Joshua B. Swigart (SBN 225557) 1 Daniel G. Shay (SBN 250548) Josh@SwigartLawGroup.com DanielShay@TCPAFDCPA.com 2 Juliana G. Blaha (SBN 331066) LAW OFFICE OF DANIEL G. SHAY Juliana@SwigartLawGroup.com 2221 Camino del Rio S, Ste 308 SWIGART LAW GROUP, APC San Diego, CA 92108 4 2221 Camino del Rio S, Ste 308 P: 619-222-7429 San Diego, CA 92108 5 F: 866-431-3292 P: 866-219-3343 6 F: 866-219-8344 7 8 Attorneys for Plaintiff Martin Trim 9 10 UNITED STATES DISTRICT COURT 11 SOUTHERN DISTRICT OF CALIFORNIA 12 13 MARTIN TRIM, individually and Case No: '20CV2420 JLS BLM on behalf of others similarly 14 situated, **CLASS ACTION** 15 Plaintiff, COMPLAINT FOR DAMAGES AND 16 INJUNCTIVE RELIEF: 17 VS. 1. UNLAWFUL RECORDING OF 18 CONFIDENTIAL TELEPHONE 19 WAKEFIELD & ASSOCIATES, CALLS, CAL. PEN. CODE § 632 INC., 20 2. UNLAWFUL RECORDING OF CELLULAR TELEPHONE 21 Defendant. CALLS, CAL. PEN. CODE § 22 632.7 23 3. NEGLIGENCE 24 JURY TRIAL DEMANDED 25 26 27 28

Complaint

INTRODUCTION

- 1. Martin Trim ("Plaintiff"), individually and on behalf of all other similarly situated California residents ("Class Members"), brings this action for damages and injunctive relief against Wakefield & Associates, Inc. ("Defendant"), and its present, former, or future direct and indirect parent companies, subsidiaries, affiliates, agents, related entities for unauthorized recordings of conversations with Plaintiff and Class Members without any notification nor warning to Plaintiff or Class Members in violation of the Cal. Pen. Code § 630, et seq. ("CIPA").
- 2. The California State Legislature passed CIPA in 1967 to protect the right of privacy of the people of California, replacing prior laws, which permitted the recording of telephone conversations with the consent of one party to the conversation. The California Penal Code is very clear in its prohibition against unauthorized recording without the consent of the other person to the conversation: "Every person who, intentionally and without the consent of all parties to a confidential communication, by means of any electronic amplifying or recording device, eavesdrops upon or records the confidential communication [violates this section]." Penal Code § 632(a).
- 3. The conversations at issue herein were all subject to the protections of the Health Insurance Portability and Accountability Act ("HIPAA") as telephone calls and communications relating to the individual's medical conditions and care. As such, the telephone communications at issue herein were all "confidential" as a matter of law and thus subject to the protection of California Penal Code §632.
- 4. In addition to the general protections afforded to confidential communications by California Penal Code § 632, California Penal Code § 632.7 was added to CIPA in 1992 due to specific privacy concerns over the increased use of cellular and cordless telephones. Section 632.7 prohibits secretly recording all communications involving cellular and cordless telephones, not just confidential communications. Penal Code 637.2 permits Plaintiff to bring this action for any violation of Penal Code § 632 and provides for statutory damages of \$5,000 for each violation.

- 5. Plaintiff brings this class action on behalf of two related, but separate classes as more fully defined infra, consisting of 1) the Confidential HIPAA Communication class and 2) the Cellular subclass.
- 6. Plaintiff makes these allegations on information and belief, with the exception of those allegations that pertain to Plaintiff, or to Plaintiff's counsel, which Plaintiff alleges on his personal knowledge.
- 7. Unless otherwise stated, all the conduct engaged in by Defendant took place in California.
- 8. All violations by Defendant were knowing, willful, and intentional, and Defendant did not maintain procedures reasonably adapted to avoid any such violation.
- 9. Unless otherwise indicated, the use of Defendant's name in this Complaint includes all agents, employees, officers, members, directors, heirs, successors, assigns, principals, trustees, sureties, subrogees, representatives, and insurers of the named Defendant.

#### **JURISDICTION & VENUE**

- 10. Jurisdiction is proper under the Class Action Fairness Act ("CAFA"), 28 U.S.C. § 1332(d)(2), because Plaintiff, a resident of the State of California, seeks relief on behalf of a California class, which will result in at least one class member belonging to a different state than that of Defendant, a Colorado Corporation.
- 11. Plaintiff is requesting statutory damages of \$5,000 per violation pursuant to Cal. Civ. Code § 1785.31, which, when aggregated among a proposed class number in the tens of thousands, exceeds the \$5,000,000 threshold for federal court jurisdiction.
- 12. Therefore, both diversity jurisdiction and the damages threshold under CAFA are present, and this Court has jurisdiction.
- 13. Because Defendant conducts business within the State of California, personal jurisdiction is established.

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14. Venue is proper pursuant to 28 U.S.C. § 1391 for the following reasons: (i) Plaintiff resides in the County of San Diego, State of California which is within this judicial district; (ii) the conduct complained of herein occurred within this judicial district; and (iii) Defendant conducted business within this judicial district at all times relevant.

#### **PARTIES & DEFINITIONS**

 15. Plaintiff is, and at all times mentioned herein was, a natural person and resident of the State of California, County of San Diego, in this judicial district.

16. Defendant is, and at all times mentioned herein was, a Colorado corporation with

its headquarters located in Aurora, Colorado. Plaintiff alleges that at all times relevant herein Defendant conducted business in the State of California, in the

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# mentioned herein was, a "person", as defined by Cal. Pen. Code § 632(b). FACTUAL ALLEGATIONS

County of San Diego, within this judicial district. Defendant is, and at all times

- 18. Sometime prior to July of 2019, Plaintiff's minor son was provided medical services by American Medical Response ("AMR"). For reasons that not relevant here, an alleged resulting debt was transferred from AMR to Defendant and Defendant began calling Plaintiff to collect.
- 19. Defendant records all of its collection calls. For inbound calls, Defendant advises the calls are recorded at the outset of the calls, but not for outbound calls.
- 20. For outbound calls, Defendant has a script that its agents use when a call connects with a live person. It instructs the agent to first confirm the identity of the person they called by asking for personal identification information such as their name and date of birth before the agent advises that the call is recorded. As part of the verification process and prior to warning the call is recorded, the agent is told to explain who they are and why they are calling. All this occurs prior to warning the call is recorded as a matter of policy. The verification process can take over forty

- seconds before the warning is given. Very often the warning is not given at all, which is what happened to Plaintiff.
  - 21. When placing a call, the first thing Defendant should say is that the call is recorded. Doing so after forty seconds of conversation does not satisfy the consent requirement. It is impossible to consent to something after it has already happened.
  - 22. Upon information and belief, Defendant has another script for wrong number calls where the policy is to not warn the call is recorded at all. Defendant follows the same verification process, but instead of advising the call is recorded after verification, the agent disconnects without any notice of the recording.
  - 23. Defendant is a large company with thousands of delinquent accounts in California. Defendant has many resources devoted to medical debt collection. The vast majority of debtors that Defendant calls have never called Defendant and never heard an inbound call recording warning, including Plaintiff. As a result, when Defendant places the first collection call to such Class Members, they are completely unaware that Defendant is recording the call.
  - 24. On January 20, 2020, Defendant placed an outbound collection call to Plaintiff's cellular telephone from the number (888) 582-3359. The agent discussed medical assistance provided to Plaintiff. The agent went on to talk about billing for the medical services. The parties also addressed Plaintiff's alleged financial obligations to Defendant.
  - 25. The information discussed during the telephone conversation is considered Protected Health Information ("PHI") pursuant to HIPAA and thus is "confidential" information as a matter of law. Under HIPAA, protected health information is individually identifiable information relating to the past, present, or future health status of an individual that is created, collected, or transmitted, or maintained by a HIPAA-covered entity in relation to the provision of healthcare, payment for healthcare services, or use in healthcare operations (PHI healthcare business uses).

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- 26. At the inception of the call to Plaintiff on January 20, 2020, Defendant did not advise Plaintiff that the call was being recorded, and Plaintiff did not consent to the call being recorded. Indeed, at no point did Defendant inform Plaintiff that the call was being recorded. Nonetheless, Defendant was in fact surreptitiously recording the entirety of the approximately one-minute-long phone conversation between Plaintiff and Defendant.
- 27. Plaintiff was completely unaware that the January 20, 2020, call was recorded.
- 28. Defendant covertly recorded a telephone call with Plaintiff, in which Plaintiff proffered personal information considered to be PHI protected by HIPAA, all the while Defendant did not provide any disclosure to Plaintiff regarding its unauthorized recording.
- 29. Plaintiff was personally affected by Defendant's aforementioned conduct because Plaintiff was shocked, upset and angry that Defendant audio recorded a telephone conversation with Plaintiff without Plaintiff's knowledge or consent.
- 30. Since Defendant is a HIPPA covered entity, all the calls made by Defendant to the Class Members are HIPPA protected. Under HIPPA, an entire file is protected no matter how detailed it is. HIPPA does not require any analysis of the information in the file or the recordings, they are per se confidential.
- 31. California Penal Code § 632(a) prohibits recording of such confidential communications, including PHI protected by HIPAA, without the consent of the other person to the conversation and states:
  - "A person who, intentionally and without the consent of all parties to a confidential communication, uses an electronic amplifying or recording device to eavesdrop upon or record the confidential communication, whether the communication is carried on among the parties in the presence of one another or by means of a telegraph, telephone, or other device, except a radio [violates this section]."

32. California Penal Code § 632.7(a) is clear in its prohibition against such unauthorized recording of cellular communications without the consent of the other party to the conversation:

"Every person who, without the consent of all parties to a communication, intercepts or receives and intentionally records, or assists in the interception or reception and intentional recordation of, a communication transmitted between two cellular radio telephones, a cellular radio telephone and a landline telephone, two cordless telephones, a cordless telephone and a landline telephone, or a cordless telephone and a cellular radio telephone [violates this section]."

- 33. California Penal Code § 637.2 permits Plaintiff to bring this action for any violation of California Penal Code § 632.7(a) and provides for statutory damages of \$5,000 for each violation.
- 34. Defendant recorded or otherwise made an unauthorized connection to Plaintiff's confidential conversation with Defendant and its employees in violation of California's statutory and common law against such unlawful intrusions into a person's private affairs, including the California Constitution's prohibition in Article 1, Section 1.
- 35. This suit seeks only damages and injunctive relief for recovery of economic injury and it expressly is not intended to request any recovery for personal injury and claims related thereto.
- 36. Plaintiff is informed and believes, and thereon alleges, that Defendant intentionally recorded a confidential communication regarding PHI protected by HIPAA as prohibited by California Penal Code § 632.
- 37. Plaintiff is informed and believes, and thereon alleges, that Defendant intentionally recorded a communication transmitted between a cellular radio telephone and a landline telephone without Plaintiff's consent as prohibited by California Penal Code § 632.7(a).

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- 38. Defendant violated Plaintiff's constitutionally protected privacy rights by failing to advise or otherwise provide notice at the beginning of the recorded conversation with Plaintiff that the call would be recorded, and Defendant did not try to obtain the Plaintiff's consent before such recording.
- 39. The recording or other unauthorized connection was done over the telephone, without Plaintiff's prior knowledge or consent. Plaintiff was damaged thereby, as detailed herein, in at least an amount permitted by the statutory damages mandated by California Penal Code § 637.2(a).
- 40. Defendant, its employees or agents, secretly recorded a call made involving Defendant and Plaintiff. At no time before, during, or after any of the calls was Plaintiff warned, told, advised or otherwise given any indication by Defendant, its employees or agents, that the calls were recorded.
- 41. As a result, thereof, Plaintiff has been damaged as set forth in the Prayer for Relief herein.
- 42. Plaintiff seeks statutory damages and injunctive relief under California Penal Code § 637.2.

#### CLASS ACTION ALLEGATIONS

- 43. Plaintiff brings this lawsuit as a class action on behalf of himself and Class Members of the proposed Classes. This action satisfies the numerosity, commonality, typicality, adequacy, predominance, and superiority requirements of those provisions.
- 44. Plaintiff proposes the following two Classes consisting of and defined as follows:
  - A. The HIPAA Confidential Communication Class for Violation of Penal Code §632, consisting of;
    - All persons in California with a healthcare debt with Defendant whose conversations were recorded without their consent, by Defendant, and or its agents, within the one year prior to the filing of the Complaint.

B. The Cellular Phone Communication Sub-Class for Violation of Penal Code §632.7, consisting of;

All persons in California whose cellular telephone conversations were recorded without their consent, by Defendant, and or its agents, within the one year prior to the filing of the Complaint.

- 45. Excluded from the Class are: (1) Defendant, any entity or division in which Defendant has a controlling interest, and its legal representatives, officers, directors, assigns, and successors; (2) the Judge to whom this case is assigned and the Judge's staff; and (3) those persons who have suffered personal injuries as a result of the facts alleged herein.
- 46. Plaintiff reserves the right to redefine the Class and to add subclasses as appropriate based on discovery and specific theories of liability
- 47. Numerosity: The Class Members are so numerous that joinder of all members would be unfeasible and impractical. The membership of the entire Class is currently unknown to Plaintiff at this time; however, given that, on information and belief, Defendant called thousands of class members statewide and recorded those calls during the class period, it is reasonable to presume that the members of the Class are so numerous that joinder of all members is impracticable. The disposition of their claims in a class action will provide substantial benefits to the parties and the Court.
- 48. <u>Commonality:</u> There are common questions of law and fact as to Class Members that predominate over questions affecting only individual members, including, but not limited to:
  - Whether the recorded calls concerned PHI protected by HIPAA
  - Whether, within the statutory period Defendant recorded any call with the Class Members;
  - Whether Defendant had, and continues to have, a policy during the relevant period of recording telephone calls made to the Class Members;

- Whether Defendant's policy or practice of recording telephone communications with Class Members constitutes a violation of Cal. Penal Code § 632.7;
- Whether Plaintiff and the Class Members were damaged thereby, and the extent of damages for such violation; and
- Whether Defendant should be enjoined from engaging in such conduct in the future.
- 49. <u>Typicality</u> Plaintiff's conversation was unlawfully recorded without a warning of such recording, and thus, his injuries are also typical to Class Members. Further, the communication was concerning matters which, by definition is PHI pursuant to HIPAA and therefore constitutes a "confidential" communication pursuant to California Penal Code §632.
- 50. Plaintiff and Class Members were harmed by the acts of Defendant in at least the following ways: Defendant, either directly or through its agents, illegally recorded the Plaintiff and Class Members' conversations with Defendant, and Defendant invading the privacy of said Plaintiff and Class. Plaintiff and Class Members were damaged thereby.
- 51. Adequacy: Plaintiff is qualified to, and will, fairly and adequately protect the interests of each Class Member with whom he is similarly situated, as demonstrated herein. Plaintiff acknowledges that he has an obligation to make known to the Court any relationships, conflicts, or differences with any Class Member. Plaintiff's attorneys, the proposed class counsel, are versed in the rules governing class action discovery, certification, and settlement. In addition, the proposed class counsel is experienced in handling claims involving consumer actions and violations of the California Penal Code sections 632 and 632.7. Plaintiff has incurred, and throughout the duration of this action, will continue to incur costs and attorneys' fees that have been, are, and will be, necessarily expended for the prosecution of this action for the substantial benefit of each Class Member.

- 52. <u>Predominance</u>: Questions of law or fact common to the Class Members predominate over any questions affecting only individual members of the Class. The elements of the legal claims brought by Plaintiff and Class Members are capable of proof at trial through evidence that is common to the Class rather than individual to its members.
- 53. <u>Superiority</u>: A class action is a superior method for the fair and efficient adjudication of this controversy because:
  - a. Class-wide damages are essential to induce Defendant to comply with California law.
  - b. Because of the relatively small size of the individual Class Members' claims, it is likely that only a few Class Members could afford to seek legal redress for Defendant's misconduct.
  - c. Management of these claims is likely to present significantly fewer difficulties than those presented in many class claims.
  - d. Absent a class action, most Class Members would likely find the cost of litigating their claims prohibitively high and would therefore have no effective remedy at law.
  - e. Class action treatment is manageable because it will permit a large number of similarly situated persons to prosecute their common claims in a single forum simultaneously, efficiently, and without the unnecessary duplication of effort and expense that numerous individual actions would endanger.
  - f. Absent a class action, Class Members will continue to incur damages, and Defendant's misconduct will continue without remedy.
- 54. Plaintiff and the Class Members have all suffered and will continue to suffer harm and damages as a result of Defendant's unlawful and wrongful conduct. A class action is also superior to other available methods because as individual Class Members have no way of discovering that Defendant recorded their telephone conversations without Class Members' knowledge or consent.

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- 55. The Class may also be certified because:
  - the prosecution of separate actions by individual Class Members would create a risk of inconsistent or varying adjudication with respect to individual Class Members, which would establish incompatible standards of conduct for Defendant;
  - the prosecution of separate actions by individual Class Members would create a risk of adjudications with respect to them that would, as a practical matter, be dispositive of the interests of other Class Members not parties to the adjudications, or substantially impair or impede their ability to protect their interests; and
  - Defendant has acted or refused to act on grounds generally applicable to the Class, thereby making appropriate final and injunctive relief with respect to the members of the Class as a whole.
- 56. This suit seeks only damages and injunctive relief for recovery of economic injury on behalf of Class Members and it expressly is not intended to request any recovery for personal injury and claims related thereto.
- 57. The joinder of Class Members is impractical and the disposition of their claims in the Class action will provide substantial benefits both to the parties and to the court. The Class Members can be identified through Defendant's records.

#### FIRST CAUSE OF ACTION

#### RECORDING OF CONFIDENTIAL CALLS

# UNDER CALIFORNIA PENAL CODE § 632

- 58. Plaintiff repeats, re-alleges, and incorporates by reference, all other paragraphs.
- 59. At all relevant times hereto, Defendant had and followed a policy and practice of using a telecommunications system that enabled it to surreptitiously record telephone communications between Defendant and Plaintiff and Class Members.

- 60. Because of the nature of its business, Defendant's communications with Plaintiff and the Class Members were, by definition, concerning PHI pursuant to HIPAA and were therefore "confidential" communications as a matter of law.
- 61. At all relevant times Plaintiff and all Class Members have an expectation of privacy in their conversations with Defendants and their employees and agents concerning information considered PHI pursuant to HIPAA, and did not expect, or have knowledge of, any such illegal recording or other unauthorized connections to their conversations.
- 62. At all relevant times hereto, Defendant had and followed a policy and practice of not advising or warning Plaintiff and Class Members at the beginning of a conversation that their confidential telephone communications with Defendant would be recorded.
- 63. Defendant failed to obtain consent of Plaintiff and Class Members prior to recording any of their confidential telephone conversations.
- 64. Because Defendant and its employees and agents recorded or otherwise made unauthorized connections to Plaintiff's and other Class Members' conversations, Defendant is liable for the greater of \$5,000 per violation or three times the amount of actual damages sustained by each Plaintiff. Plaintiffs are seeking only the statutory damages for the members of the Class under this cause of action.
- 65. Such conduct by these Defendants was willful, deliberate, malicious and intentional, and in violation of California Penal Code §§ 632 and 637.2. Such conduct violated the California Privacy Act, set forth in California Penal Code §§ 630, *et seq*.
- 66. As a result of such unlawful conduct, Plaintiff and the Class Members were damaged, in an amount according to proof.

#### **SECOND CAUSE OF ACTION**

#### RECORDING OF CELLULAR CALLS

# Under California Penal Code § 632.7

67. Plaintiff repeats, re-alleges, and incorporates by reference, all other paragraphs.

- conversation that their cellular telephone communications with Defendant would
- - 72. This conduct by Defendant violated section 632.7(a) of the California Penal Code.
  - 73. Plaintiff and Class Members are entitled to recovery of statutory punitive damages in the amount of \$5,000 per violation of Cal. Pen. Code § 632.7.
  - 74. Plaintiff's counsel is also entitled to attorneys' fees and costs pursuant to Cal. Code of Civ. Proc. § 1021.5.

#### THIRD CAUSE OF ACTION

#### **NEGLIGENCE**

- 75. Plaintiff repeats, re-alleges, and incorporates by reference, all other paragraphs.
- 76. Defendant owed a duty to Plaintiff and the Class to exercise reasonable care in recording as well as in engaging in confidential conversations with Plaintiffs and the Class members.
- 77. Defendant breached its duties by failing to obtain consent from Plaintiff and the Class or in any way warning them that their calls were being recorded at the onset of the calls. Instead, Defendant covertly recorded cellular telephone calls concerning confidential matters between Defendant and Plaintiff and Class Members without their knowledge and or authorization.

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- 78. But for Defendant's wrongful and negligent breach of its duties owed to Plaintiff and the Class, their privacy would not have been improperly invaded. Defendant's negligence was a direct and legal cause of the intrusion of into Plaintiff and Class' privacy resulting in damages.
- 79. The injury and harm suffered by Plaintiff and the Class members was the reasonably foreseeable result of Defendant's failure to exercise reasonable care with its disclosures, and which the Cal. Pen. Code § 632.7 was designed to prevent.
- 80. These damages include, but are not limited to, invasion of Plaintiff and the Class' constitutionally protected right to privacy, emotional distress, shock, and effort and money in responding to Defendant's negligence. However, Plaintiff only seeks statutory damages in this class action.

#### PRAYER FOR RELIEF

WHEREFORE, Plaintiff and the Class Members pray that judgment be entered against Defendant, and Plaintiff and the Class be awarded damages from Defendant, as follows:

- Certify the Class as requested herein;
- Appoint Plaintiff to serve as the Class Representative for the Class; and
- Appoint Plaintiff's Counsel as Class Counsel in this matter for the Class.
   In addition, Plaintiff and the Class Members pray for further judgment as follows against Defendant:

## RECORDING OF CONFIDENTIAL CALLS

### Under California Penal Code § 632

- \$5,000 to each Class Member pursuant to California Penal Code § 637.2(a);
- Reasonable attorneys' fees pursuant to Cal. Code of Civ. Proc. § 1021.5;
- Injunctive relief to prevent the further occurrence of such illegal acts pursuant to California Penal Code § 637.2(b);
- An award of costs to Plaintiff; and
- Any other relief the Court may deem just and proper including interest.

1	RECORDING OF CELLULAR CALLS
2	Under California Penal Code § 632.7
3	• \$5,000 to each Class Member pursuant to California Penal Code § 637.2(a);
4	• Reasonable attorneys' fees pursuant to Cal. Code of Civ. Proc. § 1021.5;
5	• Injunctive relief to prevent the further occurrence of such illegal acts pursuant
6	to California Penal Code § 637.2(b);
7	• An award of costs to Plaintiff; and
8	Any other relief the Court may deem just and proper including interest.
9	NEGLIGENCE
0	• Special, general, and compensatory;
1	• Injunctive relief, prohibiting such conduct in the future; and
2	• Any other relief the Court may deem just and proper.
3	TRIAL BY JURY
4	87. Pursuant to the Seventh Amendment to the Constitution of the United States of
5	America, Plaintiff and Class Members are entitled to, and demand, a trial by jury.
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7	Respectfully submitted,
8	SWIGART LAW GROUP
9	Date: December 11, 2020 By: <i>s/Juliana G. Blaha</i>
20	Juliana G. Blaha, Esq.
21	Juliana@SwigartLawGroup.com Attorneys for Plaintiff
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# **ClassAction.org**

This complaint is part of ClassAction.org's searchable class action lawsuit database and can be found in this post: Class Action Alleges Wakefield & Associates Covertly Records Calif. Debt Collection Calls

Discussing Medical Care