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3 **IN THE CIRCUIT COURT FOR THE STATE OF OREGON**
4 **FOR MULTNOMAH COUNTY**
5

6 **Terri Doran**, individually and on
7 behalf of all others similarly situated,

8 Plaintiff,

9
10 vs.

11 **LLR Inc. dba LuLaRoe**,
12 a foreign corporation,

13 Defendant.
14

Case No.

**UNLAWFUL TRADE PRACTICES
COMPLAINT**

Not Subject to Mandatory Arbitration

Filing Fee Authority: ORS 21.135

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16 1.

17 Terri Doran is a self-employed, single mom from Keizer, Oregon, who cares
18 for her 86-year-old mother. Spending \$25 on leggings is a big splurge for her. Terri
19 Doran bought leggings from LuLaRoe in December 2016 and January 2017. Soon
20 after the first time she wore LuLaRoe's leggings, Terri Doran was shocked to see
21 fading and holes developing in the rear:
22 fading and holes developing in the rear:





2.

LuLaRoe's corporate policy prohibits refunds after its leggings are worn. Undeterred, Terri Doran tried but was unable to repair LuLaRoe's defective leggings herself. Terri Doran's \$25 splurge on LuLaRoe leggings turned out to be a complete rip-off. After doing some research, Terri Doran discovered that she wasn't alone. As of the date of this complaint, a Facebook group dedicated to LuLaRoe legging complaints has almost 25,000 members:



3.

Complaints to the Better Business Bureau about LuLaRoe's defective leggings from consumers across the country continue to pour in:

BBB
Start With Trust®

Central California and Inland Empire Counties

Name Category Clear Location

LuLaRoe Enter a valid location

Filter: Businesses Source: Site Distance: Off BBB Accredited Only

4/9/2017
Kristin L.
Negative

Review
Purchased (3) leggings at a party (along with other items) and the leggings had holes in it after wearing them once. I contacted the company and they told me to find the rep who had the party. Huh? It was a friend of a friend. I'm not going to go through multiple channels to find a rep. The company does not stand by its product

4/8/2017
KK
Negative

Review
I have many, many pairs of os leggings. I had to return a pair after wearing them only once! The consultant did exchange them for a different pattern. I found the same pattern from a different site. AGAIN, ripped while I was wearing them! At a restaurant no less! I was fortunate to be wearing a long top that covered my backside! I was mortified! I tried to return this pair and the consultant refused to take them back. 30 bucks gone! I am not overweight so there is no reason why these should disintegrate! I had another pair mysteriously get holes in them after two times wearing them! I've had it! I tried calling out the problems on the sites I bought the leggings, and my posts were immediately removed! I was actually removed from a few groups by the consultant. I am angry! I have a lot of money invested in these piece of **** leggings. I want reimbursement! This company is taking advantage of us! I am afraid to wear them out anywhere now! Lawsuit!

4/7/2017
Rainbow R.
Negative

Review
I had a consultant sell me ripped leggings and wouldn't respond to my messages and ended up blocking me

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2 4.

3 **THE PARTIES**

4 Terri Doran is an individual consumer residing in Keizer, Oregon. Having no
5 other choice to make things right, Terri Doran is standing her ground. Rather than
6 sue for money, Terri Doran files this complaint to pull LuLaRoe's defective leggings
7 off the market across the entire State of Oregon. To paraphrase Judge Posner, "only
8 a lunatic or a fanatic" goes to court over a single pair of defective leggings. So Terri
9 Doran brings her complaint as a class action on behalf of everyone else in Oregon
10 who was ripped off by LuLaRoe's defective leggings in the past year.
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13 5.

14 LLR Inc. dba LuLaRoe is a billion-dollar foreign corporation incorporated in
15 Wyoming. LuLaRoe's principal office is located at 416 Double Eagle Ranch Road,
16 Thayne, Wyoming, 83127, and its registered mailing address is 1375 Sampson
17 Avenue, Corona, California, 92879. As of the date of this complaint, the standing of
18 LuLaRoe's registered agent in Wyoming is delinquent. Terri Doran reserves her
19 right to name LuLaRoe's principals and agents and other bad actors, including its
20 founder Mark Stidham, as co-defendants in an amended complaint. LuLaRoe is
21 responsible for the manufacturing, advertising, and selling of its defective leggings
22 in Oregon through its multi-level marketing scheme.
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2 6.

3 **JURISDICTION AND VENUE**

4 This Court has jurisdiction to resolve this legal dispute arising under Oregon
5 law. In the regular course of LuLaRoe's business, LuLaRoe manufactured, marketed,
6 advertised, and sold thousands of units of its defective leggings through its multi-
7 level marketing scheme in Oregon last year. The bulk of sales of LuLaRoe's defective
8 leggings in Oregon took place in Multnomah County.
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11 7.

12 **FACTUAL ALLEGATIONS COMMON TO THE CLASS**

13 LuLaRoe markets and advertises its leggings to Oregon consumers as fit for
14 ordinary use, and additionally, as fit for athletic use. Leggings fit for ordinary use
15 will not fade or develop holes before, during, or soon after their first use by a
16 consumer. But LuLaRoe's leggings have a materially defective quality and design
17 that causes them to develop holes, tears, rips, and fading before, during, and soon
18 after their first use by a consumer. LuLaRoe expects its leggings to reach Oregon
19 consumers through participants in LuLaRoe's multi-level marketing scheme without
20 substantial change in the condition in which they are manufactured and sold.
21 LuLaRoe leggings do in fact reach Oregon consumers without substantial change in
22 the condition in which they are manufactured and sold.
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26 8.

27 LuLaRoe is highly aware that its leggings are defective, and recklessly
28 continues to manufacture, market, and sell them to Oregon consumers anyway.

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2 LuLaRoe has received thousands of complaints about its defective leggings, leading
3 LuLaRoe to develop canned responses. For instance, when Terri Doran complained,
4 LuLaRoe told her that its brushing process intended to make its leggings soft
5 actually weakened the fabric. LuLaRoe marketed and advertised its leggings to Terri
6 Doran as fit for ordinary use. Prior to purchase, LuLaRoe provided Terri Doran no
7 warning that its leggings may not be fit for ordinary use, and the leggings LuLaRoe
8 sold Terri Doran had no merchantability disclaimer nor any disclaimer that its
9 leggings were not fit for ordinary use. LuLaRoe failed to give Terri Doran any
10 disclosure that its leggings were materially defective concurrent with the delivery of
11 its leggings. Had Terri Doran known LuLaRoe's leggings were defective, she would
12 never have purchased them.
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16 9.

17 As a corporate policy and practice, LuLaRoe does not offer refunds or
18 matching replacement exchanges to Oregon consumers. While LuLaRoe may
19 occasionally offer a purchase price credit, the credit is worthless because it can only
20 be used to purchase another pair of defective leggings.
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22 10.

23 **CLASS ALLEGATIONS**

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25 The class consists of all Oregon consumers who, within one year before the
26 date of the filing of this complaint, bought at least one pair of LuLaRoe's defective
27 leggings. The quantity of LuLaRoe's defective legging sales in Oregon can be
28 determined based on LuLaRoe's sales records, and based on claims forms and

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2 receipts from Oregon consumers. Excluded from the class are all attorneys for the
3 class, officers and directors of LuLaRoe, including officers and directors of any entity
4 with an ownership interest in LuLaRoe, any judge who sits on the case, and all jurors
5 and alternate jurors who sit on the case.
6

7 11.

8 LuLaRoe charged Oregon consumers the purchase price of leggings fit for
9 ordinary use. But Oregon consumers who purchased LuLaRoe's leggings received a
10 defective product worth much less than leggings fit for ordinary use. Oregon
11 consumers who purchased LuLaRoe's materially defective leggings suffered an
12 actual ascertainable loss of the purchase price, and loss of the difference between the
13 value of the leggings they received that were materially defective and the increased
14 value that leggings of the same price without material defects would have had.
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17 12.

18 The class is so numerous that joinder is impracticable. The size of the Oregon
19 class is in the thousands, and will be determined based on sales records and other
20 customer data from LuLaRoe, and from claims forms and receipts from Oregon
21 consumers.
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23 13.

24 Common questions of fact and law predominate over any questions affecting
25 only individual class members. Common questions include whether LuLaRoe may
26 lawfully continue to sell its materially defective leggings in Oregon, whether under
27 these facts, Terri Doran and the class must prove reliance, if so, whether reliance
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2 may be proved on a class-wide basis, whether Terri Doran and class members are
3 entitled to equitable and injunctive relief, whether an injunction to prevent future
4 harm is appropriate, and whether LuLaRoe acted willfully, recklessly, knowingly, or
5 intentionally.
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8 14.

9 Terri Doran's claim is typical of the claims of the class because each received
10 the same defective leggings, the injuries suffered by Terri Doran and the class
11 members differ only in the number of transactions per class member, and Terri
12 Doran's claims for relief are based upon the same legal theories as are the claims of
13 the class members.
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16 15.

17 Terri Doran will fairly and adequately protect and represent the interests of
18 the class because her claims are typical of the claims of the class, she is represented
19 by nationally known and locally respected attorneys who have experience handling
20 class action litigation and consumer protection cases who are qualified and
21 competent, and who will vigorously prosecute this litigation, and their interests are
22 not antagonistic or in conflict with the interests of the class.
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25 16.

26 A class action is superior to other available methods for fair and efficient
27 adjudication of this case because common questions of law and fact predominate
28 over other factors affecting only individual members, as far as Terri Doran knows,
no class action that purports to include Oregon consumers suffering the same injury

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2 has been commenced, individual class members have little interest in controlling the
3 litigation, due to the high cost of individual actions, the relatively small amounts of
4 damages suffered, and because Terri Doran and her attorneys will vigorously pursue
5 the claims. The forum is desirable because the bulk of sales of LuLaRoe defective
6 leggings in Oregon took place in Multnomah County. A class action will be an
7 efficient method of adjudicating the claims of the class members who have suffered
8 relatively small monetary damages, as a result of the same conduct by LuLaRoe. In
9 the aggregate, class members have claims for relief that are significant in scope
10 relative to the expense of litigation. Injunctive relief will prevent further ongoing
11 harm to Oregon consumers, and the availability of LuLaRoe's sales records and
12 customer data will facilitate proof of class claims, processing class claims, and
13 distributions of any recoveries. To the extent Oregonians who purchased LuLaRoe's
14 defective leggings cannot be located, their monies may be distributed through a cy
15 pres process.
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FIRST CLAIM FOR RELIEF – VIOLATION OF ORS 646.608

Terri Doran incorporates the factual allegations above. LuLaRoe willfully, recklessly, knowingly, or intentionally violated ORS 646.608(1)(t) as alleged above, causing Terri Doran and the class ascertainable losses. LuLaRoe effectively ignored Terri Doran’s attempts to resolve this dispute outside of court, and LuLaRoe continues to manufacture, market, and sell its materially defective leggings throughout Oregon to this very day. Terri Doran seeks an injunction under ORS 646.636 to stop LuLaRoe’s ongoing unlawful trade practices. Terri Doran and the class are also entitled to equitable relief in the form of an accounting, restitution, and unless agreed upon by LuLaRoe, an order to preserve sales records and customer data that relate to this claim under ORS 646.638. Terri Doran and the class are entitled to recover litigation expenses under ORS 646.638. LuLaRoe can avoid paying any damages in this case by immediately pulling its defective leggings off the market across the entire State of Oregon, complying with ORCP 32 I, giving refunds to Oregon consumers, and covering Terri Doran’s litigation expenses to date. If LuLaRoe refuses to do the right thing, Terri Doran will have no choice but to amend her complaint to add claims for actual and statutory and punitive damages.

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3 **SECOND CLAIM FOR RELIEF – BREACH OF WARRANTY**

4 Terri Doran incorporates the factual allegations above. Through its
5 advertising and marketing and sales, LuLaRoe expressly and impliedly warranted
6 to Oregon consumers that its leggings were merchantable and fit for ordinary use.
7 LuLaRoe’s leggings in fact were not fit for ordinary use, and began fading and
8 developing holes before, during, and soon after their first use by consumers.
9 LuLaRoe knew its leggings were defective and failed to warn consumers. If LuLaRoe
10 refuses to do the right thing, Terri Doran and the Oregon class are entitled to
11 compensation based on LuLaRoe’s breach of warranty as alleged in this complaint.
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16 **THIRD CLAIM FOR RELIEF – UNJUST ENRICHMENT**

17 Terri Doran incorporates the factual allegations above. LuLaRoe has been
18 unjustly enriched by knowingly selling defective leggings to Oregon consumers. As
19 a matter of justice and equity, LuLaRoe should not be allowed to retain the profits
20 it made from its defective legging sales in Oregon. If LuLaRoe refuses to do the right
21 thing, Terri Doran and the Oregon class are entitled to restitution based on
22 LuLaRoe’s unjust enrichment as alleged in this complaint.
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PRAYER FOR RELIEF

- A. An injunction pulling LuLaRoe’s defective leggings off the market across the entire State of Oregon,
- B. An order directing LuLaRoe to preserve all sales records and other customer data pertaining to this case, certifying this matter as a class action under ORCP 32, requiring an accounting and reimbursement of litigation expenses, and
- C. Other relief the court deems necessary.

DEMAND FOR JURY TRIAL

Terri Doran demands trial by jury as to each issue to which she and the class are entitled to a jury trial.

April 15, 2017

/s/ Michael Fuller
Michael Fuller, OSB No. 09357
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2 **PROOF OF MAILING**

3 Under ORS 646.638(2), I declare and certify that on the date below I caused a
4 copy of this complaint to be mailed to the Oregon Attorney General at the following
5 address:

6 **Ellen Rosenblum**
7 **Oregon Attorney General**
8 **Oregon Department of Justice**
9 **1162 Court Street NE**
10 **Salem, Oregon 97301-4096**

11 April 15, 2017

12
13 /s/ Michael Fuller
14 **Michael Fuller, OSB No. 09357**
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