

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF
CALIFORNIA

Derrick Adams, et al. v. Experian Information Solutions, Inc., et al.

Adams · No. 2:23-cv-01773-DJC-JDP · Decided December 3, 2025

SUMMARY

The United States District Court for the Eastern District of California rules on Defendants’ motion to dismiss Plaintiffs’ Second Amended Complaint in an action involving alleged violations of the Sherman Act, the California Cartwright Act, and tortious interference with contracts. The Court concludes that the collection-agency plaintiff plausibly alleges antitrust standing, while the medical-provider plaintiffs do not establish antitrust injury or relevant-market participation. The Court also considers the sufficiency of Plaintiff Adams’s California tortious-interference claim.

CASE DETAILS

COURT	United States District Court for the Eastern District of California
WRITING FOR THE COURT	Daniel A. Calabretta
JURISDICTION	United States District Court for the Eastern District of California
DECIDED	December 3, 2025
DOCKET	2:23-cv-01773-DJC-JDP
DISPOSITION	other
PROCEDURAL POSTURE	Defendants moved under Federal Rule of Civil Procedure 12(b)(6) to dismiss the Second Amended Complaint, which asserted Sherman Act, California Cartwright Act, and California and New Jersey tortious-interference-with-contract claims.
STANDARD OF REVIEW	On a Rule 12(b)(6) motion, the Court accepts factual allegations as true and construes them in the light most favorable to the nonmoving party, but dismisses claims that lack a cognizable legal theory or do not contain sufficient factual matter to plausibly establish an entitlement to relief.
PRECEDENTIAL VALUE	unpublished federal district court order; precedential status unknown
PARTIES	Derrick Adams, et al., AmeriFinancial Solutions, Cape Emergency Physicians, Medical Provider Plaintiffs v. Experian Information Solutions, Inc., et al.

TOPICS

motions to dismiss

intentional interference with contract

commercial litigation

torts

civil procedure

PRACTICE AREAS

antitrust

civil procedure

torts

commercial litigation

QUESTIONS PRESENTED

1. Whether the Collection Agency Plaintiff plausibly alleged antitrust standing and an antitrust injury under the Sherman Act.
2. Whether the medical-provider plaintiffs plausibly alleged antitrust injury and participation in the relevant market under the Sherman Act and California Cartwright Act.
3. Whether Plaintiff Adams plausibly alleged the elements of tortious interference with existing contracts under California law.
4. Whether Cape Emergency Physicians plausibly alleged tortious interference with existing contracts under New Jersey law.

HOLDINGS

1. AmeriFinancial Solutions plausibly alleged antitrust standing at the pleading stage because it alleged a direct contractual relationship with Experian requiring it to furnish medical-debt information and plausibly alleged that the challenged conduct devalued that service.
2. The medical-provider plaintiffs failed to plausibly allege antitrust injury or participation in the relevant market for reporting medical-debt information, so their Sherman Act and Cartwright Act claims were dismissed.
3. Plaintiff Adams plausibly alleged a California claim for tortious interference with existing contracts, and the motion to dismiss that claim was denied.
4. Cape Emergency Physicians plausibly stated a New Jersey claim for tortious interference with existing contracts, and the motion to dismiss that claim was denied.

KEY QUOTATIONS

“If the allegations do not “plausibly give rise to an entitlement to relief[,]” the motion must be granted.” (at 2)

“An antitrust injury is “of the type the antitrust laws were intended to prevent and that flows from that which makes defendants’ acts unlawful.”” (at 14)

FACTUAL BACKGROUND

The plaintiffs are medical providers and a collection agency involved in collecting unpaid medical bills. The medical providers allegedly used collection agencies to furnish medical-debt information to Experian under arrangements authorizing the agencies to report the information, while Experian and other defendants allegedly

agreed to stop reporting certain medical debts. Plaintiffs claimed that the alleged conduct devalued medical-debt reporting services, reduced patients' incentive to pay, and interfered with patients' contractual obligations to pay medical providers.

PROCEDURAL HISTORY

The Court had previously dismissed Plaintiffs' First Amended Complaint. Plaintiffs filed a Second Amended Complaint adding AmeriFinancial Solutions, additional allegations concerning the relationships between medical providers and collection agencies, and California and New Jersey tortious-interference claims. After briefing and submission without oral argument, the Court granted the motion in part and denied it in part.

DISPOSITION

other

CASES CITED

- Godecke v. Kinetic Concepts, Inc., 937 F.3d 1201, 1208 (9th Cir. 2019)
- Steinle v. City & County of San Francisco, 919 F.3d 1154, 1160 (9th Cir. 2019)
- Ashcroft v. Iqbal, 556 U.S. 662, 678–79 (2009)
- Bell Atl. Corp. v. Twombly, 550 U.S. 544, 555 (2007)
- City of Oakland v. Oakland Raiders, 20 F.4th 441, 455 (9th Cir. 2021)
- Am. Ad. Mgmt., Inc. v. Gen. Tel. Co. of California, 190 F.3d 1051, 1054–59 (9th Cir. 1999)
- Cargill v. Monfort of Colorado, Inc., 479 U.S. 104, 109–10 & n.5 (1986)
- Atl. Richfield Co. v. USA Petroleum Co., 495 U.S. 328, 334 (1990)
- Kristensen v. Credit Payment Servs., 12 F. Supp. 3d 1292, 1301 (D. Nev. 2014)
- Amarel v. Connell, 102 F.3d 1494, 1510 (9th Cir. 1996)
- Pac. Recovery Sols. v. United Behav. Health, 481 F. Supp. 3d 1011, 1022 (N.D. Cal. 2020)
- Theme Promotions, Inc. v. News Am. Mktg. FSI, 546 F.3d 991, 1004 (9th Cir. 2008)
- Associated Gen. Contractors of Cal. v. Cal. State Council of Carpenters, 459 U.S. 519, 541 (1983)
- Don Copeland v. Energizer Holdings, Inc., 716 F. Supp. 3d 749, 771 (N.D. Cal. 2024)
- Flaa v. Hollywood Foreign Press Ass'n, 55 F.4th 680, 688 (9th Cir. 2022)
- Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd., 269 F. Supp. 2d 1213, 1224 (C.D. Cal. 2003)
- Honey Bum, LLC v. Fashion Nova, Inc., 63 F.4th 813, 824–25 (9th Cir. 2023)
- Ixchel Pharma, LLC v. Biogen, Inc., 9 Cal. 5th 1130, 1141, 1148 (2020)
- Tripharma, LLC v. First Fruits Bus. Ministry, LLC, 2023 WL 2695476, at *8 (C.D. Cal. Feb. 15, 2023)
- Pac. Gas & Elec. Co. v. Bear Stearns & Co., 50 Cal. 3d 1118, 1126 (1990)
- Sebastian Int'l Inc. v. Russolillo, 162 F. Supp. 2d 1198, 1203–04 (C.D. Cal. 2001)
- Quelimane Co. v. Stewart Title Guar. Co., 19 Cal. 4th 26, 56 (1998)
- Printing Mart-Morristown v. Sharp Elec. Corp., 116 N.J. 739, 751–52 (1989)

- In re Aluminum Warehousing Antitrust Litig., 2014 WL 4743425, at *4 (S.D.N.Y. Sept. 15, 2014)
- Trindade v. Reach Media Grp., LLC, 2013 WL 3977034, at *15 (N.D. Cal. July 31, 2013)

OPINION

1 2 3 4 5 6 7 8 UNITED STATES DISTRICT COURT 9 FOR THE EASTERN DISTRICT OF
CALIFORNIA 10 11 DERRICK ADAMS, et al., No. 2:23-cv-01773-DJC-JDP 12 Plaintiffs, 13 v.
ORDER 14 EXPERIAN INFORMATION SOLUTIONS, 15 INC., et al., 16 Defendants. 17 18
Pending before the Court is Defendants’ Motion to Dismiss Plaintiffs’ Second 19 Amended
Complaint. Plaintiffs allege that Defendants violated the Sherman Antitrust 20 Act, the California
Cartwright Act, and engaged in tortious interference with existing 21 contracts under California
and New Jersey law.

Defendants move to dismiss on the 22 grounds that Plaintiffs failed to allege antitrust standing and
failed to plausibly allege 23 facts supporting their tortious interference with contracts claims. For
the reasons 24 discussed below, the Court GRANTS IN PART AND DENIES IN PART
Defendants’ 25 Motion to Dismiss. 26 BACKGROUND 27 The facts and procedural history are
largely known to the Parties.

However, 28 Plaintiffs have altered the Second Amended Complaint in a few ways. First, Plaintiffs
1 add AmeriFinancial Solutions, as a plaintiff to this case.¹ AmeriFinancial Solutions is a 2
collection agency that works with multiple medical practices to assist them in 3 collecting
payment of unpaid medical bills from patients. (SAC (ECF No. 60) ¶ 27.) 4 Specifically,
AmeriFinancial Solutions has served as the collection agency for Plaintiff 5 Cape Emergency
Physicians in New Jersey and for other medical practices operating 6 out of several different states
— including California.

(Id.) The collection agencies 7 make a profit when patients pay a bill that the medical provider
sent to the collection 8 agency. (Id. ¶ 44.) Specifically, the SAC alleges that the collection agency
receives a 9 percentage of the medical debt it is able to collect. (Id.) 10 Second, Plaintiffs add
claims for tortious interference with contract under 11 California and New Jersey law.

These claims are brought by each Medical Provider 12 Plaintiff (“MPP”). Plaintiff Adams brings
the claim under California law and Plaintiff 13 Cape Emergency Physicians brings the claim under
New Jersey law. 14 Third, Plaintiffs include additional allegations about the nature of the 15
relationship between the MPPs and the collection agencies.

In particular, MPPs 16 explain that if patients do not pay their bills, medical practices use
accounts- 17 receivable services as their “agents” to further attempt to collect payment from
unpaid 18 patients. (See id. ¶¶ 30, 38.)

The accounts-receivable services could be employees of 19 the medical practice itself, or it could
be a collection agency such as AmeriFinancial 20 Solutions. (Id. ¶ 30.) The MPPs here use third-

party collection agencies if patients do not pay their bills. (Id. ¶ 31.)

To furnish data to a credit reporting agency, the furnishing entity must complete an application with that agency, execute a contract, and complete an onboarding process. (Id. ¶ 38.) The MPPs decided that a collection agency would furnish data about medical bills to Defendants if the efforts to contact patients failed to obtain payment. (Id. ¶ 40.)

Plaintiffs allege there are contracts with collection agencies that authorize the collection agencies to furnish such data. (Id.) For purposes of this Order, the Court also refers to AmeriFinancial Solutions as the “Collection Agency Plaintiff”. Should the collection agency fail to collect from the patient, and not furnish the data to the Defendants, as instructed by the MPPs, “the [MPPs] would each choose a different collection agency.” (Id. ¶ 41.) This Court previously granted Defendants’ Motion to Dismiss Plaintiffs’ First Amended Complaint.

(Jan. Order (ECF No. 59).) Plaintiffs then filed a Second Amended Complaint with four causes of action for violations of the Sherman Antitrust Act, California’s Cartwright Act, and for alleged tortious interference with existing contracts under California and New Jersey Law. Defendants filed the instant Motion to Dismiss Plaintiffs’ Second Amended Complaint (Mot.

Dismiss (ECF No. 73)). The matter is fully briefed (Opp’n (ECF No. 77); Reply (ECF No. 79)). The Court ordered the matter submitted without oral argument pursuant to Local Rule 230(g). (ECF No. 1281). LEGAL STANDARD A party may move to dismiss for “failure to state a claim upon which relief can be granted[.]” Fed. R. Civ. P. 12(b)(6).

The motion may be granted if the claim lacks “a cognizable legal theory” or if its factual allegations do not support a cognizable legal theory. *Godecke v. Kinetic Concepts, Inc.*, 937 F.3d 1201, 1208 (9th Cir. 2019) (citation omitted).

The court assumes all factual allegations are true and construes “them in the light most favorable to the nonmoving party.” *Steinle v. City & Cnty. of San Francisco*, 919 F.3d 1154, 1160 (9th Cir. 2019) (citation omitted). If the allegations do not “plausibly give rise to an entitlement to relief[.]” the motion must be granted. *Ashcroft v. Iqbal*, 556 U.S. 662, 679 (2009) (“*Iqbal*”).

A complaint need contain only a “short and plain statement of the claim showing that the pleader is entitled to relief[.]” Fed. R. Civ. P. 8(a)(2), not “detailed factual allegations,” *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 555 (2007) (“*Twombly*”). Additionally, since the time between this Court’s previous dismissal of Plaintiffs’ complaint, the CFPB published a final rule prohibiting CRAs from including any medical debt on consumer reports provided to creditors in most circumstances.

However, the rule's effective date has been delayed. (See Opp'n at 28³ citing 791 F. Supp. 3d 720 (E.D. Tex. 2025) (Notice (ECF No. 23).) ¹ But this rule demands more than unadorned accusations; "sufficient factual matter" ² must make the claim at least plausible. *Iqbal*, 556 U.S. at 678.

In the same vein, ³ conclusory or formulaic recitations of elements do not alone suffice. See *id.* ⁴ DISCUSSION ⁵ I. Sherman Act ⁶ Defendants contend that Plaintiffs again fail to allege antitrust standing. ⁷ Specifically, Defendants argue that Plaintiffs' injury is not the type of injury antitrust ⁸ laws were intended to remedy, does not flow from the alleged conduct, is indirect and ⁹ is speculative.

Plaintiffs argue that the SAC remedies the Court's prior concerns about ¹⁰ antitrust standing because it includes a collection agency plaintiff that personally ¹¹ furnished data to the Defendants under contracts with them and expounds on the ¹² relationship between medical providers and Defendants. ¹³ A. Antitrust Standing ¹⁴ Under Section 1 of the Sherman Antitrust Act, all conspiracies in the restraint of ¹⁵ trade are illegal.

¹⁵ U.S.C. § 1. Actions for damages under the Sherman Act are ¹⁶ authorized by Section 4 of the Clayton Antitrust Act. ¹⁵ U.S.C. § 15(a); *City of Oakland v. Oakland Raiders*, 20 F. 4th 441, 455 (9th Cir. 2021). Section 4 provides that "any ¹⁸ person who shall be injured in his business or property by reason of anything ¹⁹ forbidden in the antitrust laws may sue therefor...and shall recover threefold the ²⁰ damages by him sustained[.]" *Am.*

Ad. Mgmt., Inc., v. Gen. Tel. Co. of California, 190 ²¹ F.3d 1051, 1054 (9th Cir. 1999) (citing ¹⁵ U.S.C. § 15(a) (1999)). Although broad in ²² scope, courts have read limitations into the language of Section 4 premised on the ²³ idea that "Congress did not intend [it] to have such an expansive scope." *Id.* (citation ²⁴ omitted).

The Supreme Court has identified certain factors for determining whether ²⁵ antitrust standing exists: "(1) the nature of the plaintiff's alleged injury; that is, whether ²⁶ it was the type the antitrust laws were intended to forestall; (2) the directness of the ²⁷ injury; (3) the speculative measure of the harm; (4) the risk of duplicative recovery; and ²⁸ (5) the complexity in apportioning damages." *Oakland Raiders*, 20 F.4th at 455 ¹ (citation omitted).

A court "need not find in favor of the plaintiff on each factor," *id.* at 2 1055–56, but, antitrust injury is mandatory, see *Cargill v. Monfort of Colorado, Inc.*, 479 ³ U.S. 104, 109–10, ¹¹⁰ n.5 (1986). ³ ⁴ 1. Antitrust Injury ⁵ An antitrust injury is "of the type the antitrust laws were intended to prevent and ⁶ that flows from that which makes defendants' acts unlawful." *Atl.*

Richfield Co. v. USA ⁷ *Petroleum Co.*, 495 U.S. 328, 334 (1990) (citation omitted). The Ninth Circuit has ⁸ identified four requirements for an antitrust injury: "(1) unlawful conduct, (2)

causing 9 an injury to the plaintiff, (3) that flows from that which makes the conduct unlawful, and 10 (4) that is of the type the antitrust laws were intended to prevent.” Am.

Ad. Mgmt., 190 11 F.3d 1055. In the previous Order, this Court found that the first two requirements of 12 antitrust injury: (1) unlawful conduct (2) causing injury to the plaintiff were satisfied. 13 Thus, the Court focuses on the remaining two requirements. 14 Previously, this Court held that Plaintiffs failed to allege an antitrust injury 15 because “it is unclear whether the ‘devalued service’ injuries suffered by Plaintiffs are 16 the result of ‘that which makes the defendants’ conduct unlawful – the alleged 17 horizontal agreement – or from the third party’s decisions to use one of the other 18 mechanisms it has at its disposal.” (Jan.

Order at 16.) Defendants contend that the 19 addition of AmeriFinancial Solutions, a collection agency, does not change the Court’s 20 prior finding that the injury here does not flow from that which makes the conduct 21 unlawful. Plaintiffs argue that the Collection Agency Plaintiff, and additional 22 allegations about their relationship with the MPPs, removes any concern because the 23 collection agencies do not make an independent decision to furnish the medical-debt 24 information but instead are directed to do so by the MPPs.

Thus, the MPPs’ injury 25 would not occur but for the Defendants’ alleged conspiracies. 26 27 3 Apart from challenging antitrust standing, Defendants do not contest in this Motion that Plaintiffs have 28 plausibly alleged the existence of a horizontal conspiracy under Section 1 of the Sherman Act. 1 Considering first the Collection Agency Plaintiff, the Court finds it plausible that 2 the devalued service injury flows from the alleged unlawful conduct.

Unlike the MPPs, 3 the collection agencies appear to have a direct relationship with the Defendants. 4 Specifically, the SAC alleges that the Collection Agency Plaintiff has personally 5 furnished medical-debt information to Defendants, (SAC ¶ 28), and that to provide 6 medical data to a credit reporting agency the furnishing entity executes a contract and 7 takes on an obligation to furnish “full files on a monthly basis” to the credit reporting 8 agency (id. ¶ 36).

9 The argument surrounding the MPPs is less straightforward. In the SAC, 10 Plaintiffs provide additional allegations about the alleged agency relationship 11 between the medical providers and the collection agents.

The Restatement of Agency 12 explains that “[a]gency is the fiduciary relationship that arises when one-person (a 13 ‘principal’) manifests assent to another person (an ‘agent’) that the agent shall act on 14 the principal’s behalf and subject to the principal’s control, and the agent manifests 15 assent or otherwise consents so to act.” Restatement (Third) of Agency § 1.01.

16 “Although the precise details of the agency relationship need not be pleaded to 17 survive a motion to dismiss, sufficient facts must be offered to support a reasonable 18 inference that an agency relationship existed.” *Kristensen v. Credit Payment Servs.*, 12 19 F. Supp. 3d 1292, 1301

(D. Nev. 2014) (citing *Iqbal*, 556 U.S. at 696). 20 Here, Plaintiffs contend that the MPPs have contracts with collection agencies 21 that authorize the furnishing of medical-debt data about medical bills to the 22 Defendants.

(SAC ¶ 40.) Plaintiffs further contend that the medical providers are 23 recognized as the owners of the debt (id. ¶ 38) and that data furnished to the 24 Defendants includes the medical provider's name as the original creditor of the debt. 25 As such, the MPPs are alleged to "remain[] in control of the decisions whether to send 26 a particular unpaid bill to a collections agent and whether the authorize the collections 27 agent to furnish the data to the [Defendants]." (Id. ¶ 39.)

Additionally, Plaintiffs allege 28 that if a collection agency does not furnish the data as directed, the medical provider 1 will "switch collection agencies." (Opp'n at 6 citing SAC ¶¶ 28, 31, 36, 41.) Because 2 the medical providers are essentially the ones dictating whether the collection agency 3 furnishes data, there is "no independent decision" that the collection agencies make 4 as to whether to furnish the data.

(Id.) 5 The Court finds that the MPPs have failed to allege a plausible agency 6 relationship such that the injury in question would flow from that which makes the 7 alleged conduct illegal. In particular, the Court is skeptical about the level of control 8 the medical providers exercise over the collection agencies. There is no doubt the 9 medical providers authorize the collection agencies to share the medical debt 10 information with the Defendants.

(SAC ¶ 39.) However, authorizing the collection 11 agency, and directing the collection agency, are different. While the collection 12 agencies may have an incentive to abide by the medical providers' wishes, the agency 13 still has a number of tools at its disposal and likely still selects the tool that it believes 14 will ensure repayment most effectively.

This independence suggests that the 15 collection agency is not an agent of the medical providers. Moreover, the allegation 16 that the medical provider can switch collection agencies if the agency does not do 17 what the medical provider requests is indicative of the agency's independence: if 18 there were a true agency relationship, the medical provider would simply direct them 19 to report delinquent debt to the credit agencies.

Without plausibly establishing an 20 agency relationship here, the Court finds that the same issues exist as in the previous 21 Complaint. 22 The Court turns next to the issue of whether each Plaintiff participates in the 23 market that they allege Defendants restrained: the market for reporting medical-debt 24 information. Previously, the Court found that the allegations did not indicate that 25 Plaintiffs "were participants of, or suffered injury in, the relevant market." (Jan.

Order 26 at 18.) 27 Here, the Court disagrees with the Defendants' characterization that Collection 28 Agency Plaintiff is "not injured by being unable to supply medical-debt information to 1 the Defendants." (Mot. Dismiss at 13.) Plaintiffs specifically allege that the contractual 2 relationship

between the Defendants and the collection agencies require supplying a certain amount of information.

(SAC ¶¶ 28, 36.) As such, the Court is satisfied that the Collection Agency Plaintiff participates in the relevant market. For the reasons discussed above, the Court again rejects the MPPs' arguments that they are in the market because they are the principals in an alleged agency relationship. Additionally, Plaintiffs argue that the circumstances in *Amarel v. Connell*, 102 F.3d 1494 (9th Cir.

1996), resemble the instant set of facts. In *Amarel*, the Ninth Circuit found that an antitrust injury existed where rice farmer plaintiffs alleged participation in a market by virtue of "participation contracts" such that the defendants' predatory pricing harmed them by depressing prices below their costs. *Id.* at 1059. But there are a few important differences between the rice farmer plaintiffs in *Amarel* and the MPPs.

First, unlike the MPPs, the Ninth Circuit recognized that the rice farmer plaintiffs were suppliers as well as competitors in the relevant market. *Id.* at 1510 ("[P]laintiffs and defendants, while not identical entities, are nonetheless competitors in a particular market segment: the market for milled rice.").

Here, there is no comparable allegation — the MPPs could only be considered "suppliers." Thus, although not dispositive, the rice farmers participation in the market is far more evident than the MPPs here. Additionally, the payment arrangement in *Amarel* provided the rice farmers with a share of the profits of the sale of the milled rice to the defendant buyer.

Id. 1510. Here, the MPPs do purport not receive any remuneration whatsoever from the provision of medical-debt information between the collection agency and the Defendants. (See SAC ¶ 36.) Rather, any benefit for the MPPs appears to be experienced in the market for debt-collection services, because the payment is such that the collection agencies receive a portion of the profit of the bills ultimately paid by the patients to the medical providers.

Thus, the MPPs are not participants in the relevant market for purposes of establishing an antitrust injury. Thus, the MPPs fail to allege antitrust injury. The Court proceeds with the inquiry as to the Collection Agency Plaintiff. 2. Directness of the Injury Previously, this Court recognized that "although not alone dispositive, the pleadings indicate that there are more direct victims of Defendants' allegedly anticompetitive behavior." (Jan.

Order at 20.) In particular, the Court explained that the most direct victims of the alleged conspiracy here would be consumers who purchase the credit reports. Defendants argue that Plaintiffs' injuries are too indirect because they involve an attenuated chain of causation that depends on the intervening decision of patients and collection agencies.

Plaintiffs, positioning 11 themselves as suppliers in the relevant market, contend that the patients do not create 12 an issue of indirectness because patients do not sit between the medical providers 13 and the Defendants in sharing the medical-debt information. 14 To establish directness, courts “look[] to whether [the plaintiff’s] alleged injury 15 was the direct result of [the defendant’s] allegedly anticompetitive conduct.” Am.

Ad. 16 Mgmt., 190 F.3d at 1058. This factor considers “the chain of causation between [the 17 plaintiff’s] injury and the alleged restraint in the market...” Id. (citation omitted). 18 “The harm may not be ‘derivative and indirect’ or ‘secondary, consequential, or 19 remote.’” Theme Promotions, Inc., v. News Am. Mktg. FSI, 546 F.3d 991,1004 (9th Cir. 20 2008) (citations omitted).

21 The Parties dispute the nature of the alleged injury here, and their discussions 22 of directness vary accordingly. Defendants argue that the injury here turns on patients 23 paying their bills. (MTD at 8.) Plaintiffs contend that their injury is a devalued medical- 24 debt reporting service. (Opp’n at 4–5.)

Under the Defendants’ classification of the 25 injury, it appears that the harm is indirect — whether or not medical providers and 26 collection agencies are injured in that instance is based on whether patients pay their 27 bills. See, e.g., Pac. Recovery Sols. v. United Behav. Health, 481 F. Supp. 3d 1011, 28 1022 (N.D. Cal. 2020) (“Plaintiffs allege that their own injury arises only to the extent 1 that their patients do not pay the amounts that defendant does not 2 reimburse... [a]ccordingly, plaintiffs’ injuries appear to be derivative of injuries that 3 their patients allegedly suffered as a result of defendants’ alleged conspiracy.”).

4 Under the devaluation of service injury, Plaintiffs allege that Defendants, via an alleged 5 agreement, stopped reporting certain types of medical-debt information on their 6 consumer reports. As a result, Plaintiffs contend that they experience a devalued 7 service from Defendants, which removed an incentive for patients to repay their bills. 8 Because the Collection Agency Plaintiff has alleged that the patients are not the 9 source of the injury, it is plausible that the harm they experience is not indirect.

10 However, it is still clear that the most direct harm would be to those who purchase 11 Defendants’ credit reports, without the relevant medical-debt information, who would 12 now be paying for an allegedly lower quality report.

Thus, this consideration weighs 13 slightly against a finding antitrust standing. 14 3. Speculative Nature of the Injury 15 The speculative nature of the injury considers whether the Plaintiff’s “damages 16 are only speculative.” Am. Ad. Mgmt., 190 F.3d at 1059.

In Associated General 17 Contractors of California v. California State Council of Carpenters, the Supreme Court 18 found the damages claim in question to be speculative because (1) the alleged

injury 19 was indirect and (2) the alleged effects... may have been produced by independent 20 factors.” 459 U.S. 519, 541 (1983). Defendants argue that the theory of Plaintiffs’ 21 injury is too speculative because it depends on the actions of independent actors, and 22 because Plaintiffs have not shown that the market in which they participate is 23 inextricably intertwined with the asserted market.

Plaintiffs contend that they have 24 sufficiently alleged non-speculative measure of their harm. 25 Here, the harm that the Plaintiffs experience does not appear to be speculative. 26 Plaintiffs contend that due to the devalued service by the Defendants, the incentive for 27 patients to pay their medical bills has been removed.

As a result, there are increased 28 costs that the Plaintiffs experience. Although the exact amount is speculative, the 1 injury itself does not appear to be — it is plausible that there is a devalued service for 2 suppliers of medical debt information where Defendants are alleged to have agreed 3 to stop reporting certain types of information. See *Don Copeland v. Energizer 4 Holdings, Inc.*, 716 F. Supp. 3d 749, 771 (N.D.

Cal. 2024) (“That damages may be 5 complex to measure does not mean they are speculative.”) (citation omitted). Thus, 6 this factor counsels in favor of finding antitrust standing. 7 4. Remaining Factors 8 “The risk to be avoided under [the duplicative recovery factor] is that potential 9 plaintiffs may be in a ‘position to assert conflicting claims to a common fund...thereby 10 creating the danger of multiple liability for the fund.’” Am.

Ad. Mgmt., 190 F.3d at 11 1059 (citation omitted). Defendants argue that the Plaintiffs’ case risks duplicative 12 recovery, Plaintiffs argue that there is no risk of duplicative recovery because each 13 Plaintiff suffers a different sort of damage.

Here, the Collection Agency Plaintiff is 14 alleged to be a “distinct economic entity” with financial interests different from the 15 MPPs’ financial interests. As such, it is not apparent at this stage that there would be 16 issues of duplicative recovery because the Collection Agency Plaintiffs have its own 17 separate, although closely related, financial interests from the MPPs.

18 Lastly, Plaintiffs contend that there will be no complexity in apportioning 19 damages because the collection agencies each suffer their own increased costs to 20 collect payment, and the contracts between medical providers and collection 21 agencies already apportion the percentage of payment that the collection agencies 22 will receive. Defendants argue that there will be difficulty in apportioning damages 23 due to different reporting practices that collection agencies engage in.

Here, the 24 issue of apportionment between Plaintiffs does not appear to be an issue because 25 there are alleged to be certain percentages that indicate the amount each Plaintiff is 26 entitled to receive. Thus, neither factor weighs against finding antitrust standing. 27 Accordingly, the Court

DENIES Defendants' Motion to Dismiss as it pertains to 28 the Collection Agency Plaintiffs on the Sherman Act cause of action.

However, the 1 medical provider plaintiffs have failed to allege claims under the Sherman Act and the 2 Cartwright Act⁴, and the Motion to Dismiss these claims is GRANTED as to these 3 Plaintiffs. 4 II. Tortious Interference with Existing Contracts 5 Defendants also seek to dismiss the MPPs' claims for tortious interference with 6 contract. Defendants contend that Plaintiffs fail to plead facts that satisfy their 7 purported claims.

The MPPs argue that they have sufficiently alleged their claims. 8 A. California 9 Plaintiff Adams brings a cause of action against Defendants for tortious 10 interference with existing contracts under California law. Tortious interference with 11 existing contracts under California law requires: "(1) a valid contract between plaintiff 12 and a third party; (2) defendant's knowledge of this contract; (3) defendant's 13 intentional acts designed to induce a breach or disruption of the contractual 14 relationship; (4) actual breach or disruption of the contractual relationship; and (5) 15 resulting damage." *Honey Bum, LLC v. Fashion Nova, Inc.*, 63 F.4th 813, 824–25 (9th 16 Cir.

2023) (citations omitted). Generally, it is not necessary that the Defendant's 17 conduct is wrongful apart from the interference with the contract itself. *Ixchel Pharma, 18 LLC v. Biogen, Inc.*, 9 Cal. 5th 1130, 1141, 1148 (2020). Defendants contend that 19 Plaintiff Adams has failed to plead each of the elements but only presents arguments 20 as to the first three requirements.

21 //// 22 //// 23 //// 24 4 Plaintiff Adams and the MPP subclass in California also brings a cause of action for violations of 25 California's Cartwright Act. Generally, the "analysis under the Cartwright Act mirrors the analysis under the Sherman Act." *Flaa v. Hollywood Foreign Press Ass'n*, 55 F.4th 680, 688 (9th Cir. 2022).

Because 26 the MPPs fail to allege antitrust injury, the Court dismisses the second cause of action. See *Metro- Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 269 F. Supp. 2d 1213, 1224 (C.D. Cal. 2003) ("It is clear, 27 for instance, that the Cartwright Act's more expansive standing provision does not dispense with the requirement that an antitrust plaintiff allege an injury of the type the antitrust laws were intended to 28 prevent and that flows from that which makes defendants' acts unlawful." (citation omitted)).

1 1. Valid Contract 2 A claim for tortious interference with contract requires the "existence of a 3 legally binding contract." See *Ixchel Pharma, LLC*, 9 Cal. 5th at 1141. The plaintiff 4 must identify the "terms of the contract 'third party or parties with whom they 5 contracted, and the nature and extent of their relationship with that party or parties.'" 6 *Tripharma, LLC v. First Fruits Bus.*

Ministry, LLC, No. 8:21-cv-01806-JVS-JDEx, 2023 WL 7 2695476, at *8 (C.D. Cal. Feb. 15, 2023) (internal quotations and citations omitted). 8 The SAC alleges that Plaintiff Adams entered

into “valid contracts” with patients 9 that “require patients to pay for the medical services they receive, including the 10 portion beyond what is covered by health insurance or another payor.” Moreover, 11 Plaintiff Adams points to allegations that “Defendants received data showing specific 12 patients had medical bills owed to specific medical providers, including [Plaintiff 13 Adams] in particular,” (id. citing SAC ¶¶ 31, 38) and “Defendants even relied on this 14 information about contractually obligated debts to calculate the statistic in their press 15 release that their joint measure will remove nearly 70% of medical collection debt 16 tradelines from consumer credit reports,” (id. citing SAC ¶ 45), to support his claim.

17 The Court finds that these allegations sufficiently allege the existence of a valid 18 contract. The SAC states the parties to the alleged contracts: Plaintiff Adams and 19 “patients”; the terms of the contract: that patients would pay Plaintiff Adams in 20 exchange for medical services they receive from him — including the portion not 21 covered by health insurance or another payor; and the nature of the contract: a 22 contract for medical services between a doctor and patient.

Defendants do not 23 dispute the existence of a valid contract between Plaintiff Adams and the patient 24 group but instead contend that there is no “specific contract” identified. However, 25 that is not necessary here because it is clear which group of individuals are being 26 referenced.

Thus, the fact that Plaintiff Adams has not included specific contracts with 27 patients is not fatal to his claim at this stage in the proceedings. 28 // 1 2. Knowledge of the Contracts 2 Defendants also contend that Plaintiff Adams has not established that 3 Defendants had knowledge of the contracts with patients. Plaintiff Adams argues that 4 he need not list the specific contracts Defendants knew about.

The defendant must 5 know of the existence of the contract. See *Pac. Gas & Elec. Co. v. Bear Stearns & Co.* 6 50 Cal.3d 1118, 1126 (1990); 5 B.E. Witkin, *Summary of California Law, Torts* § 848 7 (11th ed. 2023); *Restatement (Second) of Torts* § 766, cmt. i (1979)(“the actor must 8 have knowledge of the contract with which he is interfering and of the fact that he is 9 interfering with the performance of the contract.”).

10 Here, the allegations sufficiently allege knowledge of the contracts between 11 Plaintiff Adams and the third parties. The SAC states that Defendants “knew that 12 patients had contractual obligations to pay medical providers but had not yet paid” 13 because “Defendants possessed detailed data showing the existence of contracts 14 between medical providers and patients.” (SAC ¶ 140.)

Moreover, Defendant’s data 15 included identification of specific patients with unpaid bills and “the medical 16 provider’s name as the original creditor of the debt.” (Id. ¶ 38.) Defendants are 17 alleged to also have relied on this information to calculate the statistic in their press 18 release that

their “joint measures will remove nearly 70% of medical collection debt 19 tradelines from consumer credit reports.” (Id. ¶ 45.)

Taken together, these allegations 20 indicate that Defendants had more than a generalized knowledge of the contracts. 21 The fact that the Defendants possess specific data identifying the amount of debt 22 owed by patients suggests knowledge of the contracts between MPPs and patients. 23 The cases cited by Defendants include allegations with less information than is 24 provided here.

See *In re Aluminum Warehousing Antitrust Litig.*, No. 1:13-md-02481- 25 KBF, 2014 WL 4743425, at *4 (S.D.N.Y. Sept. 15, 2014) (dismissing an intentional 26 interference claim where plaintiff alleged that knowledge existed due to defendants’ 27 role as participants in the aluminum industry); *Trindade v. Reach Media Grp., LLC*, No. 28 5:12-cv-04759-PSG, 2013 WL 3977034, at *15 (N.D.

Cal. July 31, 2013) (finding that 1 knowledge had not been alleged where the complaint indicated a general knowledge 2 that defendant was a party to a contract rather than allegations of specific contracts or 3 any details about the contracts).

Moreover, that the specific contracts are not 4 identified is not necessarily dispositive because “intent can certainly be inferred if the 5 defendant knows that contractual relations with a third party exist” even if “the specific 6 identity of the contractual party” is unknown. *Sebastian Int’l Inc., v. Russolillo*, 162 F. 7 Supp. 2d 1198, 1203–04 (C.D. Cal. 2001).

Thus, the Court finds that the second 8 element has been met. 9 3. Intent to Interfere 10 To show that defendants engaged in an intentional act designed to induce a 11 breach or disruption of a contractual relationship, a plaintiff must allege that the 12 interference was “known to [defendant] to be a necessary consequence of his action.” 13 *Quelimane Co., v. Stewart Title Guar.*

Co., 19 Cal.4th 26, 56 (1998). 14 The SAC alleges that Defendants’ alleged conspiracies 15 Removed a major incentive for patients to pay their medical 16 bills, and encouraged and persuaded patients not to pay their medical bills by (a) promoting a flawed rationalization 17 that medical debt is less worthy of repayment because it can be unexpected or incurred involuntarily, and (b) 18 indicating to patients that they no longer need to worry 19 about paying their medical bills because Defendants were removing the negative consequence of nonpayment.

20 21 (SAC ¶ 141.) This is supported by allegations that Defendant’s advertisements explain 22 that reporting debts cause more payment and quicker payment. (Id. ¶¶ 32, 35, 74.) 23 Accordingly, the Court finds it plausible that Defendants had some understanding that 24 by eliminating certain aspects of debt-reporting, there may be a decrease in payment 25 to Plaintiff.

Thus, this element is satisfied. 26 Because Defendants do not specifically challenge the final two elements, the 27 Court DENIES Defendants' Motion to Dismiss Plaintiff Adams' claim for of tortious 28 interference with contract under California law. 1 B. New Jersey 2 Plaintiff Cape Emergency Physicians brings a similar cause of action against 3 Defendants for tortious interference with existing contracts under New Jersey law.

4 The New Jersey cause of action is similar to the California cause of action. The 5 required elements are: (1) the plaintiff must have a protected interest; (2) the 6 defendant must have behaved with "malice" — that is, the defendant must have 7 intentionally interfered with that protected interest without justification; (3) there must 8 be a reasonable likelihood that the anticipated benefit from the protected interest 9 would have been realized but for the interference; and (4) economic damage must 10 have resulted.

Printing Mart-Morristown v. Sharp Elec. Corp., 116 N.J. 739, 751–52 11 (1989). 12 The Parties provide largely the same arguments as to the New Jersey tortious 13 interference claim, and the Courts analysis is largely the same.

On the issue of 14 "malice", Defendants argue that Plaintiffs have not shown that Defendants 15 intentionally sought to induce a breach of the alleged contracts. Plaintiff argues that 16 malice exists because the alleged conspiracies are unlawful.

Here, the SAC appears 17 to acknowledge a justification for the Defendants' conduct in an effort to improve the 18 financial well-being of patients who take on medical debt unexpectedly. (SAC ¶¶ 81– 19 82.) However, even where a valid justification exists, such conduct cannot be 20 employed through fraudulent, dishonest or illegal methods. Plaintiff contends that 21 the Defendants' conduct is an unlawful horizontal conspiracy.

At this stage, these 22 allegations appear sufficient to state a claim for tortious interference. 23 CONCLUSION 24 For the reasons discussed above the Court GRANTS IN PART AND DENIES IN 25 PART Defendants' Motion to Dismiss (ECF No. 73). Defendants' Motion to Dismiss is 26 granted as to dismissal of Plaintiff Adams from the First Cause of Action and as to 27 dismissal of the Second Cause of Action.

Defendants' Motion is DENIED as to 28 1 | dismissal of Plaintiff AmeriFinancial Solutions and as to dismissal of the Third and 2 | Fourth Causes of Action. 3 A IT IS SO ORDERED. 5 | Dated: December 3, 2025 "Daniel A CoD tto— Hon. Daniel alabretta 6 UNITED STATES DISTRICT JUDGE 7 8 9 10 11 12 13 DJC6 - ADAMS23cv01773.mtd 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 47