurisdiction
13 proper.

14 **PARTIES**

15 7. Plaintiff is a resident of the state of California. Plaintiff was employed
16 by Sony Pictures from October 2003 through January 2010. Plaintiff's personal
17 information was compromised and released as a result of the data breach that
18 occurred at Sony Pictures in November, 2014. Plaintiff first learned of the data
19 breach from various media outlets that reported on the data breach.

20 8. Defendant is a corporation duly organized and existing under the laws of
21 the State of Delaware with its headquarters and principal place of business located in
22 Los Angeles, California.

23 **FACTUAL ALLEGATIONS**

24 **The Cyberattack on Sony Pictures' Corporate Network**

25 9. On November 24, 2014, various media outlets reported that a high-
26 profile, studio-wide cyberattack was conducted by a group calling itself the
27 Guardians of Peace, or "#GOP" as they referred to themselves. Sony Pictures was
28 later identified as the studio implicated in the cyberattack. Initial reports believed

1 #GOP was based out of North Korea. On December 19, the FBI confirmed that the
2 government of North Korea was responsible for the attack.¹

3 10. Sony is intimately familiar with cyber attacks. In 2011, Sony's
4 PlayStation Network was hit by one of the largest security breaches recorded, in
5 which approximately 77 million PlayStation accounts were hacked. On or about June
6 6, 2011, Sony Pictures experienced a data breach whereby hackers called "LulzSec"
7 obtained over one million Sony customer passwords, phone numbers, email
8 addresses, home addresses, and birth dates. Despite this intimate familiarity, Sony
9 failed to improve its corporate network security in the three years since the
10 PlayStation and LulzSec hacks.

11 11. Upon gaining access to Sony Pictures' corporate network, access to all
12 of its phones, email-service, and computers was paralyzed. Further, it is believed the
13 text below was displayed on every computer on the network:

14 Hacked By #GOP

15 Warning:

16 We've already warned you, and this is just a beginning.

17 We continue till our request be met.

18 We've obtained all your internal data including your secrets and top secrets

19 If you don't obey us, we'll release data shown below to the world.

20 Determine what will you do till November the 24th, 11:00 PM (GMT).

21 12. Shortly after the display of the above messages, #GOP allegedly went on
22 to leak a number of unreleased Sony Pictures' films. Further, a self-titled "Boss of
23 GOP" began sending emails to media outlets that (a) claimed GOP was responsible
24 for the security breach and (b) that GOP was making the leaked films available
25 through peer-to-peer filesharing systems, such as BitTorrent.

26
27 ¹ <http://www.cnn.com/2014/12/19/politics/fbi-north-korea-responsible-sony/> (last
28 visited Dec. 19, 2014).

1 13. The security breach was perpetuated through the use of a malware
2 program that was capable of wiping memory, taking over total control of the system,
3 and accessing and transferring any data stored on the network.

4 14. Sony initially communicated that it was investigating an IT matter and
5 failed to disclose the breadth and severity of the catastrophic cyberattack on its
6 corporate networks.

7 15. The breach was not limited to Sony’s own proprietary information.
8 Approximately one week after the initial attack, files were leaked that contained
9 personal and confidential information of more than 6,000 current and former Sony
10 employees. The files contained the pre-bonus salaries of the top 17 Sony executives,
11 as well as the salaries of other 6,000 current and former employees.

12 16. On December 2, 2014, Brian Krebs of “Krebs on Security” – a former
13 reporter for The Washington Post and prominent internet security reporter – posted an
14 article that indicated more than 25 gigabytes of sensitive data on tens of thousands of
15 Sony employees was compromised and was being traded on BitTorrent networks and
16 file-sharing websites such as PasteBin.² This data included, at minimum, the
17 following:

- 18 • Social security numbers;
- 19 • Medical information;
- 20 • Salary information;
- 21 • A global Sony employee list which contained the name, location,
22 employee ID, network username, base salary, and data of birth for more
23 than 6,800 individuals;
- 24 • April 2014 status report listing the names, dates of birth, SSNs and
25 health savings account data on more than 700 Sony employees

26
27 ² See <http://krebsonsecurity.com/2014/12/sony-breach-may-have-exposed-employee-healthcare-salary-data/> (last visited Dec. 18, 2014).

- Internal audit from accounting firm Pricewaterhouse Coopers, and includes screen shots of dozens of employee federal tax records and other compensation data.

17. On December 4, 2014, media outlets – including CNET – reported that the social security numbers of more than 47,000 celebrities, freelancers, and current and former Sony employees were released. In addition to the social security numbers, personal information, salaries, and home addresses were also released.

18. On December 5, 2014, #GOP allegedly emailed numerous Sony employees with a threat requiring them to sign a statement repudiating the company:

Many things beyond imagination will happen at many places of the world. Our agents find themselves act in necessary places. Please sign your name to object the false of the company at the e-mail address below if you don't want to suffer damage. If you don't, not only you but your family will be in danger.³

19. On December 8, 2014, a list of celebrity aliases were released, along with their contact information.

20. On December 12, 2014, various media outlets reported that stolen documents released by #GOP include the medical records of Sony employees. This data allegedly includes conditions such as cancer, liver cirrhosis, and premature births. A separate document lists birth dates, health conditions, and medical costs incurred by 34 employees and their families.

21. On December 16, 2014, #GOP threatened to launch terrorist attacks at movie theaters that show *The Interview* – a film with Seth Rogen and James Franco that was set to open Christmas day and revolved around a fictional plot to kill North Korean leader Kim Jong-un. In addition, thousands of of emails from Sony Pictures

³ <http://deadline.com/2014/12/sony-hack-timeline-any-pascal-the-interview-north-korea-1201325501/> (last visited Dec. 18, 2014).

1 Co-Chairman and CEO Michael Lynton were released. On the same day, the premier
2 of *The Interview* is cancelled.

3 22. On December 17, 2014, Sony Pictures canceled the release of *The*
4 *Interview* and all television advertising for the film is also cancelled. More private
5 emails were also leaked.

6 **Sony's Failure to Protect Confidential and Highly Sensitive Data**

7 23. Sony is no stranger to cyberattacks and data breaches. As noted above,
8 in 2011, Sony Computer Entertainment America LLC and Sony Network
9 Entertainment Internationa LLC suffered a data breach of its PlayStation network that
10 affected approximately 77 million users' personal information.

11 24. On or about June 6, 2011, Sony Pictures experienced a data breach
12 whereby hackers called "LulzSec" obtained over one million Sony customer
13 passwords, phone numbers, email addresses, home addresses, and birth dates. The
14 information stolen was allegedly unencrypted.⁴ It is unclear whether Sony Pictures
15 terminated any data security employees after this attack, or whether there were
16 significant (or any) data protection and/or retention policy shifts that were
17 implemented.

18 25. In addition, data breaches and cyberattacks are becoming increasingly
19 more common, as evidenced by the recent widely publicized incidents at Target, Home
20 Depot and others. As a result, companies that store and maintain confidential and
21 highly sensitive information must develop, implement, and maintain up-to-date data
22 security and retention policies that reduce the risk of cyberattack and unauthorized
23 release of this information.

24 26. Despite Sony Pictures' own experiences, and its knowledge of recent
25 data breaches, Sony Pictures has failed to develop, implement, and maintain data
26 security and retention policies that reflect industry standards. In fact, an alleged Sony

27 ⁴ See <https://www.privacyrights.org/data-breach-asc?title=sony> (last visited Dec. 18,
28 2014).

1 insider informed Business Insider that “the security team has no f—king clue” what
2 it’s doing, and that Sony’s security policies were outdated and ineffective.

3 27. In a meager attempt to shift the spotlight, Sony Pictures CEO Michael
4 Lynton sent a memorandum to Sony Pictures’ staff stating that Sony was helpless
5 against the attack. Many notable internet security researches have indicated that
6 Sony Pictures’ should have been able to detect unauthorized parties conducting
7 massive data copies in a systematic manner.⁵

8 28. Providing further support of Sony Pictures’ primitive data protection and
9 retention policies, the files #GOP posted online show that Sony Pictures’ stored login
10 information for administration accounts, social media accounts, and SSL certificates⁶
11 in a folder named “Password.” The hackers used these passwords to cause further
12 adamage and release additional confidential and highly sensitive information.

13 29. Recently, an article published by the Associated Press identifies
14 numerous flaws in Sony Pictures’ data securitiy policies. The article exposes
15 numerous issues, including:

- 16 • Its chief executive was regularly reminded in unsecure emails of his own
17 secret passwords for his and his family's mail, banking, travel and
18 shopping accounts, according to a review of more than 32,000 stolen
19 corporate emails circulating on the Internet;
- 20 • Lax Internet security practices inside Sony were prevalent, such as
21 pasting passwords into emails, using easy-to-guess passwords and failing
22 to encrypt especially sensitive materials such as confidential salary and
23 revenue figures, strategic plans and medical information about some
24 employees.

25
26 ⁵ See <http://www.businessinsider.com/sony-insider-the-security-team-has-no-fing-clue-2014-12> (last visited Dec. 18, 2014).

27 ⁶ SSL certfiicates digitally signs a web page to prove that it is actually from the
28 company.

- 1 • Leaked emails show CEO Michael Lynton routinely received copies of
2 his passwords in unsecure emails for his and his family's mail, banking,
3 travel and shopping accounts, from his executive assistant, David
4 Diamond. Other emails included photocopies of U.S. passports and
5 driver's licenses and attachments with banking statements. The stolen
6 files made clear that Diamond was deeply trusted to remember
7 passwords for Lynton and his family and provide them whenever
8 needed.
- 9 • In an October email, the company's chief financial officer, David C.
10 Hendler, complained to Lynton that Sony Pictures had experienced
11 months of “**significant and repeated outages due to a lack of**
12 **hardware capacity, running out of disk space, software patches that**
13 **impacted the stability of the environment, poor system monitoring**
14 **and an unskilled support team.”** Mr. Hendler also blamed a company
15 rule that required employees to keep too many old emails.

16 30. Kevin Mitnick – a former hacker who served five years in federal
17 prison and now runs a security consulting firm – described Sony Pictures’ approach
18 as sloppy. Mitnick also identified that the lax password protection policy resulted in
19 a much more widespread and severe breach, as hackers who steal corporate data often
20 immediately search for the word “password” or a variation of the word across
21 thousands of messages.⁷

22 31. Sony Pictures’ failed to develop, implement, and maintain data security
23 and retention policies that would have both detected the breach and helped reduced
24 the severity, or potentially would have prevented the breach entirely. This
25 catastrophic and complete failure by Sony Pictures resulted in increased exposure to

26 ⁷ See [http://www.apnewsarchive.com/2014/Sony-emails-reveal-loose-use-of-](http://www.apnewsarchive.com/2014/Sony-emails-reveal-loose-use-of-passwords-and-IDs-ripe-for-hacking/id-041c9dc46e9d408fa569ccac15c0ffe0)
27 [passwords-and-IDs-ripe-for-hacking/id-041c9dc46e9d408fa569ccac15c0ffe0](http://www.apnewsarchive.com/2014/Sony-emails-reveal-loose-use-of-passwords-and-IDs-ripe-for-hacking/id-041c9dc46e9d408fa569ccac15c0ffe0) (last
28 visited Dec. 18, 2014).

1 data breaches, and caused the release of tens of thounds of current and former
2 employees' confidential, highly sensitive, and personal information onto the internet
3 and elsewhere.

4 32. To make matters worse, Sony Pictures has still failed to disseminate
5 adequate and detailed information to its current and former employees regarding the
6 breach, what data was in fact compromised and/or published, and what (if any)
7 measures Sony Pictures has undertaken to prevent identity theft and other fraudulent
8 conduct.

9 33. As a result of Sony Pictures' failed policies and failure to announce or
10 implement and pay for any necessary identity theft, credit card fraud, or other-fraud
11 based services, Plaintiff and the members of the Class are at increased risk of being
12 subjected to stolen identities and fraudulent charges. Indeed, many members of the
13 Class have likely already had to cancel credit cards, pay for new credit cards to be
14 issued, and pay for credit and identity theft monitoring services in order to prevent
15 further damage from the data breach.

16 **CLASS ACTION ALLEGATIONS**

17 34. Plaintiff brings this action on his own behalf, and on behalf of the
18 following Classes pursuant to FED. R. CIV. P. 23(a), 23(b)(2), and/or 23(b)(3).
19 Specifically, the Classes consist of each of the following:

20 **National Class:**

21 All individuals and entities in the United States who had their personal
22 information compromised as a result of the data breach of Sony Pictures'
23 corporate network.

24 Or, in the alternative,

25 **California Class:**

26 All current and former Sony Pictures employees in California who had
27 their personal information compromised as a result of the data breach of
28 Sony Pictures' corporate network.

1 35. Together, the National and California Classes shall be collectively
2 referred to herein as the “Class.” Excluded from the Class are Defendant and the
3 Judge(s) assigned to this case. Plaintiff reserves the right to modify, change or
4 expand the Class definition after conducting discovery.

5 36. Numerosity: The Class is so numerous that joinder of all members is
6 impracticable. While the exact number and identities of individual members of the
7 Class are unknown at this time, such information being in the possession of
8 Defendant and obtainable by Plaintiff only through the discovery process, Plaintiff
9 believes that the Class consists of tens of thousands, if not hundreds, of current and
10 former Sony Pictures employees whose personal data was compromised.

11 37. Existence and Predominance of Common Questions of Fact and Law:
12 Common questions of law and fact exist as to all members of the Class. These
13 questions predominate over the questions affecting individual Class members. These
14 common legal and factual questions include, but are not limited to:

- 15 a. whether Defendant’s data security and retention policies were
16 unreasonable;
- 17 b. whether Defendant failed to protect the confidential and highly
18 sensitive information of its current and former employees;
- 19 c. whether Defendant breached any legal duties in connection with the
20 November, 2014 data breach;
- 21 d. whether Defendant’s conduct violated the California Customer
22 Records Act;
- 23 e. whether Defendant’s conduct violated the Confidentiality of Medical
24 Information Act;
- 25 f. whether Defendant’s conduct violated the California Unfair
26 Competition Law;
- 27 g. whether Defendant’s constitutes actionable negligence;
- 28 h. whether Plaintiff and Class members are entitled to monetary

1 damages and/or other remedies and, if so, the nature of any such
2 relief; and

3 i. whether the Court may apply the law of the State of California to the
4 entire Class because Defendant's conduct emanated from California.

5 38. Typicality: All of Plaintiff's claims are typical of the claims of the
6 Class since Plaintiff and all members of the Class had their personal, confidential,
7 and highly sensitive information compromised in the November, 2014 data breach.

8 39. Adequacy: Plaintiff is an adequate representative because his interests
9 do not materially or irreconcilably conflict with the interests of the Class that he
10 seeks to represent, he has retained counsel competent and highly experienced in
11 complex class action litigation, and he intends to prosecute this action vigorously.
12 The interests of the Class will be fairly and adequately protected by Plaintiff and his
13 counsel.

14 40. Superiority: A class action is superior to all other available means of
15 fair and efficient adjudication of the claims of Plaintiff and members of the Class.
16 The injury suffered by each individual Class member is relatively small in
17 comparison to the burden and expense of individual prosecution of the complex and
18 extensive litigation necessitated by Defendant's conduct. It would be virtually
19 impossible for members of the Class individually to effectively redress the wrongs
20 done to them. Even if the members of the Class could afford such individual
21 litigation, the court system could not. Individualized litigation presents a potential
22 for inconsistent or contradictory judgments. Individualized litigation increases the
23 delay and expense to all parties and to the court system presented by the complex
24 legal and factual issues of the case. By contrast, the class action device presents far
25 fewer management difficulties, and provides the benefits of single adjudication,
26 economy of scale, and comprehensive supervision by a single court. Members of the
27 Class can be readily identified and notified based on, *inter alia*, Defendant's records
28 and databases.

1 41. Defendant has acted, and refused to act, on grounds generally applicable
2 to the Class, thereby making appropriate final injunctive and equitable relief with
3 respect to the Class as a whole.

4 42. California’s substantive laws may be constitutionally applied to the
5 claims of Plaintiff and the National Class under the Due Process Clause, 14th
6 Amend., § 1, and the Full Faith and Credit Clause, art. IV., § 1, of the U.S.
7 Constitution. California has significant contact, or significant aggregation of
8 contacts, to the claims asserted by Plaintiff and all Class members, thereby creating
9 state interests that ensure that the choice of California state law is not arbitrary or
10 unfair. Specifically, Defendant’s headquarters and principal place of business are
11 located in California, and upon information and belief, the conduct that gave rise to
12 Plaintiff’s claims emanated from California.

13 **VIOLATIONS ALLEGED**

14 **COUNT I**

15 **VIOLATIONS OF THE CALIFORNIA CUSTOMER RECORDS ACT**

16 **(CAL. CIV. CODE § 1798.80, *et seq.*)**

17 **(On Behalf of the National Class or, Alternatively, the California Class)**

18 43. Plaintiff re-alleges and incorporates by reference the allegations
19 contained in all preceding paragraphs of this Complaint as though set forth fully
20 herein.

21 44. Sony Pictures is a “business” as that term is defined in Cal. Civ. Code §
22 1798.80(a).

23 45. Plaintiff and the Class members are “individual[s]” as that term is
24 defined in Cal. Civ. Code § 1798.80(d).

25 46. Plaintiff and the Class members had “personal information”
26 compromised as a result of the November, 2014 data breach, as that term is used in
27 both Cal. Civ. Code 1798.80(e) and 1798.81.5(d)(1)(C).
28

1 47. The data breach of Sony Pictures’ corporate network in November,
2 2014, constitutes a “breach of the security system” pursuant to Cal. Civ. Code §
3 1798.82(g).

4 48. Sony Pictures’ policies and procedures regarding data protection and
5 retention violated Cal. Civ. Code § 1798.81.5, as Sony Pictures’ measures were
6 unreasonable and wholly failed to prevent access to, and disclosure of, its current and
7 former employees’ personal information.

8 49. Sony Pictures’ also violated Cal. Civ. Code § 1798.82 by failing to
9 notify Plaintiff and the Class members that there personal, confidential, and highly
10 sensitive information had been compromised and/or stolen by hackers.

11 50. As a result of Sony Pictures’ conduct as described herein, Plaintiff and
12 the Class members have been injured.

13 51. Plaintiff seeks monetary damages, including damages related to the
14 acquisition of identity theft and credit monitoring services, injunctive and declaratory
15 relief pursuant to Cal. Civ. Code § 1798.84(e), and attorneys’ fees and costs.

16 **COUNT II**
17 **VIOLATION OF THE CALIFORNIA UNFAIR COMPETITION LAW,**
18 **BUSINESS AND PROFESSIONS CODE § 17200, *et seq.***
19 **(On Behalf of the National Class or, Alternatively, the California Class)**

20 52. Plaintiff re-alleges and incorporates by reference the allegations
21 contained in all preceding paragraphs of this Complaint as though set forth fully
22 herein.

23 53. California Business & Professions Code § 17200, *et seq.* prohibits acts
24 of “unfair competition”, which is defined by Business & Professions Code § 17200
25 as including any “any unlawful, unfair or fraudulent business act or practice”

26 54. Sony Pictures’ conduct constitutes unlawful and unfair practices
27 because it constitutes violations of Cal. Civ. Code § 1798.80, *et seq.*, the
28 Confidentiality of Medical Information Act, the Health Insurance Portability and

1 Accountability Act of 1996, as well as actionable negligence.

2 55. Sony Pictures conduct was unlawful as it failed to design, implement,
3 and maintain reasonable security measures in protecting the personal, confidential,
4 and highly sensitive data of its current and former employees, including medical
5 information protected by the CMIA and HIPAA, as well as by failing to timely
6 notify Plaintiff and the Class about the data breach.

7 56. Plaintiff and the Class members have suffered injuries as a direct and
8 proximate result of Sony Pictures' acts as alleged herein. Plaintiff and the Class
9 have suffered damages through the purchase of credit and identity theft monitoring
10 service, as well as through the cancelling of credit cards and bank accounts, and the
11 fees associated therewith, as well as the time invested by Plaintiff and the Class in
12 protecting themselves from identity theft and other fraud as a result of Sony Pictures'
13 breaches, in addition to the risk for future identity theft and fraudulent activity.

14 57. Plaintiff seeks to enjoin further unlawful, unfair and/or fraudulent acts
15 or practices by Defendant, and all other relief allowed under CAL. BUS. & PROF.
16 CODE § 17200.

17 **COUNT III**
18 **VIOLATION OF THE CALIFORNIA CONFIDENTIALITY OF MEDICAL**
19 **INFORMATION ACT (CAL. CIV. CODE § 56, *et seq.*)**
20 **(On Behalf of the National Class)**

21 58. Plaintiff re-alleges and incorporates by reference the allegations
22 contained in all preceding paragraphs of this Complaint as though set forth fully
23 herein.

24 59. CAL. CIV. CODE § 56, *et seq.*, requires employers that receive medical
25 information from employees or patients to design, implement, and maintain
26 procedures to ensure the confidentiality and protection from unauthorized use and
27 disclosure of such information. CAL. CIV. CODE § 56 also prohibits employers from
28 the disclosure of medical information without first obtaining written authorization.

1 60. Sony Pictures was in the possession of, and retained, medical records
2 belonging to, and regarding, its current and former employees.

3 61. CAL. CIV. CODE § 56, *et seq.*, imposed a legal duty on Sony Pictures to
4 protect the confidential and highly sensitive medical information of Plaintiff and the
5 Class.

6 62. Sony Pictures’ failed to develop, implement, and maintain data security
7 and retention policies that would have prevented the access to Plaintiff and the Class’
8 medical information without prior written authorization. As such, Sony Pictures’
9 violated the legal duty imposed on it by CAL. CIV. CODE § 56, *et seq.*

10 63. CAL. CIV. CODE § 56.36 entitles Plaintiff and the Class who had medical
11 information compromised during the data breach to \$1,000 per class member as well
12 as actual damages.

COUNT IV
NEGLIGENCE

(On Behalf of the National Class or, Alternatively, the California Class)

15 64. Plaintiff re-alleges and incorporates by reference the allegations
16 contained in all preceding paragraphs of this Complaint as though set forth fully
17 herein.

18 65. Sony Pictures owed Plaintiff and the Class a duty to exercise reasonable
19 care in the retention and protection of Plaintiff’s and the Class’ personal, confidential,
20 and highly sensitive information. This duty included the development,
21 implementation, and maintenance of policies and procedures that would protect
22 Plaintiff’s and the Class’ personal, confidential, and highly sensitive information
23 from access by unauthorized third parties and persons. Sony Pictures was also aware
24 of its inadequate data protection and retention policies because it was subject to a data
25 breach that revealed personal and confidential information just three years prior.

26 66. Sony Pictures also owed Plaintiff and the Class a duty to notify them,
27 within a reasonable time, of the data breach that occurred in November, 2014, and
28

1 provide a comprehensive list that detailed, *inter alia*, what information was
2 compromised in the attack. This failure has prevented members of the Class to take
3 the necessary measures to avoid further damages from the data breach, including,
4 *inter alia*, credit and identity theft monitoring services for persons whose information
5 was disclosed.

6 67. Sony Pictures knew, or should have known, of the level of data security
7 required to protect the information it was collecting and retaining from its current and
8 former employees.

9 68. Sony Pictures' failure to develop, implement, and maintain adequate
10 data collection, retention, and protection policies created a risk of harm to Plaintiff
11 and the Class that was foreseeable. Sony Pictures knew, or should have known, that
12 its data collection, retention, and protection policies were unreasonable and did not
13 reflect industry standards, in part because Sony Pictures suffered a data breach just
14 three years prior to the November, 2014 data breach.

15 69. Sony Pictures breached its duties owed to Plaintiff and the Class. As a
16 direct and proximate result of Sony Pictures' breach, Plaintiff and the Class' personal,
17 confidential, and highly sensitive information was breached from Sony Pictures'
18 corporate network and disseminated without their knowledge or consent. This has
19 caused Plaintiff and the Class damages through the purchase of credit and identity
20 theft monitoring service, as well as through the cancelling of credit cards and bank
21 accounts, and the fees associated therewith, as well as the time invested by Plaintiff
22 and the Class in protecting themselves from identity theft and other fraud as a result
23 of Sony Pictures' breaches, in addition to the risk for future identity theft and
24 fraudulent activity.

25 **PRAYER FOR RELIEF**

26 WHEREFORE, Plaintiff, on behalf of himself and members of the Class,
27 respectfully requests that this Court:
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- A. Determine that the claims alleged herein may be maintained as a class action under Rule 23 of the Federal Rules of Civil Procedure, and issue an order certifying one or more Classes as defined above;
- B. Appoint Plaintiff as the representative of the Class and his counsel as Class counsel;
- C. Award all actual, general, special, incidental, statutory, and consequential damages to which Plaintiff and Class members are entitled;
- D. Award pre-judgment and post-judgment interest on such monetary relief;
- E. Grant appropriate injunctive and/or declaratory relief;
- F. Award reasonable attorneys' fees and costs; and
- G. Grant such further relief that this Court deems appropriate.

DEMAND FOR JURY TRIAL

Plaintiff respectfully demands a trial by jury on all issues so triable.

Dated: December 19, 2014

Respectfully submitted,

By: _____

John H. Gomez, Esq.
 John P. Fiske, Esq.
GOMEZ TRIAL ATTORNEYS
 655 West Broadway Suite 1700
 San Diego, CA 92101
 Telephone: (619) 237-3490
 Fax: (619) 237-3496

Joseph G. Sauder (To Apply *Pro Hac Vice*)
 Matthew D. Schelkopf (To Apply *Pro Hac Vice*)
 Benjamin F. Johns (To Apply *Pro Hac Vice*)
 Joseph B. Kenney (To Apply *Pro Hac Vice*)
CHIMICLES & TIKELLIS LLP

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One Haverford Centre
361 West Lancaster Avenue
Haverford, PA 19041
Tel: (610) 642-8500
Fax: (610) 649-3633
jgs@chimicles.com
mds@chimicles.com
bfj@chimicles.com
jbk@chimicles.com

Richard A. Maniskas, Esquire (To Apply *Pro Hac Vice*)
RYAN & MANISKAS, LLP
995 Old Eagle School Rd., Ste. 311
Wayne, PA 19087
Tel: 484-588-5516
Fax: 484-450-2582
rmaniskas@rmclasslaw.com