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## Truepill's \$7.5M Patent Data Theft Settlement Gets Initial OK

By **Hailey Konnath**

Law360 (November 26, 2024, 10:00 PM EST) -- A California federal judge Tuesday preliminarily backed a \$7.5 million deal resolving a proposed class action alleging that online pharmacy PostMeds Inc., which does business as Truepill, failed to protect the sensitive information of millions of patients from a data breach.

U.S. District Judge Haywood S. Gilliam Jr. granted consumers' motion for preliminary approval of the settlement, which calls on Truepill to compensate roughly 2 million customers affected by the breach.

Judge Gilliam said the deal was fair and adequate, noting that only a handful of data breach cases have achieved certification. That means that the risks and costs associated with the customers' case support settlement, he said.

"Therefore, the court finds that the settlement benefits, given the scope of the case and its substantial accompanying risks, weigh in favor of granting preliminary approval," Judge Gilliam said.

Under the deal, the customers can submit claims for up to \$4,000 in compensation for out-of-pocket losses stemming from the 2023 breach. On top of that, settlement class members can also submit a claim for either a cash payment from the settlement fund or one year of data protection services, according to Judge Haywood's order. Individual cash payouts are expected to be between \$45 and \$240, the judge said.

"Cash payments from the settlement fund will be evenly distributed on a pro rata basis after all out-of-pocket loss claims, notice and administrative expenses, any service awards and attorneys' fees and expense awards are paid," he said.

The consumers' attorneys with Milberg Coleman Bryson Phillips Grossman PLLC, Hausfeld LLP and The Manning Law Firm intend to seek up to \$2.5 million in attorney fees, per the order, and class representatives plan to request up to \$1,500 each in service awards.

Should it get final approval, the settlement puts to rest Truepill customers' allegations that their information was exposed in a breach that happened between Aug. 30 and Sept. 1, 2023. In a consolidated complaint, they said they weren't notified until Oct. 30, when Truepill sent a letter informing them that clients' names, prescription information, and some clients' medication type, demographic information and prescribing doctor were part of the breach, they said.

West Virginia customer Richard Reed **initially filed suit** in November 2023, claiming that Truepill violated the Federal Trade Commission Act and the Health Insurance Portability and Accountability Act when it "deceptively stored" personal information, knowing that the company was at risk for a cyberattack because it lacked strong protections. It also failed to promptly and fully disclose all details of the data breach in a timely manner, he said.

Reed's proposed class action was later consolidated with a number of similar cases.

The parties reached a deal after working with a mediator, Judge Gilliam said Tuesday.

Truepill and counsel for the consumers didn't immediately respond to requests for comment late Tuesday.

The plaintiffs are represented by Gary M. Klinger of Milberg Coleman Bryson Phillips Grossman PLLC, James J. Pizzirusso of Hausfeld LLP and Jill M. Manning of The Manning Law Firm.

Truepill is represented by Marcus McCutcheon and Casie D. Collignon of BakerHostetler.

The case is Richard Reed et al. v. PostMeds Inc. et al., case number 3:23-cv-05710, in the U.S. District Court of the Northern District of California.

--Additional reporting by Kaitlin Gebby. Editing by Jay Jackson Jr.

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