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UNITED STATES DISTRICT COURT

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CENTRAL DISTRICT OF CALIFORNIA

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LARION KRAYZMAN, individually, and
on behalf of a class of similarly situated
17 persons,

CASE NO.

18

Plaintiff,

CLASS ACTION COMPLAINT FOR:

19

v.

1. NEGLIGENCE

20

MONEYGRAM PAYMENT SYSTEMS,
INC.,

2. DECLARATORY RELIEF

21

Defendant.

**3. VIOLATION OF CALIFORNIA'S
UNFAIR COMPETITION LAW**

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DEMAND FOR JURY TRIAL

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Plaintiff Larion Krayzman (“Plaintiff”) brings this lawsuit against defendant
Moneygram Payment Systems, Inc. (“MoneyGram” or “Defendant”), on behalf of himself
27 and all others similarly situated (the “Class” or “Class Members”), for violation of their
28 privacy rights as described herein.

29

1 **JURISDICTION AND VENUE**

2 1. This Court has jurisdiction under the Class Action Fairness Act, 28 U.S.C. §
3 1332(d), because (i) this is a class action in which the matter in controversy exceeds the sum
4 or value of \$5,000,000, exclusive of interest and costs, and (ii) Plaintiff and at least one other
5 Class Member are citizens of California, while Defendant is a citizen of Texas.

6 2. Venue is proper in this District because Defendant does business in this
7 District, and a substantial part of the events or omissions giving rise to the claim occurred in
8 this District.

9 **PARTIES**

10 3. At all relevant times, Plaintiff has been a citizen of California, residing in Los
11 Angeles County. Plaintiff was a customer of MoneyGram and, as a result, provided his
12 personally identifiable information to MoneyGram, including without limitation his name,
13 date of birth, social security number, government identification information, financial
14 information, bank account information, transaction information, email address, postal
15 address, and telephone number (collectively “PII”).

16 4. Defendant MoneyGram is a Delaware corporation with its principal place of
17 business in Dallas, Texas.

18 **GENERAL ALLEGATIONS**

19 5. In September 2024, unauthorized persons accessed MoneyGram’s information
20 systems and stole the PII of Plaintiff and the Class Members (the “Data Breach”).
21 MoneyGram did not discover the Data Breach until September 27, 2024.

22 6. On October 7, 2024, MoneyGram notified Plaintiff and the Class Members
23 that unauthorized persons had stolen their PII. MoneyGram admitted that the stolen
24 information included consumer names, contact information (such as phone numbers, email
25 and postal addresses), dates of birth, Social Security numbers, government-issued
26 identification documents, utility bills, bank account numbers, MoneyGram Plus Rewards
27 numbers, transaction information and, for a limited number of consumers, criminal
28 investigation information.

1 7. Basic industry standards for PII data protection include (among other things)
2 developing and maintaining a security policy that covers all aspects of the business, installing
3 firewalls to protect data, and encrypting PII data. Because Defendant failed to discover the
4 Data Breach until several days after it occurred, Defendant likely failed to maintain adequate
5 safeguards to monitor access to, and activity, on its systems. As such, Defendant's conduct
6 fell below the industry standard and standard of care for protecting PII.

7 8. As a result of Defendant's lax security, hackers have accessed the PII in a
8 readily usable form that is of great value to them, causing Plaintiff and Class Members to be
9 exposed to criminals seeking to use the PII for illegal activities, such as identity theft
10 schemes. On information and belief, Plaintiff's and the Class Members' PII was accessed,
11 exfiltrated, stolen, and disclosed and/or is still for sale to criminals. Given the sensitive
12 nature of the PII, Plaintiff and the Class Members face a lifetime risk of identity theft.

13 9. PII is valuable to criminals, as evidenced by the prices they will pay through
14 the dark web. On information and belief, PII and banking information can be sold at a price
15 ranging from \$40 to \$200. Criminals can also package and sell the PII of a group of
16 individuals targeted by a data breach and sell it for an even greater sum.

17 10. The criminals' theft of Plaintiff's and the Class Members' PII invaded their
18 privacy interests, decreased the value of their PII, and placed them at imminent, immediate,
19 and continuing risk of further identity theft-related harm. Plaintiff expects that he and the
20 Class Members will need to spend time and money on credit monitoring, including the
21 expense of a credit monitoring service, as part of a reasonable effort to mitigate against such
22 harm and will continue to incur such expenses on an ongoing basis.

23 11. Plaintiff brings this lawsuit on behalf of Class Members whose PII was
24 compromised as a result of the Data Breach and Defendant's failure to: (i) implement and
25 maintain reasonable security procedures and practices appropriate to the nature of the PII;
26 (ii) disclose its inadequate security procedures and practices; (iii) effectively monitor its
27 systems for security vulnerabilities; and (iv) timely detect, report, and disclose the
28 vulnerabilities that resulted in the Data Breach.

CLASS ACTION ALLEGATIONS

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12. Plaintiff brings this class action under Federal Rules of Civil Procedure 23.

Plaintiff seeks relief and behalf of himself and for the following Class:

All individuals whose PII was accessed or otherwise compromised in the Data Breach that, according to MoneyGram, occurred in or about September 2024, and shall include all such MoneyGram customers whose PII was accessed, stolen, downloaded, exfiltrated or otherwise compromised on or about that date and up to and including the date that notice is given to the class.

Excluded from the Class are the following individuals: Defendant’s officers, directors, and current or former employees; all individuals who make a timely election to be excluded from this proceeding using the correct protocol for opting out; and all judges assigned to hear any aspect of this litigation, as well as their immediate family members.

Included within the Class is the following California Subclass:

All members of the Class who, on the date of the Data Breach, resided in the State of California (the “California Subclass” or “California Subclass Members”).

13. The Class and California Subclass are so numerous that the individual joinder of their members is impracticable. While the exact number and the identities of Class Members are not known at this time, the number of Class Members is likely in excess of 100,000, and the number of California Subclass Members is likely in excess of 10,000.

14. Questions of law and fact of common and general interest to the Class and California Subclass exist and predominate over any questions affecting only individual members. These common questions include, among others, the following:

- a) Whether and when Defendant actually learned of the Data Breach and whether its response was adequate;
- b) Whether Defendant owed a duty to the Class Members to exercise due care in collecting, storing, safeguarding, and/or obtaining their PII;
- c) Whether Defendant breached that duty;

1 d) Whether Defendant implemented and maintained reasonable security
2 procedures and practices appropriate to the nature of storing Plaintiff's and Class Members'
3 PII;

4 e) Whether Defendant acted negligently in connection with the
5 monitoring and/or protecting of Plaintiff's and Class Members' PII;

6 f) Whether Defendant violated its own security and privacy contractual
7 terms of service and whether it failed to comply with its own privacy and data security
8 policies and protocols in the manner represented by them;

9 g) Whether Defendant knew or should have known that it did not employ
10 reasonable measures to keep Plaintiff's and Class Members' PII secure and prevent loss or
11 misuse of that PII;

12 h) Whether Defendant adequately addressed and fixed the vulnerabilities
13 which permitted the Data Breach to occur;

14 i) Whether Defendant caused Plaintiff and Class Members damage;

15 j) Whether Defendant timely notified Plaintiff and the Class Members
16 that their PII had been compromised;

17 k) Whether Plaintiff and the other Class Members are entitled to credit
18 monitoring and other monetary relief; and

19 l) With respect to the California Subclass, whether Defendant violated
20 California's Unfair Competition Law by failing to implement reasonable security procedures
21 and practices.

22 15. Plaintiff's claims are typical of those of other Class Members because all had
23 their PII compromised as a result of the Data Breach due to Defendant's acts and omissions.

24 16. Plaintiff will fairly and adequately represent the interests of the Class and
25 California Subclass. Plaintiff's interests are not antagonistic or irreconcilably conflict with
26 the interests of the other members. Plaintiff is represented by attorneys who are competent
27 and experienced in consumer class action litigation.
28

1 b) To follow their own policies and procedures and terms of service
2 related to privacy and PII data protection;

3 c) To protect PII of Plaintiff and Class Members in its possession by
4 using reasonable and adequate data security practices and procedures to inhibit and prevent
5 compromise of PII; and

6 d) To implement practices and procedures to quickly detect and timely
7 act on data breaches, including promptly notifying Plaintiff and Class Members of the Data
8 Breach.

9 23. Defendant breached its duties owed to Plaintiff and the Class Members.
10 Defendant knew or should have known the risks of maintaining and storing PII, the
11 importance of following published and industry-standard security protocols, and the
12 importance of maintaining secure systems.

13 24. Defendant knew or should have known that its security procedures and
14 practices did not adequately safeguard Plaintiff's and the other Class Members' PII.
15 Defendant also failed to timely detect the Data Breach, failed to timely notify Plaintiff and
16 Class Members, and failed to encrypt, redact, and password protect the Class Members' PII.

17 25. Through Defendant's acts and omissions described in this Complaint,
18 Defendant failed to provide adequate security to protect the PII of Plaintiff and the Class
19 from being accessed and compromised.

20 26. Defendant breached the duties it owed to Plaintiff and Class Members in
21 several ways, including:

22 a) Failing to implement adequate and reasonable security systems,
23 protocols, and practices sufficient to protect Class Members' PII, creating a foreseeable risk
24 of harm;

25 b) Failing to comply with the minimum industry security standards for
26 data security;

27 c) Failing to act despite knowing or having reason to know that
28 Defendant's systems were vulnerable to attacks; and

1 d) Failing to timely and accurately disclose to Plaintiff and Class
2 Members that their PII was captured, accessed, exfiltrated, stolen, disclosed, viewed, and/or
3 misused.

4 27. Due to Defendant's conduct, Plaintiff and Class Members require, among
5 other things, extended credit monitoring. The Data Breach creates an increased risk for
6 identity theft and other types of financial fraud against the Class Members. The
7 consequences of identity theft are serious and long-lasting. There is a benefit to early
8 detection and monitoring.

9 28. On information and belief, as a result of Defendant's negligence, Plaintiff and
10 Class Members suffered injuries and damages that include and/or may include: (i) the lost or
11 diminished value of PII; (ii) out-of-pocket expenses associated with the prevention,
12 detection, and recovery from identity theft, tax fraud, and/or unauthorized use of their PII;
13 (iii) lost opportunity costs associated with attempting to mitigate the actual consequences of
14 the data breach, including but not limited to time spent deleting phishing email messages and
15 cancelling credit cards believed to be associated with a compromised account; (iv) the
16 continued risk to their PII, which can remain for sale on the dark web, subject to further
17 unauthorized access and disclosure; (v) future costs in terms of time, effort, and money that
18 will be expended to prevent, monitor, detect, contest, and repair the impact of the PII
19 compromised as a result of the data breach, including ongoing credit monitoring.

20 29. These injuries, which also include an invasion of privacy rights, were
21 reasonably foreseeable given the history of security breaches of this nature. The injury and
22 harm that Plaintiff and Class Members suffered was the direct and proximate result of
23 Defendant's negligent conduct.

24 **COUNT II**

25 **DECLARATORY RELIEF**

26 **(By the Class)**

27 30. Plaintiff incorporates the allegations set forth above.
28

1 31. An actual controversy over which this Court has jurisdiction now exists
2 between Plaintiff and members of the Class and Defendant concerning their respective rights,
3 duties, and obligations. There is currently a justiciable controversy over the legality of
4 Defendant’s practices as alleged herein.

5 32. As a result of such practices, Plaintiff and the Class Members have been
6 injured and will continue to be injured from the Data Breach and inadequate security policies
7 and practices. Therefore, declaratory relief is appropriate to attain judicial clarification of the
8 parties’ rights and obligations under the applicable law.

9 33. Plaintiff and Class Members may be without adequate remedy at law,
10 rendering declaratory relief appropriate in that:

11 a) relief is necessary to inform the parties of their rights and obligations
12 under any applicable agreements asserted herein;

13 b) damages may not adequately compensate Class Members for the
14 injuries suffered, nor may other claims permit such relief;

15 c) the relief sought herein in terms of ceasing such practices may not be
16 fully accomplished by awarding damages; and

17 d) if the conduct complained of is not modified, harm will result to Class
18 Members and the general public because Defendant’s wrongful conduct is continuing.

19 34. A judicial declaration is therefore necessary and appropriate at this time and
20 under these circumstances so the parties may ascertain their respective rights and duties.

21 35. Plaintiff desires a declaration of rights of Class Members and the
22 corresponding responsibilities of Defendant under any applicable agreements, which may
23 include third party beneficiary rights held by Plaintiff and Class Members, and laws asserted
24 herein, which declaration may be had before there has been any breach of such obligation in
25 respect to which such declaration is sought.

26 36. Plaintiff also requests an order declaring Defendant is obligated to pay
27 restitution to all members of the Class as appropriate and pay over all funds Defendant
28

1 wrongfully acquired or retained either directly or indirectly as a result of the conduct by
2 which Defendant were unjustly enriched.

3 37. Plaintiff, therefore, seeks a declaration that (1) Defendant's existing security
4 measures do not comply with its explicit or implicit contractual obligations, law, and duties
5 of care to provide reasonable security procedures and practices appropriate to the nature of
6 the information to protect Members' PII, and (2) to comply with explicit or implicit
7 contractual obligations, legal obligations, and duties of care, Defendant must implement and
8 maintain reasonable security measures, including, but not limited to ordering:

9 a) that Defendant engage third-party security auditors/penetration testers
10 as well as internal security personnel to conduct testing, including simulated attacks,
11 penetration tests, and audits on Defendant's systems on a periodic basis, and ordering
12 Defendant to promptly correct any problems or issues detected by such third-party security
13 auditors;

14 b) that Defendant engage third-party security auditors and internal
15 personnel to run automated security monitoring;

16 c) that Defendant audit, test, and train its security personnel regarding
17 any new or modified procedures;

18 d) that Defendant's user applications be segmented by, among other
19 things, creating firewalls and access controls so that if one area is compromised, hackers
20 cannot gain access to other portions of Defendant's systems;

21 e) that Defendant conduct regular database scanning and securing checks;

22 f) that Defendant routinely and continually conduct internal training and
23 education to inform internal security personnel how to identify and contain a breach when it
24 occurs and what to do in response to a breach;

25 g) that Defendant purchase credit monitoring services for Plaintiff and
26 Class Members for a period of ten years;

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28

1 h) that Defendant educate its users about the threats they face as a result
2 of the loss of their PII to third parties, as well as the steps Class Members should take to
3 protect themselves; and

4 i) that Defendants encrypt and password protect Class Members' PII.

5 **COUNT III**

6 **VIOLATION OF CALIFORNIA'S UNFAIR COMPETITION LAW**

7 **(By the California Subclass)**

8
9 38. Plaintiff incorporates the allegations set forth above.

10 39. Defendant has engaged and continues to engage in acts and practices of unfair
11 competition, as that term is defined in California Business & Professions Code section
12 17200. As used in this Complaint, "unfair competition" means an unlawful, unfair or
13 fraudulent business act or practice. This conduct is actionable pursuant to Business &
14 Professions Code sections 17200 and 17203.

15 40. Defendant engaged in unlawful acts and practices by establishing the sub-
16 standard security practices and procedures described herein; by obtaining Plaintiff's and
17 California Subclass Class Members' PII with knowledge that the information would not be
18 adequately protected; and by storing Plaintiff's and the California Subclass Members' PII in
19 an unsecure electronic environment.

20 41. In addition, Defendant engaged in unlawful acts and practices by failing to
21 disclose the data breach to California Subclass Members in a timely manner.

22 42. As a result of Defendant's unlawful, unfair, or fraudulent business practices as
23 alleged herein, Plaintiff suffered injury in fact and lost money or property, including but not
24 limited to the price received by Defendant for the services, the loss of California Subclass
25 Members' legally protected interest in the confidentiality and privacy of their PII, and
26 additional losses as described above.

1 43. Defendant knew or should have known that its computer systems, software,
2 and data security practices were inadequate to safeguard the California Subclass Members’
3 PII and that the risk of a data breach or theft was highly likely.

4 44. Pursuant to Business & Professions Code section 17203, the Court may enjoin
5 such conduct in the future on behalf of the California Subclass and the general public; obtain
6 a provision for a corrective notice; and compel Defendant to restore to Plaintiff and the
7 California Subclass Members any money or property that Defendant may have acquired or
8 retained as a result of any act or practice that constitutes unfair competition. Plaintiff further
9 seeks an order requiring Defendant to disgorge any profits Defendant may have obtained as a
10 result of this conduct.

11 45. Plaintiff seeks, among other things, restitution to Plaintiff and the California
12 Subclass Members of money or property that Defendant may have acquired by means of their
13 business practices alleged herein, restitution and disgorgement of all profits accruing to
14 Defendant because of such practices, declaratory relief, attorneys’ fees and costs (pursuant to
15 Cal. Code Civ. Proc. § 1021.5), and injunctive or other equitable relief.

16 **PRAYER FOR RELIEF**

17 WHEREFORE, Plaintiff prays for the following relief as may be applicable to the
18 causes of action set forth above:

19 A. An order certifying the Class and California Subclass as defined herein, and
20 appointing Plaintiff and his counsel to represent them;

21 B. An order enjoining Defendant from engaging in the wrongful conduct alleged
22 herein;

23 C. An order instructing Defendant to purchase or provide funds or additional
24 funds for credit monitoring and other protective services for Plaintiff and all Class Members;

25 D. An award of compensatory and statutory damages, in an amount to be
26 determined;

27 E. An award for equitable relief requiring restitution and disgorgement of the
28 revenues wrongfully retained as a result of Defendant’s wrongful conduct;

1 F. An award of reasonable attorneys' fees, costs, and litigation expenses, as
2 allowable by law; and

3 G. Such other and further relief as this Court may deem just and proper.
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5 **JURY DEMAND**

6 Plaintiff demands a trial by jury on all causes of action so triable.

7 Dated: November 4, 2024

CLAPP & LAINGER LLP
WYNNE LAW FIRM

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10 /s/ James F. Clapp

JAMES F. CLAPP

Attorneys for Plaintiff and the Proposed Class
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