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13
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15
16 **UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA**

17 DEBORAH WESCH, individually and on behalf
18 of all others similarly situated,

19 Plaintiff,

20 v.

21 YODLEE, INC., a Delaware corporation, and
22 ENVESTNET, INC., a Delaware corporation,

23 Defendants.
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Case No.:

CLASS ACTION COMPLAINT

JURY TRIAL DEMANDED

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1 Plaintiff Deborah Wesch (“Plaintiff”), on behalf of herself and all others similarly situated,
2 asserts the following against Defendants Yodlee, Inc., (“Yodlee”) and Envestnet Inc., (“Envestnet”)
3 (collectively “Defendants”), based upon personal knowledge, where applicable, information and
4 belief, and the investigation of counsel.

5 **SUMMARY OF ALLEGATIONS**

6 1. The Internet age has spawned the development of a vast data economy. Among its
7 key players are data aggregators, companies that collect and repackage data from various sources
8 for sale to advertisers, investors, researchers, and other third parties.

9 2. Yodlee is one of the largest financial data aggregators in the world. Its business
10 focuses on selling highly sensitive financial data, such as bank balances and credit card transaction
11 histories, collected from individuals throughout the United States. For example, as Yodlee’s former
12 chief product officer explained in a 2015 interview, “‘Yodlee can tell you down to the day how
13 much the water bill was across 25,000 citizens of San Francisco,’ or the daily spending at
14 McDonald’s throughout the country.”¹

15 3. This data is not available from public sources and is so sensitive that the individuals
16 it concerns would not voluntarily turn it over.

17 4. Rather, Yodlee surreptitiously collects such data from software products that it
18 markets and sells to some of the largest financial institutions in the country. These institutions,
19 including 15 top banks (e.g., Bank of America, Merrill Lynch, and Citibank), 10 top wealth
20 management firms, and digital payment platforms like PayPal, use Yodlee’s software for various
21 purposes, including to connect their systems to one another.

22 5. Yodlee, in turn, acquires financial data about each individual that interacts with the
23 software installed on its customers’ systems. However, these individuals often have no idea they are
24 dealing with Yodlee.

25 _____
26 ¹ Bradley Hope, *Provider of Personal Finance Tools Tracks Bank Cards, Sells Data to Investors*,
27 WALL ST. J. (Aug. 6, 2015), <https://www.wsj.com/articles/provider-of-personal-finance-tools-tracks-bank-cards-sells-data-to-investors-1438914620>.
28

1 6. This is by design. Given the highly sensitive nature of the data Yodlee collects,
2 Yodlee's software is developed to be seamlessly integrated directly into the host company's existing
3 website and/or mobile app in a way that obscures who the individual is dealing with and where their
4 data is going. For example, when individuals connect their bank accounts to PayPal, they are
5 prompted to enter their credentials into a log in screen that mirrors what they would see if they
6 directly logged into their respective bank's website. *See* Part II, below. Their financial institution's
7 logo is prominently displayed on each of the screens that they interact with and the individuals use
8 the same usernames and passwords they would to log in to their financial institution's own website
9 or mobile app. At no point are the individuals prompted to create or use a Yodlee account.

10 7. Moreover, to the extent Yodlee is mentioned, individuals are not given accurate
11 information about what Yodlee does or how it collects their data. For example, PayPal discloses to
12 individuals that Yodlee is involved in connecting their bank account to PayPal's service for the
13 limited purpose of confirming the individual's bank details, checking their balance, and transactions,
14 as needed. While this might be true for that initial log in, Yodlee's involvement with the individual's
15 data goes well beyond the limited consent provided to facilitate a connection between their bank
16 account and PayPal.

17 8. Yodlee, in fact, stores a copy of each individual's bank log in information (i.e., her
18 username and password) on its own system *after* the connection is made between that individual's
19 bank account and any other third party service (e.g., PayPal).

20 9. Yodlee then exploits this information to routinely extract data from that user's
21 accounts without their consent.

22 10. This process continues even if, for example, an individual severs the connection
23 between its bank account and the third party service (e.g., PayPal) that Yodlee facilitated. In that
24 instance, Yodlee relies on its own stored copy of the individual's credentials to extract financial data
25 from her accounts long after the access is revoked.

26 11. This unagreed-to data collection is particularly problematic because "[c]onsumers'
27 credit and debit card transactions can reveal information about their health, sexuality, religion,
28

1 political views, and many other personal details.”² It is no wonder that Yodlee has been highly
2 successful as, according to the *Wall Street Journal*, companies are willing to pay as much as \$4
3 million a year for access to this sort of highly personal data.

4 12. Plaintiff Deborah Wesch connected her PNC Bank account to PayPal using a Yodlee-
5 powered portal in order to facilitate transfers among those accounts. At no time was it disclosed by
6 PayPal, Yodlee, or PNC Bank that the Defendants would continuously access Plaintiff’s bank
7 account to extract and sell data without her consent.

8 13. This is especially troubling as reports have revealed that Defendants are mishandling
9 the data they collected from individuals without authorization by distributing it in unencrypted plain
10 text files. These files, which can be read by anyone who acquires them, contain highly sensitive
11 information that make it possible to identify the individuals involved in each transaction.

12 14. Yodlee’s failure to take even the most basic steps to protect this highly sensitive data
13 (e.g., requiring a password to open such files) has placed Plaintiff and all Class members at
14 significant risk of fraud and identity theft. This risk is especially heightened given Yodlee’s practice
15 of reselling the data it collects—without authorization—to third parties. While Yodlee claims to
16 protect this data while in its custody, it has admitted in filings with the United States Securities and
17 Exchange Commission (“SEC”) that it “does not audit its customers to ensure that they have acted,
18 and continue to act, consistently with such assurances.”³ Yodlee, accordingly, cannot guarantee
19 Plaintiff or other Class members that its clients, or anyone with whom its clients share Class
20 members’ sensitive personal data, are not using such data for nefarious purposes.

21 15. Given Defendants’ secretive data collection practices and recent reports regarding its
22 grossly inadequate approach to data security, Plaintiff believes that additional evidence supporting
23 its claims will be uncovered following a reasonable opportunity for discovery.

24
25 ² Letter from Senator Ron Wyden et al, Cong. of the U.S., to Joseph J. Simons, Chairman, Fed.
26 Trade Comm’n (Jan. 17, 2020),
27 [https://www.wyden.senate.gov/imo/media/doc/011720%20Wyden%20Brown%20Eshoo%20Enve
stnet%20Yodlee%20Letter%20to%20FTC.pdf](https://www.wyden.senate.gov/imo/media/doc/011720%20Wyden%20Brown%20Eshoo%20Envestnet%20Yodlee%20Letter%20to%20FTC.pdf).

28 ³*Proxy Statement/Prospectus*, YODLEE (Oct. 21, 2015),
<https://www.sec.gov/Archives/edgar/data/1337619/000104746915007906/a2226277z424b3.htm>.

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