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SUPERIOR COURT FOR THE STATE OF WASHINGTON

IN AND FOR THE COUNTY OF KING

WASHINGTON STATE HOSPITAL
ASSOCIATION, a Washington Nonprofit
Corporation, and UNIVERSITY OF
WASHINGTON,

Plaintiffs,

v.

CJFS CORPORATION,

Defendant.

Case No.

**COMPLAINT FOR BREACH OF
CONTRACT**

Plaintiffs by and through their attorneys, allege as follows:

I. PARTIES

1. Plaintiff Washington State Hospital Association (WSHA) is a Washington Nonprofit Corporation with its principal place of business in King County, Washington.

2. Plaintiff University of Washington ("UW") is an agency of the State of Washington and a public institution of higher education in King County, Washington. UW owns and operates University of Washington Medical Center ("UWMC"), an academic medical center, in King County, Washington.

3. Upon information and belief, at all times relevant to the claims set forth in this Complaint, Defendant CJFS Corporation (CJFS) is a Texas Corporation with its principal place of business in Dallas County, Texas.

II. JURISDICTION AND VENUE

4. The Court has original jurisdiction over the claims asserted in this Complaint pursuant to RCW 2.08.010.

5. Jurisdiction and venue are proper in King County Superior Court, pursuant to RCW 4.12.025 (3), because this suit is against a corporation and based on an agreement providing for jurisdiction in King County, Washington.

III. RELEVANT FACTS

6. On December 31, 2019, China reported a cluster of illness in people stemming from the Huanan Seafood Wholesale Market in Wuhan, Hubei Province.¹ On January 7, 2020, Chinese health authorities confirmed that this cluster was associated with a novel coronavirus, 2019-nCoV (“COVID-19”).²

7. Less than two weeks later, the first COVID-19 patient on record in the United States presented for treatment at an Urgent Care clinic in Snohomish, Washington on January 19, 2020.

8. On February 29, 2020 Governor Jay Inslee proclaimed a State of Emergency in Washington due to COVID-19 illnesses and deaths.³ On March 16, 2020 Governor Inslee issued Proclamation 20-13 prohibiting public gatherings and in-restaurant dining.⁴ On March 23, 2020 Governor Inslee issued Proclamation 20-25 (“Stay Home – Stay Healthy”) requiring Washington State citizens to stop leaving their homes for non-essential activities and ordering all non-

¹ <https://www.who.int/csr/don/05-january-2020-pneumonia-of-unknown-cause-china/en/>

² <https://www.who.int/docs/default-source/coronaviruse/situation-reports/20200121-sitrep-1-2019-ncov.pdf>

³ <https://www.governor.wa.gov/sites/default/files/proclamations/20-05%20Coronavirus%20%28final%29.pdf>

⁴ <https://www.governor.wa.gov/sites/default/files/proclamations/20-13%20Coronavirus%20Restaurants-Bars%20%28tmp%29.pdf>

1 essential businesses to close effective March 25, 2020.⁵ Washington State remained in a state
2 of full or partial shutdown for the remainder of 2020.

3 9. Major demand shock, panicked market behavior, and disruptions to the global
4 supply chain created a nation-wide Personal Protective Equipment (“PPE”) shortage throughout
5 2020. PPE procurement by hospitals and healthcare providers become competitive and costly in
6 terms of time and money.

7 10. UW Medicine and WSHA sought to purchase PPE through all available channels
8 in order to meet their PPE requirements. WSHA and UW Medicine Supply Chain learned that
9 CJFS Corporation could sell 3M brand N95 masks in the fall of 2020.

10 11. On or about November 25, 2020, UW Medicine Supply Chain on behalf of
11 UWMC issued PO 2169898U to CJFS Corporation for a total of 2,168 cases of 3M brand 1860
12 model N95 masks and 2,540 cases of 3M brand 1860S model N95 masks. UWMC paid CJFS
13 \$2,643,589.08 for those masks.

14 12. On November 30, 2020 and December 22, 2020, WSHA issued two purchase
15 orders for a total of 634 cases of 3M 1860 model N95 masks. WSHA paid CJFS \$1,415,088.00
16 for those masks.

17 13. On December 1, 2020, UWMC took delivery of 26 pallets of model 1860S N95
18 masks. Upon inspection, UWMC discovered that the manufacture date and expiration date
19 printed on the packaging were the same. UW Medicine Supply Chain contacted CJFS, who
20 responded that the expiration date was a printing error. CJFS agreed to replace all affected
21 products. UWMC accepted and retained approximately 85,000 of the 1860S model masks
22 without any identifiable expiration date error.

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26 ⁵ <https://www.governor.wa.gov/sites/default/files/proclamations/20-25%20Coronavirus%20Stay%20Safe-Stay%20Healthy%20%28tmp%29%20%28002%29.pdf>

1 14. On December 2, 2020 UWMC received 22 pallets of 1860 model masks. On
2 December 3, 2020 CJFS picked up the N95 masks with the expiration date error. On December
3 14, 2020 UWMC received the replacement N95 masks from CJFS.

4 15. On December 29, 2020, WSHA took delivery of its November 30, 2020 order of
5 N95 3M 1860 masks. On or around January 5, 2021, WSHA took possession of its December
6 22, 2020 order of N95 3M 1860 masks.

7 16. WSHA sent 3M masks supplied by CJFS to several Washington State hospitals
8 including, among others, Forks Community Hospital in Forks, Washington.

9 17. On or around January 20, 2021, 3M circulated a notification of counterfeit 3M
10 masks to its customers and medical industry personnel. The notification contained lot codes that
11 corresponded to counterfeit model 1860, 1860S, and 1870+ N95 masks.

12 18. On February 4, 2021, Forks Community Hospital notified WSHA that the N95
13 masks provided by WSHA (and supplied by CJFS) were counterfeit. The masks in question had
14 lot codes matching those listed in the January 20, 2020 3M counterfeit bulletin.

15 19. On February 5, 2021, WSHA sent UWMC a notice regarding possible counterfeit
16 3M 1860S masks. UWMC confirmed that it had also received counterfeit masks with the flagged
17 lot codes from CJFS.

18 20. On February 6, 2021 WSHA contacted 3M and requested expedited help
19 confirming whether the N95 masks in question were counterfeit. Later that day, 3M's Fraud
20 Unit confirmed that the masks CJFS sold to WSHA and UWMC were counterfeit.

21 21. On February 11, 2021, CJFS sent a Notice of Counterfeit Product Alert to WSHA
22 and UWMC.

23 22. It is undisputed that CJFS provided counterfeit N95 masks to WSHA and UWMC.
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1 23. On February 25, 2021, UWMC sent CJFS Corporation a rejection notice of
2 counterfeit N95 masks delivered by CJFS. UWMC requested replacement, conforming goods,
3 or a refund from CJFS.

4 24. WSHA met with CJFS to discuss the matter on March 16, 2021. WSHA also
5 rejected the counterfeit masks and requested a refund or conforming goods from CJFS.

6 25. CJFS never provided a refund or conforming goods to WSHA or UWMC.

7 **IV. FIRST CAUSE OF ACTION – BREACH OF CONTRACT**

8 26. Paragraphs 1 through 25 above are incorporated by reference as if set forth fully
9 herein.

10 27. In November and December 2020, WSHA and UWMC entered three separate
11 contracts to purchase genuine 3M N95 1860 and 1860S masks from CJFS in exchange for
12 payment of \$1,415,088.00 and \$2,643,589.08, respectively.

13 28. WSHA and UWMC fully performed under the contracts by timely making all
14 required payments.

15 29. CJFS never delivered genuine 3M N95 masks to WSHA or UWMC.

16 30. CJFS's breach of contract has caused substantial damages to WSHA and
17 UWMC in the amount of over \$4 million jointly paid by WSHA and UWMC under their
18 respective contracts.

19 31. WSHA and UWMC have also incurred costs and expenses in obtaining
20 replacement N95 masks and incurred legal fees in bringing this lawsuit.

21 32. WSHA and UWMC only suffered these damages because of CJFS's breach of
22 its contracts to supply genuine 3M N95 masks.

23 **V. PRAYER FOR RELIEF**

24 WHEREFORE, Plaintiffs pray for Judgment against Defendant as follows:
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1. Judgment against Defendant for breach of contract in an amount to be proven at trial, including pre-judgment and post-judgment interest;

2. Judgment against Defendant for attorney fees and costs incurred by WSHA and UWMC in bringing this action and in enforcing any judgment entered against Defendant in this action; and

3. Such other and further relief as the Court deems just and proper.

DATED this 3rd day of February, 2022.

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