

**IN THE CIRCUIT COURT OF THE 22ND JUDICIAL CIRCUIT
McHENRY COUNTY**

LLR, INC, et al.)	
)	
Petitioner)	
)	
v.)	
)	NO. 17 MR 717
)	
CHRISTINA HINKS)	
Respondent)	

Response to Petitioner's 224 Petition

Respondent Christina Hinks ("MommyGyver"), by and through her attorneys, respectfully opposes the discovery order sought by Petitioners LLR, Inc. and LuLaRoe, LLC (collectively, "LuLaRoe") pursuant to Illinois Supreme Court Rule 224, and moves the Court deny and dismiss the petition. In support Respondent states as follows:

I. Introduction & Background

Petitioner LuLaRoe is a multilevel marketing company which claims to have recruited more than 100,000 hopeful Americans into an expensive business opportunity in which – according to their own disclosures – most people fail [Exhibit 1, LLR income disclosure]. Business opportunity participants ("Consultants") are required to spend between \$5,000 – \$10,000 buying merchandise in order to "onboard" with the company. After onboarding, Consultants are expected to make large product purchases each month, and to recruit new competitors.

Respondent MommyGyver is a former LuLaRoe Consultant who writes about the abuses she sees at the company on her website: <http://mommygyver.com>. MommyGyver has

written more than fifty articles about LuLaRoe and provided an outlet for other Consultants to share their own experiences. For example, March 21, 2017, MommyGyver printed “Anna’s Story.” [Exhibit 2]

“I’ve been really scared to speak out. When I had my going out of business sales, I was getting so much hate from consultants- it was really bad. And I’m still around \$20,000 in debt. I wish I was joking.”

Petitioners blatantly abuse Rule 224 by seeking to compel MommyGyver to reveal the identity of all the “Annas” with whom she has discussed LuLaRoe.

Filing a Rule 224 petition creates an independent action for discovery with the “sole purpose of ascertaining the identity of one who may be responsible in damages.” Illinois Supreme Court Rule 224 (a)(1)(i). It does not allow petitioners a “fishing expedition,” or a “wide-ranging, vague, and speculative quest.” *Shutes v. Fowler*, 223 Ill. App. 3d 342, 345 (Ill. App. Ct. 1991); *Low Cost Movers, Inc. v. Craigslist, Inc.*, 45 N.E.3d 357 (Ill. App. Ct. 2015); *Guertin v. Guertin*, 561 N.E.2d 1339, 1341 (Ill. App. Ct. 1990); *Roth v. St. Elizabeth’s Hosp.*, 607 N.E.2d 1356, 1360 (Ill. App. Ct. 1993). Yet here LuLaRoe seeks to use Rule 224 as a blunt weapon for chilling dissent *en masse*.

LuLaRoe’s petition is deficient as well as abusive, failing to meet Illinois’ fact pleading standards for any of the actions that Petitioners claim necessitate such a sweeping “all sources” discloser from a writer trying to help herself and others recover from a traumatic experience.

LuLaRoe’s demands raise serious First Amendment concerns for hundreds of current and former Consultants who will not have an opportunity to respond to this petition, and whose rights are entrusted to the discretion of this Court.

II. Identity

Petitioners Rule 224 petition (hereafter the “Petition”) must be dismissed because LuLaRoe can readily identify “one who may be responsible in damages” from their own internal records, from public social media posts, and from public and private disclosures made by MommyGyver prior to the filing of this petition.

Illinois courts have repeatedly, and consistently, held that Rule 224 is inapplicable to any case where the identity of *any* potential defendant is already known. See *Guertin v. Guertin*, 204 Ill. App. 3d 527 (Ill. App. Ct. 1990); *Malmberg v. Smith*, 241 Ill. App. 3d 428 (Ill. App. Ct. 1993). This is especially true when “the connection of each individual to the injury involved was known, and therefore, each was already identified as someone who might be responsible.” *Gaynor v. Burlington Northern & Santa Fe Railway*, 750 N.E.2d 307, 311 (Ill. App. Ct. 2001) citing *Beale v. EdgeMark Financial Corp.*, 279 Ill.App. 3d 242, 252-53 (Ill. App. Ct. 1996).

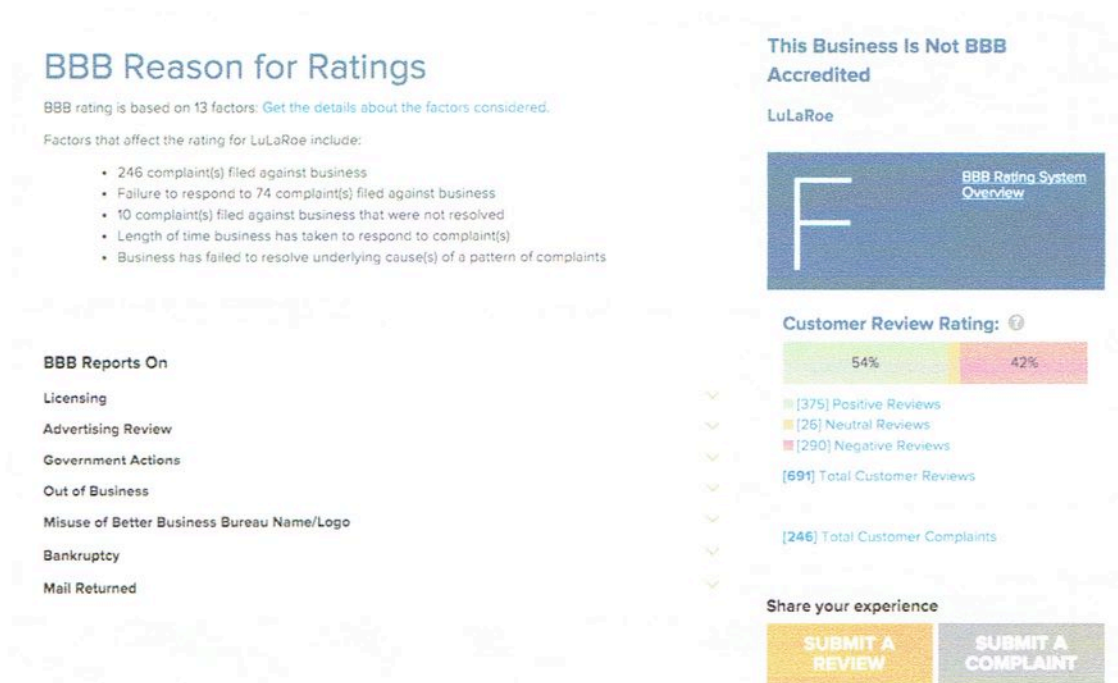
Cases have similarly held that a Rule 224 petition must be dismissed once the Petitioner identifies a *single* potential defendant. “[T]he only use and purpose of Rule 224 is to ascertain the identity of a potential defendant. Once that identity is learned, a case can be filed and either the general discovery provisions of Rules 201 *et seq.* or the provisions of section 2-402 can be utilized to determine who is responsible.” *Roth*, 241 Ill. App. 3d 407.

Petitioners claim they seek to “protect and safeguard” their brand by identifying parties who may have “damaged LLR and its goodwill” by providing MommyGyver with disparaging and confidential information about the company in breach of their contracts with the company, but LuLaRoe already has the identities it claims to seek.

Internal Records & Public Posts

Petitioners are the party best positioned to identify those in breach of their alleged "valid and enforceable" contracts. The company has a database of all current and former Consultants, which when cross referenced with public complaints, should reveal a huge multitude of parties that LuLaRoe can allege are in breach of their form consumer contracts.

For example, LuLaRoe must know the identities of many of the Consultants behind the 246 "disparaging" complaints about the company lodged with the Better Business Bureau, resulting in LuLaRoe's current "F" rating with the BBB.¹



(October 10, 2017 - screenshot from bbb.org)

A steady stream of complaints about LuLaRoe are currently pouring out of all the same social media platforms that LuLaRoe encourages its Consultants to utilize for marketing.

¹ Available at <https://www.bbb.org/central-california-inland-empire/business-reviews/online-retailer/lularoe-in-corona-ca-89069765>

Facebook, Twitter, Instagram, YouTube, etc., are all riddled with complaints about Petitioners' business practices. Many of the Consultants on Facebook, Twitter, Instagram, etc, use their full names and location, which would allow LuLaRoe to cross reference their consultant lists to establish potential defendants.

The Facebook group "LuLaRoe Defective" contains a particular concentration of such complaints.² The group has more than 45,000 members, and is updated with new complaints and observations several times per hour. Most participants use their real names and identities when interacting with the group.

Information posted to the LuLaRoe Defective group formed the basis for several of MommyGyver's articles about the company. Petitioners know the identities of *many* of these alleged "unknown sources," as they recently made clear while speaking to a reporter from Yahoo; confirming that employees of LaLaRoe "work as moles" within the group "to monitor which consultants are breaking the rules."³

Identified by MommyGyver

Sam Schultz is the nephew of LuLaRoe founder DeAnne Stidham. Schultz was both an employee of Petitioner and a Consultant with the company. Prior to the filing of this petition, MommyGyver had publicly identified Schultz as one of her insider sources. [Exhibit 3].

“Over the course of the last several months, Sam and I spoke often. Our conversations were always friendly though until my actual interview with Sam happened, I was not allowed

² Available at <https://www.facebook.com/groups/964680023678582/>

³ Available at <https://www.yahoo.com/lifestyle/new-lularoe-lawsuit-calls-leggings-giant-pyramid-scheme-end-184529361.html>

to share that he was a source of some of the information provided to me within the articles I have written.”

Schultz is clearly a responsible party under Petitioners’ legal theories. Not only did Schultz provide information to MommyGyver, he published his own long complaint about LuLaRoe to Facebook. That post contains the same sort of disparaging language that LuLaRoe points to in seeking to force MommyGyver to divulge her sources. The following statements are excerpted from a June 30, 2017, Facebook post by Mr. Shultz. [Exhibit 4]

100,000+ have duped in my opinion. Sold a dream, that doesn't really come true to more than 10%.

“Sam don't do anything, they are billionaires and will sue you”.
(Which as we know they are good at)

They have CUT ME out of the club. Or u can call it excommunicated from the CULT-URE. Truth.

Threats have been made. I think it's fair you all know who u are trusting, putting your lives in the hands of, people making billionaires of dollars while them and their family buy 100 thousand dollar cars, ranches, private jets and much more, while you all work your butt off in a super saturated market.

Similarly, a potentially responsible party under Petitioners’ vaguely stated causes for violation of state and federal computer crime laws had also been identified by MommyGyver prior to the filing of this petition.

Petitioners own exhibits show MommyGyver responsibly reporting her concern about Gregory Tewksbury's online behavior to LuLaRoe unsolicited. LuLaRoe's general counsel, William Floratos, used the occasion of this good deed as an opportunity to demand that MommyGyver turn over identifying information for everyone she had ever talked with about LuLaRoe. It was a completely unreasonable demand when it was made, and it has now been copy-and-paste memorialized as this Rule 224 petition.

MommyGyver has shared the full substance of her interactions with Mr. Tewksbury, and has no other information or identities to reveal on the subject. MommyGyver's actions in Petitioners exhibits show a person completely uninterested in anything that even hints at unauthorized access to computer systems.

Illinois courts "reject the notion that [Rule 224] discovery may continue until the identity of the party that engaged in the 'wrongdoing' coincides with petitioner's causes of action." *Low Cost Movers, Inc. v. Craigslist*, at 361. Here the identities of Schultz and Tewksbury do directly coincide with all of Petitioners causes of action, with the possible exception of "Unlawful Use of Confidential Information to Illegally Recruit Retailers or to Unlawfully Obtain Products and Sell at Discount," due to the cause of action having no known statutory or common law authority.

The fact that LuLaRoe already has the ability to file suit with at least two known individuals who are listed in their petition makes the 224 Petition moot and Illinois law clearly requires it to be dismissed. Furthermore, Petitioner was aware of the identities of Schultz and Tewksbury prior to filing this Petition, and as such they have filed the petition unnecessarily and should be obligated to pay for Respondents costs and attorney fees.

III. Legal Sufficiency Under 2-615

Illinois courts require that a Rule 224 petition be able to withstand a motion to dismiss under 735 ILCS 5/2-615. *Maxon v. Ottawa Publishing Co.*, 402 Ill. App. 3d 704 (Ill. App. Ct. 2010). A section 2-615 motion attacks the legal sufficiency of the complaint, and is the mechanism by which trial courts can address the First Amendment concerns inevitably raised when citizens are stripped of their presumptive right to speak anonymously.

LuLaRoe's Rule 224 petition requires particularly close scrutiny because it seeks the identity of a large number of anonymous speakers whose speech is not alleged to be untruthful (and thus unworthy of Constitutional protections). Many Rule 224 petitions seek to identify an anonymous defamer, but LuLaRoe seeks the identities of a large swath of speakers based exclusively on contractual rights.

Illinois is a fact-pleading jurisdiction where conclusory statements, unsupported by specifically plead facts, are not to be regarded when determining whether a party has sufficiently stated their cause of action. *Napleton v. Village of Hinsdale*, 229 Ill.2d 296, 305 (2008). LuLaRoe brings an Illinois Supreme Court Rule 224 petition which presents no specific facts to support their list of conclusory allegations.

Petitioners' causes of action are addressed below in the order in which they were presented. Respondent's arguments are incorporated across causes as applicable.

Breach of Contract

Petitioners plead the existence of a "valid and enforceable contract" but fail to attach that contract as required by 735 ILCS § 5/2-606, or alternatively to state that it is an oral contract and provide factual information to show offer, consideration, and acceptance.

To sustain a claim for breach of contract LuLaRoe must plead facts to support: i) the existence of a valid and enforceable contract; ii) their own performance under that contract; iii) breach of the contract by the potential defendants; iv) resultant injury to Petitioners. *Gallagher Corp. v. Russ*, 309 Ill. App. 3d 192, 199, 741 N.E.2d 605, 611 (Ill. App. 1999) (citing *Allstate Insurance Co. v. Winnebago County Fair Association Inc.*, 131 Ill. App. 3d 225, 233, 86 Ill.Dec.

233, 475 N.E.2d 230 (1985)). Petitioners have failed to plead facts sufficient to support each element as required.

LuLaRoe concludes that it "fully performed" under this contract without pleading a single fact to support this contention. Petitioners fail even to specify the obligations of the parties under the contract. Much of the disparaging criticism of which the company complains involves allegations that LuLaRoe has failed to meet its obligations under the contract.

The Consumer Review Fairness Act of 2016 (Public Act 114-258) makes "void from inception" any provisions of a form consumer contract which prohibit or restrict "an individual who is a party to such a contract from engaging in written, oral, or pictorial reviews, or other similar performance assessments or analyses of... a person that is also a party to the contract." The bill passed the U.S. Senate unanimously and became effective March of 2017.

In August 2017, Gov. Bruce Rauner signed an amendment to the Illinois Consumer Fraud and Deceptive Business Practices Act which inserts language tracking the Consumer Review Fairness Act into Illinois law (Public Act 100-0240). Though the "gag clause" voiding provisions of that amendment do not become effective until 2018, they do show a clear public policy against restricting the speech of individuals who have purchased a product or service without a meaningful chance to negotiate the terms of the contract.

Though LuLaRoe has not attached the contract they allege has been breached, in a publicly available version of their "Independent Consultant Program Application and Agreement," the language of their "Nondisparagement" provision reads as follows:

“LLR values constructive criticisms and comments from Independent Fashion Consultants. All such comments should be submitted in writing to the Independent Fashion Consultant Support Department. While LLR welcomes constructive input, negative comments and remarks made in the field by Independent Fashion Consultants about the Company, its products, or Leadership Bonus Plan serve no purpose other than to sour the enthusiasm of other LLR Independent Fashion Consultants. For this reason, and to set the proper example for their Marketing Organizations, Independent Fashion Consultants must not disparage, demean, or make negative remarks about LLR, other LLR Independent Fashion Consultants, LLR’s products, the Leadership Bonus Plan, or LLR’s directors, officers, or employees.”⁴

Petitioners seek the identity of parties who may be responsible for breach of this over broad non-disparagement provision, but enforcement of such provisions is against public policy and has been prohibited by law.

Petitioners also claim that current and former Consultants have breached their LuLaRoe contracts by “disseminating confidential and proprietary information,” but they fail to plead any specific facts or examples to support the assertion that any information posted was either confidential or proprietary.

The publicly available version of LuLaRoe’s consumer contract cited above defines “Confidential Information” in this way:

⁴ Available at <https://www.truthinadvertising.org/wp-content/uploads/2017/03/LLR-Combined-Docs.pdf>

Unless specified in writing otherwise by LLR, all information provided by LLR to Consultant is and shall remain confidential (“Confidential Information”). The above Confidential Information shall include, but not be limited to, all customer information, customer and client lists, sales information, wants and needs of customers, agreements, communications, plans, designs, reports, projections, budgets, proformas, or other materials, whether or not furnished or prepared by LLR or its agents (as herein defined). *Id.*

In *Assured Partners, Inc. v. Schmitt*, No. 2015 Ill App. (1st) 141863 (2015), the Illinois Appellate Court upheld the trial court’s finding that the over broad confidentiality provision at issue was unreasonable as a matter of law, in part because it was written, “without regard as to whether such information was in any way proprietary or confidential in nature.” The court relied on *North American Paper Co. v. Unterberger*, 172 Ill. App. 3d 410 (Ill. App. Ct. 1988), invalidating a confidentiality clause as an impermissible restraint of trade and void as a matter of law because it “purport[ed] to protect virtually every kind of information that [the employee] learned during the period of his employment even if non-confidential, and [went] far beyond any possible legitimate protectable interest of [the employer].”

Clearly the “Confidential Information” provision of LuLaRoe’s contract is over broad, unreasonable and unenforceable as a matter of law, but this is all speculation as LuLaRoe has failed to provide a copy of the contract with their 224 Petition, as required by Illinois law and has failed to even allege the most basic of facts to establish a contract existed, much less that it was breached.

Tortious Interference with a Contract

To sustain a claim for tortious interference with a contract LuLaRoe must plead facts to support: i) the existence of a valid and enforceable contract; ii) the potential defendant's awareness of the contractual relationship between LuLaRoe and another; iii) the potential defendant's intentional and unjustifiable inducement of a breach of the contract; iv) a breach of contract by the other caused by the potential defendant's wrongful acts; v) damage to LuLaRoe. *Grund v. Donegan*, 298 Ill. App. 3d 1034, 1038 (Ill. App. Ct. 1998) (citing *Strosberg v. Brauvin Realty Services, Inc.*, 295 Ill. App. 3d 17, 32-33 (Ill. App. Ct. 1998)). Petitioners have failed to plead facts sufficient to support each element as required.

Petitioners plead no facts to support their allegation that unknown Consultants "intentionally and unjustifiably" induced others to breach their contracts with LuLaRoe, that the unknown defendants knew that LuLaRoe had contracts with others, that the alleged breach of these contracts was caused by the unknown defendants or even that LuLaRoe had any damages.

In a recent opinion upholding the dismissal of Rule 224 petition, the Illinois Appellate Court stated that, "Illinois courts in employment and other contexts have consistently held that an intentional interference claim requires the provision of false information." *Calabro v. No. Tr. Corp.*, 2017 IL App (1st) 163079-U.

Yet here LuLaRoe claims causes for interference without alleging any specific untruthfulness; relying instead on claims of "disparagement" and misuse of "confidential information," allegations which are also unsupported by specific factual assertions.

In the face of an onslaught of public criticism⁵, Petitioners fail to plead any facts to support their contention that they have been, or could be, damaged by the “disparagement” of any one individual Consultant, or even that the disparagement was untrue, as required in *Calabro*.

Tortious Interference with Prospective Economic Opportunities

To sustain a claim for tortious interference with a contract LuLaRoe must plead facts to support: i) a reasonable expectancy of entering into a valid business relationship; ii) the potential defendant's knowledge of that expectancy; iii) an intentional and unjustified interference by the defendant that induced or caused a breach or termination of the expectancy; iv) damage to LuLaRoe resulting from the defendant's interference. *Voyles v. Sandia Mortgage Corp.*, 196 Ill. 2d 288, 300-01 (2001) (citing *Anderson v. Vanden Dorpel*, 172 Ill.2d 399, 406-07, 217 Ill. Dec. 720, 667 N.E.2d 1296 (1996)). Petitioners have failed to plead facts sufficient to support each element as required.

Illinois courts have long held that, “[t]here is no liability for interference with a prospective contractual relation on the part of one who merely gives truthful information to another.” *Soderlund Brothers, Inc. v. Carrier Corp.*, 278 Ill.App.3d 606, 620 (Ill. App. Ct. 1995). Yet here again Petitioners fail to plead, or offer factual support for, the necessary claims of untruthfulness, along with every element of Tortious Interference with Prospective Economic Opportunities.

⁵ An example available at: <https://qz.com/1039331/mlms-like-avon-and-lularoe-are-sending-people-into-debt-and-psychological-crisis/>; See also: <https://www.reddit.com/r/lularoe/>

Petitioners plead no facts to support their allegation that unknown parties acted “purposely” and with the intention of interfering with LuLaRoe’s business opportunities. They plead no facts to show that they have been damaged by the intentional interference of these unknown Consultants.

Violations of the Illinois Computer Tampering Act

720 ILCS 5/17-51(c) creates a civil cause of action against violators of 17-51(a)(4), the subsection of the criminal code dealing with the malicious insertion of computer viruses.

According to the code these insertions must:

- (A) damage or destroy that computer
- (B) alter, delete, or remove a computer program or data from that computer
- (C) cause loss to the users of that computer or the users of a computer which accesses or which is accessed by such program

In the conversation between MommyGyver and Gregory Tewksbury submitted as Exhibit 17 to the Petition, Mr. Tewksbury claims to have spotted a security failure which “would allow me to bypass everything.” But rather than exploiting this vulnerability and accessing LuLaRoe’s systems, Mr. Tewksbury tells MommyGyver that he has reported the issue to LuLaRoe’s web host. There is no discussion of inserting a malicious program into LuLaRoe’s systems as required by 720 ILCS 5/17-51(a)(4).

Petitioners seem to confuse the *removal* (as in destruction) of computer data with the *accessing* of computer data. 720 ILCS 5/17-51 does not create civil causes for illegal access crimes, and no facts pled by LuLaRoe even remotely relate to the insertion of a damaging computer virus.

Violations of the Computer Fraud and Abuse Act, 18 U.S.C § 1030

Though Petitioner's fail to disclose the section of the Computer Fraud and Abuse Act upon which they rely, 18 U.S.C § 1030 *et seq.* does provide civil remedies for parties damaged by various unauthorized access crimes. Still Petitioners have not pled any facts to indicate that they *know* of any unauthorized access, no less that they have any facts to support their conclusion that this hypothetical unauthorized access was done with the requisite intent.

MommyGyver does not know of any unauthorized access, and would be willing to reveal the identity of anyone she believed was violating computer crime laws.

“Rule 224 is not intended to permit a party to engage in a wide-ranging, vague, and speculative quest to determine whether a cause of action actually exists.” *Low Cost Movers, Inc. v. Craigslist*, at 362. Only Petitioners can determine if their systems have been illegally accessed. They cannot state a claim for damage under 18 U.S.C § 1030 without first making that determination.

Unlawful Use of Confidential Information to Illegally Recruit or to Unlawfully Obtain Products and Sell at Discount

Respondent could not find any statutory or common law authority to support the existence of this cause of action, and Petitioners have provided none.

Petitioners causes of action are incapable of withstanding a motion to dismiss under section 2-615. The complete failure to plead any factual allegations as required in *Maxon* requires that this petition be dismissed in the entirety.

Each potential cause purposed by Petitioners relies on breach of either; a) an unenforceable, over broad, non-disparagement provision rendered “void on inception” by

federal law, or b) an over broad and legally unenforceable confidentiality clause. Both the restrictive covenants – and the present action – are part of a speech repression scheme employed by LuLaRoe.

IV. Reporter's Privilege

735 ILCS 5/8-901 *et seq.* (the “Reporter’s Privilege”) provides reporters with a qualified privilege against being compelled to reveal their sources. *In re Arya*, 266 Ill. App. 3d 848, 852, (Ill. Ct. App. 1992). The Reporter’s Privilege is only available to protect the “source” of a “reporter” working in a “news medium.” As used in the act:

"reporter" – means any person regularly engaged in the business of collecting, writing or editing news for publication through a news medium on a full-time or part-time basis

"news medium" – means any newspaper or other periodical issued at regular intervals whether in print or electronic format and having a general circulation; a news service whether in print or electronic format; a radio station; a television station; a television network; a community antenna television service; and any person or corporation engaged in the making of news reels or other motion picture news for public showing

"source" – means the person or means from or through which the news or information was obtained

The Illinois Supreme Court has held that “[a] party seeking divestiture of the privilege must identify, in pertinent part, the specific information sought, its ‘relevancy to the proceedings,’ and that a specific public interest would be adversely affected if the factual information sought were not disclosed.” *People v. Pawlaczyk*, 724 N.E.2d 901, 908 (Ill. 2000).

There is little reason for courts to narrowly construe the broad statutory language that defines “reporter,” “news medium,” and “source,” because the protection afforded by the

privilege is itself quite narrow. Even when a court finds that the Reporter's Privilege should apply, it may nonetheless compel the reporter to disclose her sources when the public interest in the information being sought outweighs the public interest in reporter confidentiality, and when all other available sources of information have been exhausted. *Id* at 913.

Petitioners seek the names and contact information of *all* persons with whom MommyGyver has discussed LuLaRoe, an outcome unavailable under Rule 224. Respondent does not argue that *all* her communications regarding LuLaRoe would necessarily be subject to protection under the Reporter's Privilege. LuLaRoe did not plead its Rule 224 petition with sufficient specificity to allow Respondent to articulate a reasoned response regarding the application of the Reporter's Privilege to the present facts.

However, to the extent that this Court finds that Petitioners: i) did not already know the identities of parties they could pursue under their legal theories, ii) have not now discovered the identities of such parties, and iii) have sufficiently stated a cause of action capable of withstanding a section 2-615 motion to dismiss; Respondent seeks protection under the Reporter's Privilege.

MommyGyver is a reporter. Her excellent research, writing, editing, and effort are all clearly on display in Petitioners' own exhibits.

MommyGyver is working in a news medium. Her content is globally available, consistently produced, has wide distribution, and has made a meaningful impact.

MommyGyver seeks this protection for her sources, not for herself.

V. Conclusion

The 224 Petition should be denied or dismissed fully because within the Petition itself, Petitioners identify two individuals that they could file suit against for all the causes of action they state.

Additionally, the Petition fails to follow Illinois fact pleading requirements. There are no facts alleged to support any of the causes of action and therefore the Petition must be denied.

Petitioners claim that they should be allowed, "limited and expedited discovery from Respondent concerning her 'journalistic process' and other facts relevant to the inquiry of whether Respondent qualifies as a 'reporter' and 'news medium.'" [Petition at p. 9] In essence, Petitioners seek to use Rule 224 to attain a declaratory judgment that MommyGyver is not a reporter before stating a claim sufficient to necessitate the protection available under the Reporter's Privilege.

WHEREFORE, for the reasons stated above, Respondent Christina Hinks, respectfully requests that this Honorable Court dismiss and deny LuLaRoe's Rule 224 petition, award the Respondent costs, and attorney fees and any other relief this Court deems equitable and just.

Respectfully Submitted,

Christina Hinks

By: 

One of her attorneys

Elleni Kalouris (ARDC# 6306283)

Kalouris Law Firm

10 Laura Drive, Addison, IL 60101

HOME OUR STORY COLLECTION

JOIN THE MOVEMENT SHOP LULAROE

HAPPINESS SOCIAL RESPONSIBILITY SEARCH

Exhibit 1

[http://www.lularoe.com/
income-disclosure-statement/](http://www.lularoe.com/income-disclosure-statement/)

LuLaRoe 2016 Income Disclosure Statement

LuLaRoe's mission is to provide an opportunity for people to create freedom by selling comfortable, affordable, and stylish clothing. We offer Independent Fashion Retailers ("Independent Retailers" or "Retailers") flexibility; some Independent Retailers exclusively devote their time and talents to selling our products to retail customers while others also work to build a team of Independent Retailers. For those who build a team, whether that team consists of just one other Independent Retailer or a large group of Independent Retailers, LuLaRoe pays bonuses to them based on the sales production of their teams. The income disclosed in this document is based solely on bonus payments made by LuLaRoe to Independent Retailers based on the sales generated by their teams. It does not include the retail profits earned by Independent Retailers from their sales of LuLaRoe products.

The average annual bonus payments made by LuLaRoe to ALL U.S. Independent Retailers at all ranks (which includes Eligible and Ineligible Independent Retailers) in 2016 was \$2,064.77.

The average annual bonus payments made by LuLaRoe to Eligible U.S. Independent Retailers at all ranks in 2016 was \$2,118.54, and the median annual bonus payments made to Eligible U.S. Independent Retailers at all ranks in 2016 was \$525.94.

An "Eligible" Independent Retailer is an Independent Retailer who has sponsored at least one other Independent Retailer in the Independent Retailer's sales team and has met the personal production requirements set forth in the Leadership Bonus Plan. An "Ineligible" Independent Retailer is an Independent Retailer who has not met these requirements.

In 2016, 72.63% of U.S. Independent Retailers were Ineligible and therefore did not receive any bonus payments from LuLaRoe. To the extent those Independent Retailers earned income as Independent Retailers, such income was earned from their retail sales of LuLaRoe products to their customers. In 2016, 27.37% of U.S. Independent Retailers participated in and received bonus payments pursuant to the Leadership Bonus Plan.

As noted above, the information presented in this document and in the tables below DOES NOT include the income, if any, earned by Independent Retailers through their sales of LuLaRoe products to customers. Nor does it account for expenses incurred by Independent Retailers in the operation of their independent businesses selling LuLaRoe products. It includes only bonus payments made by LuLaRoe to Eligible Independent Retailers pursuant to the LuLaRoe Leadership Bonus Plan.

Table 1. 2016 Annual Bonus Payments by Rank ^[1]

Rank	% of ALL U.S. Retailers at this Rank in 2016	% of ELIGIBLE U.S. Retailers at this Rank in 2016	High Annual Bonus Earnings	Low Annual Bonus Earnings	Average Annual Bonus Earnings	Median Annual Bonus Earnings
Sponsor	27.33%	99.84%	\$44,542.23	\$222.03	\$6,781.84	\$5,103.60
Trainer	4.89%	17.88%	\$231,132.95	\$20,150.80	\$52,353.30	\$44,174.16
Coach	0.61%	2.22%	\$888,005.01	\$78,380.25	\$268,618.45	\$226,580.01
Mentor	0.08%	0.30%	\$2,473,957.68	\$546,794.74	\$1,118,930.24	\$1,013,736.00

^[1] The figures in Table 1 are annualized, based on the bonuses paid to Independent Retailers at each rank each month. To calculate the high, low, average, and median annual bonus payments by rank, the average, median, high, and low bonus payments paid to Eligible Independent Retailers at each rank in each month of 2016 were added together and then divided by 12. These figures include Independent Retailers who qualified at least 1 month out of the year at the specified rank. A single Independent Retailer may be counted in the calculations for multiple ranks.

Table 2. 2016 Monthly Bonus Payment Ranges of **ALL Independent Retailers (Eligible and Ineligible)** ^[2]

Range of Monthly Bonus Payments	% of All Retailers	Range of Monthly Bonus Payments	% of All Retailers	Range of Monthly Bonus Payments	% of All Retailers
No Bonus Payments	72.63%	\$2,500.01 - \$5,000.00	1.97%	\$30,000.01 - \$50,000.00	0.10%
\$0.01 - \$50.00	0.33%	\$5,000.01 - \$7,500.00	0.64%	\$50,000.01 - \$75,000.00	0.04%
\$50.01 -	2.90%	\$7,500.01 -	0.26%	\$75,000.01 -	0.02%

[2] The figures in Table 2 were calculated as follows: The percentage of Retailers for each of the specified ranges was determined for each month of 2016. Those percentages were then added together and the sum divided by 12. Because the calculation used to determine the percentage of Independent Retailers in each band is an average, the totals do not sum to 100%.

[3] Note that the figures in Table 3 do not include ineligible Retailers. As such, the figures in Table 3 were calculated as follows: The percentage of Eligible Retailers for each of the specified ranges was determined for each month of 2016. Those percentages were then added together and the sum divided by 12. Because the calculation used to determine the percentage of Independent Retailers in each band is an average, the totals do not sum to 100%.

The above figures are not guarantees or projections of your actual earnings or profits. They do not include expenses incurred by Independent Retailers in operating or promoting their independent businesses. LuLaRoe makes no guarantee of financial success. Success as an Independent Retailer results only from successful sales efforts, which require hard work, diligence, skill, persistence, competence, and leadership. Your success will depend on whether you possess these qualities and, if so, how well you exercise these qualities.

The expenses an Independent Retailer incurs in operating a retail business selling LuLaRoe products can vary widely and can be several hundred dollars or thousands of dollars annually. Such operating expenses include inventory purchases, and could also include advertising and promotional expenses, training, travel, telephone and internet costs, business equipment, and other miscellaneous business expenses. You should factor in estimated expenses when projecting potential profits.

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[Disclosure Statement](#) [Press Vibe](#) [Returns](#)
[Limited Warranty](#) [@LuLaRoe](#) [NDSS Donations](#)

Exhibit 2

<https://www.mommygyver.com/single-post/2017/03/21/Hindsight-is-2020--Annas-Story>

MommyGyver

I'm offering this blog on behalf of a young woman who would like her story shared, but is extremely worried about negative backlash. For the purpose of this article, I am going to refer to the contributor as "Anna".

Anna contacted me a few days ago and hesitantly began to divulge details of her LuLaRoe nightmare.

Let me start out by telling you the very first thing she said to me:

"I've been really scared to speak out. When I had my going out of business sales, I was getting so much hate from consultants- it was really bad. And I'm still around \$20,000 in debt. I wish I was joking."

Now, before any of the LuLaLoyal get situated on their high horse and start proclaiming the idiocy of the contributor for "allowing" herself to get that far into debt, I am going to jump in and aggressively slap the horse's hindquarters so that you might ride off into the sunset like the hero you wish to be.

This statement of debt, as I am learning, is extremely common. A lot of women are not comfortable divulging that they are this far in- mostly for shame.

The cult mentality brainwashes you, there's a level of wanting the lie to be real. You believe what you're told and do what they say to do- because you want the success they offer. Cults and schemes like this prey on women's deepest needs to belong, to fit in, to provide for their children, and to "be something more". Often, I hear these women finally took the jump after a large shift in their life. A birth, a death, a divorce, etc. They are struggling to find an answer, and lo and behold- there is LuLaRoe.

As I sit here reflecting on 2016, I can't help but feel grateful for all the ups and downs I've had. The year did not start out on a positive note; I didn't have a job, which meant I couldn't support my family and I was on the verge of either being homeless or moving back in with my parents.

I was at a loss and felt like a failure in all aspects of my life. Then something amazing happened, I was introduced to [LuLaRoe](#). A friend of mine, Christal, was hosting an online party and invited me to participate. I couldn't really afford to buy anything, but I wanted to support her party. Wow, I'm sure glad I did!! I ordered a pair of leggings, and when I got them I fell in love. I couldn't believe how amazingly soft and comfortable they were!

Well, I was hooked! It didn't take long to realize that I wasn't alone, women loved [LuLaRoe](#). The clothes are versatile, stylish, comfortable and high-quality, and women have a renewed sense of confidence when they are wearing [LuLaRoe](#)...maybe it's all the compliments they receive when they are wearing this unique line of clothing.

I knew this was something I wanted to be a part of, so I looked into becoming a consultant. Becoming a consultant required an initial upfront fee for the [LuLaRoe](#) on-boarding kit, but I knew it was an investment in my future, so I went for it. That was truly the best decision I ever made!

Not only am I financially self-sufficient, but I've recouped my initial investment in less than 6 months, which is no small feat considering I'm a single mom! I've been able to reinvest in my business while supporting my family...AND, I get to be a stay-at-home mom while doing it! Yep, I'm able to drop my girls off at the school bus every morning and pick them up at the end of the day...all thanks to [LuLaRoe](#)!

Looking ahead to the coming year, I'm planning a trip with my girls and I'm saving to buy a house - again, all thanks to [LuLaRoe](#)! I can honestly say, [LuLaRoe](#) has changed my life!

If you're contemplating a change in your own life for 2017, or would like to learn more about my journey to becoming a [LuLaRoe](#) consultant, send me

Anna's debt isn't unique. After hearing her story, I went into a secret group that I'd been added to and asked the women in it how many of them were still in debt. Immediately, 5 or 6 answered with amounts ranging from \$5,000 to \$30,000! Thirty THOUSAND dollars. Where do you put all those leggings?

I asked Anna how and why her number was \$20k. She simply stated: "My mentor told me to go all in. Max it all out so I could keep up with the demand."

She also stated that she wasn't the most business savvy person, feeling taken advantage of by that fact. "My upline sure made a lot of money off of me."

She explained to me that she didn't really feel like she knew the full details of what she was really getting involved in. Her decision to share her story with me was also coupled with her request that I share what she learned while involved in LuLaRoe. She said she felt if she could share how it really is, maybe she could save some other woman from being taken advantage of in the same way. She bullet pointed her lessons as below:

1. You will need more than \$5000 to get the business going at first.
(MommyGyver author concurs- \$5000 for the initial package, and over \$2000 in supplies and such was my experience.) Anna invested \$10,000 initially.
2. She was baited to onboard with the understanding that it would only take her 20 hours a week to make "full time pay". She states the enrollee learns very quickly that this is NOT a part time job, and can even exceed full time hours. (This is also MommyGyver's experience.)
3. Before you onboard, you are told you will earn back your initial investment in 3 months. After you onboard, you are told to reinvest for at least the first 6 months. (I found this point to be subtly brilliant. This was absolutely the way it worked for me as well, and before she pointed it out, I never made that connection.)

Repay yourself in	4 months	2 months	1 month
Number of pieces sold each week	20	40	70
Gross Sales (per month)	\$2,640*	\$5,280*	\$9,240*
Net Profit (per month)	\$1,440*	\$2,880*	\$5,040*

* This is an approximate amount assuming you are selling in the middle of the low and high suggested retail.

** Other startup expenses may include - Business Cards, Brochures, Hangers, Clothing Racks

I told myself I would take the first 6 months of my business to reinvest so I could reach 1k pieces (plus leggings). I reached that in 2.5 months!! Looks like I'm paying back my investment early! 🙌
I'm living proof that all you have to do is start with the initial, invest your sales back into it and go after your dreams!



👍❤️ 10



approximately 200 pieces and **order** 200 to 300 pieces.

If you want to sell \$9,000 a month, you need to sell approximately 300 pieces and **order** 300 to 400 pieces.

If you want to sell \$12,000 a month, you need to sell approximately 400 pieces and **order** 400 to 500 pieces.

If you want to sell \$15,000 a month, you need to sell approximately 500 pieces and **order** 500 to 600 pieces.

If you want to sell \$18,000 a month, you need to sell approximately 600 pieces and **order** 600 to 700 pieces per month.

For every \$3,000 sales **increase** add 100 pieces to your sales goal and 100 to 200 pieces to the amount you need to purchase!

Write down a goal for the month and go for it!!

4. You will not be told you need a business license until after you onboard. (This one hit me hard when my mentor got on a video and told us all that she carries 60 pair of leggings in her car trunk. I was instantly taken to New York mentally and remembering the guy in Hell's Kitchen trying to sell me perfume out of the trunk of his car. Also, the graphic I provide here- a lot of these options can get you a ticket. You'd need a permit for a lot of this, and no one tells you that! Oh and let's not forget to hock leggings at your kid's birthday party- or at the dentist's office. Hi ma'am! Would you like some donut patterned leggings to go with that root canal?)

← Posts



supplementing. If you have found great and amazing online success, I applaud you, but for those of you still struggling, the math doesn't lie, and most of us – myself and Saira included – will not see that same level of success from online sales because it is an anomaly."

30 WAYS TO SHARE & SELL LULAROE

Facebook VIP
Facebook Hostess
Facebook Multi
Facebook Live
PTA/PTO
Kids Party Locations
Library
Historical Society
Fundraisers
Periscope
Vendor events
Salons
In-Home Popups
Open Houses
Personal Shopping

Local Multi Events
Charitable Events
Vets
Real Estate
Dentists Office
Accounting Offices
In your driveway
Friends driveway
Town Fairs
Tourist-y areas
Grocery Stores
Playground
Gyms
YMCA
GIVE AWAY!!!



Write a comment...



5. All the returns, all the defective merchandise will be your problem. You will have to jump through hoops to get your returns handled. You will have to wait a while too.
6. The answer you will get from DeAnne and Mark for every issue is- "The company is experiencing growing pains." (Ok, but like- at a billion dollars, maybe you can call in some expert novocaine for that?)
7. This will not help your family emotionally. You will spend every waking hour on LuLaRoe. You will be told to hire an assistant, a nanny, or a housekeeper. If you can't handle it, you will be told there are a lot of successful women who have businesses. Work harder. (I reference the housekeeper and spaghetti's comment DeAnne made on a conference call.)
8. The mentors and higher ups use blocking. If you have any negativity or are questioning something, they will remove you, block you from groups, or block you all together. (Author confirms other stories of girls being shunned by uplines and blocked from mentor groups.)
9. If you leave, you will get hate mail, threats, death threats. This lovely sisterhood chased Anna off social media for 6 months because she claims the members of her team were making threats of physical harm against her and her family. (MommyGyver has received a death threat and other veiled threats like "You don't know who you're fucking with." for exposing the nature of the company.)
10. You are encouraged to open and max out credit cards, take out loans, etc. You may be forced into bankruptcy like Anna claims she is now considering.
11. Tax time! Did you get a refund? Many are reporting owing the government money after all the "profit" they made. (Besides Anna, MommyGyver can think of two other examples immediately of consultants owing money come tax time. One consultant owed more than she actually earned for some reason.)

After Anna gave me this retrospective list of things she'd learned, I asked her to circle back to the death threats made.

Anna is looking through her documents to provide MommyGyver screenshots of the threats. I'm not comfortable quoting a death threat without screen shot evidence. She continues on and explains that the consultants also told her that she was useless and should go kill herself because she couldn't make the business work. She was a 'scammer' and deserved whatever or whomever might come after her.

We will await those documents, but until then, I felt that her list of lessons learned would serve as a good "If hindsight were 20/20, I'd kick myself in my own ass for considering this."

You tell me if this has been your experience too.

Exhibit 3

<https://www.mommygyver.com/single-post/2017/09/16/Deal-With-Deanne>

MommyGyver

Right before the consultant came forward with her story about Alex (Deanne's son and former warehouse manager) supposedly selling her hot merchandise from the warehouse- thousands of dollars at a time (to later recant the entire story- even though much of it had been confirmed to me by Alex himself- knowing the girl, owing her money, and "trying to help whomever I could whenever I could") I had been attempting to secure an interview with Deanne's controversial nephew, Sam Schultz.

Sam was originally what I would call the "LuLaRoe Cheerleader". He is a musician that preaches love and a sort of utopian approach to life. Live, love, and you attract what you put out. He was LuLaRoe's hype man- going everywhere and riling people up about the LuLaRoe "message". And he did it very well.

Most consultants loved Sam early on. He was a source of positivity and encouragement. The original LuLaBro- Sam made it cool to be a dude in a legging brand.

The cult-like following that traipsed around LuLaRoe often spilled over onto Sam. Many LuLaBabies began to follow his band, Culture Crew. Sam was in the public eye and I don't think for a second that he didn't love it. It worked for him because it is Sam. A showman, an entertainer. He likes the spotlight.

However, the spotlight did Sam quite a disservice at one point. Being a single guy- Sam was finding himself with quite a bit of attention from the ladies involved with LuLaRoe- both single and married.

One can speculate all day about what he should and shouldn't have done,

but one thing in particular struck Sam so hard that it haunts him to this day.

Sam had been on a trip to Germany when he received a heads up that LuLaRoe had intended to terminate their relationship with him. Not a concerned phone call from his aunt. Not an email. Sam received a warning from a friend that it was going to happen. Then he got a cease and desist letter.

Not a very friendly way to end a business relationship with a family member, you would think. What could Sam have done to deserve an excommunication of this magnitude?

Several rumors exist. Some talk about Sam sending inappropriate pictures to various consultants. The degree to which it supposedly happened varies by what source you ask.

When I had asked Sam about it, he denied it at first, (I'm not sure anyone WOULD admit to it) but then made a good point- "Am I not a single guy? Why would I not be allowed to be a single guy in 2017 if this was something I had done? Those things happen sometimes when you're seeing people." He makes a point- if you agree with the idea of sending sexually explicit photos or not- no one ever really accused him of sending UNWANTED photos, if he had in fact done that. But we're all adults here- pic swaps happen. The rumor is that it happened, but the rumor isn't that it was unwanted. Do we really care what he does with his peepee in his personal life if it wasn't forced on someone?

Another rumor we heard was that Sam was having inappropriate relations with married consultants.

Sam, you're a playboy... how DO you find the time?

Several angry LuLaLoyal have contacted me to expose Sam for what he was. A pig, a participant in adultery and so on. One husband of a consultant advised me that shedding any positive light on Sam would tarnish my own name and I should steer clear of him all together.

the last several months, Sam and I spoke often. Our conversations were always friendly though until my actual interview with Sam happened, I was not allowed to share that he was a source of some of the information provided to me within the articles I have written.

One thing remained constant through our communication- Sam was very conflicted about what to do about the position he was in. He felt that lies were being spread about him and being facilitated by his aunt Deanne. He was angry- really angry that he was cut off, kicked out, and tossed aside like he meant nothing to the company and to his own family. He felt used. Then Sam explained that he felt that he is supposed to forgive and forget. That's what he preaches, and even LDS teaches to forgive- but he was having a really hard time with it because it hurt so much.

And last, he knew the company was doing no good. Sam was getting phone calls from his friends- women that he met along the way asking him what to do with their involvement in the company. Do they stay or do they go?

Sam says they called scared and very worried. Their lives were built around these checks- checks that until recently were built off of the orders of their downlines. Orders that have all but stopped.

Often in commentary about Sam, I read that he's not innocent himself.

Sam never really expressed to me in any of our communications that he was without flaw or error. The most important thing with regard to his innocence that he expressed to me was that he was let go for a reason that didn't take place, according to him and the way in which it was done had made him feel worthless.

Media was pawing at him for information. Why shouldn't they? He was the easiest target to open up and spill. He was wronged by the company and he had begun to be very vocal about it.

A few months ago, Sam made a very public post on his Facebook page essentially calling out his aunt. He claimed he had a recorded phone conversation with her that exonerated him of the rumors and accusations flying around about him at LuLaRoe. In this call, Sam attempts to make a

He tells her that MommyGyver wants to talk to him- he can come to me and tell me whatever she wants him to, and he is happy to do so- if she will clear up the rumors about him. She agrees to do so, and claims that she had no part in them and that they were just rumors- essentially confirming that Sam is in fact innocent. She also makes several disparaging comments about MommyGyver- stating she doesn't trust me, and I am "unclean".

One is left to think why a woman who engaged in an extramarital affair with her now current husband would ever have the audacity to point her filthy finger at anyone else. Judge lest ye be judged and all. One would also venture to ask why Deanne would think I wanted her to trust me. After all, I've been calling her a liar for some time now. No, Deanne. Do not trust me. I am not your friend. I have always said I'm here to gain transparency for the consultants. TRUTH for the consultants. If I wanted to help you, I'd have put in a restructuring proposal and a solid business plan. Why didn't I? I don't like dirty money. But I digress...

I asked Sam why he supposedly recorded this call. He said to me that he did it for two reasons:

1. Right before he began recording her call to him, she had made a comment about being extremely high. The context was in regard to the back pain she was having after surgery and the prescription pain pills she had been taking. He wanted to catch her talking about drug use.
2. Sam felt that this was his only opportunity to get her to admit the rumors about him were false. He felt he needed to catch her.

He did. I have the audio.

Some important points in the recording to mention:

- Sam tells Deanne that he's trying to help people through music.
- He will call MommyGyver, tell me that he loves his aunt, LuLaRoe, and dissolve any rumors.
- Deanne states that the topics MommyGyver discusses are just rumors.

- She has complete faith in Sam. Saw what he's doing, so happy that he's doing it. What a great blessing.
 - LuLaRoe donated \$192k to NDSS
 - Sam learned to be and do good at LuLaRoe.
 - Deanne is proud of Sam.
 - The thing that hurt him the most is that he didn't hear from Deanne. Sam should apologize, would be willing to, but what is he to apologize for? All he wants is something that says that they love Sam.
 - Deanne asks how she can deliver that message.
 - Sam says that she says good and bad and stupid things on her webinars, but a webinar would be amazing.
 - He was worried about MommyGyver shedding him in a negative light along with LuLaRoe, and felt that her addressing him would help to do some sort of damage control for him.
 - She then talks about being in pain and waiting a couple of days.
 - There is a fear of supporting Sam.
 - She says that they have NEVER said a negative thing. Sam was set free to do what he needs to do to create Culture Crew.
 - Sam's termination has been a blessing in disguise for him because he was able to do other things that he wants to do.
 - Deanne offers to take back all the merchandise he ordered. She will send and pay for UPS to take it back. (It was about \$40k worth) Camille, the "black girl with the big fluffy hair" will handle it.
- They will cut him a check for exactly what it was.
- Does she want him to call MommyGyver? She's afraid of MommyGyver, and motives are very unclear.
 - She's worried about the damage to Honey and Lace and Agnes and Dora because they are all linked.
 - Deanne says Dianne at Honey and Lace doesn't have the confidence to "do this" and Deanne becoming the protective "mama" over the companies, and is sad H+L is not all Dianne's anymore.
 - People were dropping rocks on MommyGyver's front door and (she's confusing me with Katie May Mooney here) threatening to kill my/her baby. Then the post was retracted. (I can't follow this. I didn't retract a post. I did tell people not to threaten KMM though.)

tell her. She can't figure out why I'm so hateful toward her- LuLaRoe did nothing to me.

- Sam outlines the topics I wanted to discuss with him.

- Deanne again states the things said about Sam are rumors.

- Deanne apologizes to Sam for not communicating.

- She felt like he lied to her about drinking. Sam didn't think he had a problem to lie about. He doesn't think it was anyone's business.

- He wants to be able to go out and clear the air with LuLaRoe, and vice versa.

- She agrees to do it.

- Sam states that leaders are fearful to even go to his shows for fear of retaliation.

- Deanne asks him (then asks if he was drinking) why he called them "effers"- Sam says that that must have been about Justin and they don't get along.

- She says we are all still learning.

- Deanne says Jason Dunaway is "super toxic". Sold everything walked away... selling for Agnes and Dora. He built a team... wait... "I don't know anything."

- Sam thanks her for letting him remember who he was. (Not sure she realized that he was basically saying thanks for screwing me to remind me I don't want to be like you.)

So here's my takeaway and maybe a bit of clarification as I'm sure "they" will tell Deanne about this article.

I think it's immediately apparent that Sam at one point is baiting her. He's very much interested in clearing his name, and at this juncture is almost willing to lie to anyone looking to hear his story just to get his name cleared. Take it for what it's worth, I don't think the "I'll trade you" approach shed the best light on Sam, but he's willing to take that blowback.

It's not apparent what reason Deanne thinks she should be mama bear over the other companies because from what we all understand- from my own conversation with Dianne Ingram, there is no relationship between the

As for my relationship to them, and any damage to them, I have very happily reviewed several products from two of the ones she mentioned, and where I state that I will never, ever endorse joining a company where front loading is required, I can appreciate much of the clothing.

I can also testify that my conversations with Dianne Ingram, owner of Honey and Lace- as well as with Buffy of Agnes and Dora- have always been pleasant, cordial, and to the point. Neither of them have expressed a concern for my pushback on LuLaRoe damaging their business, but it absolutely erases the speculation I had heard that LuLaRoe thinks I am somehow employed by the other companies to steal people away.

I'm not sure why Deanne thinks that she should ever trust me. Like I have already said, I'm here to shed light on the lies she and her cronies spread.

Over and over again, this woman lies to people and I have no interest in protecting her or her image. She preaches morality and compassion and family, then calls my motives "unclean" all while saying she knows nothing about me.

My motives, Deanne- so you can read it and let it soak into your skull are and have always been- to point out the issues this company has. It was an effort to bring you to a 180 degree turnaround and address the continuous failures you have handed your consultants, and to help protect them from lies upon lies. The last insult to them was abruptly removing the 100% money back POLICY (and oh yes, it is referred to as a policy, and I have in writing that there was no end date to the policy) out from under the folks that submitted their resignations under the pretense and understanding that they were getting one thing, only to be told they are out of luck and get another.

The change in policy isn't an issue. It's the method of delivery and the disregard for those who followed procedure and are now being pushed down shit's creek without so much as an oar to paddle with.

So if you're still confused about why I'm irritated, now you know.

I also find much humor in anyone of her caliber referring to anyone else- EVER, as unclean. Because damn. Does anyone have a mirror?

More important than her issues with me, however, is her claim that she said nothing to anyone about Sam or why he suddenly departed LuLaRoe.

There are several witnesses that have stated to me that they were told by Deanne, or involved in a phone call that outlined the set up of Sam and his removal from the company. Some have commented that he was removed because too many bigger earners were afraid of his upcoming nationwide tour where he was taking his RV full of LuLaRoe clothing- and his music across the country.

There is another claim that there was a couple that planned to start the rumor that he was or had been sleeping with the married woman, and they would then use it to propel themselves up the chain at LuLaRoe. That it didn't matter if he was hurt in the process. He just simply had to go.

Most importantly here, is Deanne's willingness to clear the air for Sam, (of the married allegations and the supposed dick picks) should he agree not to talk to the media in any way. He offers repeatedly that he will call and lie to me- if she will clear his name. And she agrees to all of it.

Morality- 0 Opportunity- 1

While Deanne continues to dismiss the mounting pile of issues being told by more and more disgruntled representatives, and more and more media becomes involved, it's hard to deny a call happened when it's recorded, and provided to you here. You decide.

As Sam says the following- "If there is this type of public disregard for their own family, what kind of feelings do they have about all of you privately?"

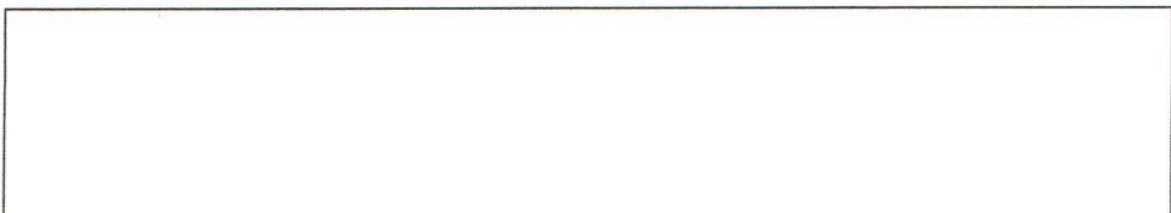


Exhibit 4

<https://www.facebook.com/sam.schultz.12/posts/10158809462815234>

June, 30 2017

Facebook

Hello, anyone who knows me from [#LuLaRoe](#)

Would love if you READ. WARNING, MY INTENTIONS ARE PURE.

AS YOU KNOW, IM ALL ABOUT LOVE. LOVE IS THE ANSWER. ALWAYS. SOMETIMES TOUGH LOVE. BUT IT IS. I've been through a lot, I've gotten through a lot. I've screwed people over, I've burned bridges and struggled in my life, I've have tried my hardest to ask for forgiveness in those things and feel things are going amazing now. I've always been taken advantage of as well. That's life. YET. I'm so happy. LOVE SOMETIMES SHOWS ITS SELF IN A TOUGH MANNER.

Since JANUARY 2017, some of my friends might know I use to work for a brand that ALOT my "family" works at and my "aunt" owns. I quit in the middle of December, due to me not feeling comfortable with what was happening behind the scenes and with the way the product and culture was going. NOT PRACTICING WHAT THEY PREACH. I love my FAMILY, but to me family is not just blood, it's those that have your back. Those that love unconditionally as Christ would and don't judge or castrate you for assumed rumors of actions. As I learned at this brand called LuLaRoe, it's always best to "Assume innocence and seek understanding". That wasn't given to me as I left corporate to be a independent consultant there. As I was vacationing in Germany with my daughter, 5 days before my launch party to sell \$40k worth of clothes i had purchased, and January 6 on my daughters birthday, I received a Cease and Desist email from their legal stating I don't fit the culture anymore (as the culture and events guy), and terminated from my corporate job (which I traveled for 18 months all over the USA, 80 dates training, inspiring & helping grow their business from 70 million a year to 1.3 billion in one year) a job and for my "conduct", I had already quit and then in this email I was terminated from being a

independent consultant because I created a logo against the branding guide. (which anyone that knows the company, this happens all the time and they give a warning and rarely do anything about it) Leaving me with \$40k worth of inventory, no seeking understanding for supposed lies and rumors about me and definitely didn't assume innocence. They then spread those rumors asking all their top leaders "mentors" to spread the word to their teams that I was terminated for my inappropriate conduct (which I won't say exactly what was recorded here on FB)

It proceeded to leave me with a bunch of clothes I wasn't allowed to sell anymore, 5 days before my huge promoted launch, having to cancel a 70 date sales tour and potential \$250k in sales which are now damages, and left with a mobile boutique I had bought 2 weeks prior for another large amount of money. IM NOT THE FIRST AND ONLY THIS HAS BEEN DONE TO. Multiple. Don't worry, they have the "happiness" clause now. HAPPY for that. Wish that was around in January when i had to figure out how to get my money back.

Mind you, my aunt DeAnne at her holiday party December 20 called me begging me to MC HER EVENT for her, not getting paid but just instead terminated 2 weeks later.

They have the right to do terminate anyone at any time, I guess, but ethically it's completely wrong. Never heard from my aunt again. Silence. Supposedly she's the victim, cuz I hurt her for my actions of dating as a single man. (Which she set me up with my first lularoe girlfriend. So hilarious.)

Now, you might be wondering why I'm even writing this. Or why ITs even relevant. Well I write it with LOVE, good intentions, love of warning those who put their lives in this companies hands, people quitting fulltime jobs for this, love for those I got to know while working there. *****THIS IS FOR ALL THE HUMANS WHO SELL THIS PRODUCT WHO HAVE CALLED ME CRYING ABOUT SOMETHING REGARDING THESE THINGS, WANTING TO KNOW THE TRUTH.**** which I never gave them. I was silent. THIS WARNING IS SERIOUS. I'm not the type to typically write this.

And now you may ask "why 6 months later?" Well cuz I thought I was suppose to take the high road. Is the high road letting my family

you want to remain working for the company, you CANNOT associate with [WE ARE Culture CREW](#) , [Aaron Watene](#) or ME? My best friend, all my team I hired, cousins, aunts, uncles, thousands of consultants that depend on this company and more.

Well I did that, I stayed quiet. I TOOK the high road. I am guilty of some small talk or jabs, but never have told my story of WHY. "Sam don't do anything, they are billionaires and will sue you". (Which as we know they are good at) "Just forget it sam, it won't help. They are powerful" "sam you don't need this in your life, let it go"

Ok, fine, I will.

Well here's the truth. Which telling the truth is a moral obligation I have and always have had. Mainly because I've been hit up by every news outlet u can think of to tell this story. I've passed. Hoping my aunt or her spouse MR. Mark would reach out to me apologizing to me for their actions. Maybe thanking me for All did for them. But no, the rumors continued, lies, more and more and more. I finally realized I wasn't part of the "LuLa-Club" anymore.

I get it: everyone is making money. Kind of. SAM? Or MY CHECK?

[#GoldenHandcuffs](#) - as I sit in the Atlanta airport, flying back from Mexico, having given clean water and served all these humans that needed it.

Completely exhausted, I am in awe how a woman, who I use to call my Aunt can do this to me. After all I did for her.

Well she did finally call me a month ago, after 5 months for 45 minutes..... she did. I was amazed so I recorded it. Not knowing what to expect. Not apologizing, yet begging me not to go to the press and do an interview she heard I was going to do (which I wasn't). She asked if she "posted about me and culture crew about how much she loves me", if I wouldn't go to the press and tell them what happend. (I recorded it) I said "that would be nice of you, I'm hurt and don't trust you anymore but I think that's the best thing to do"

Well the story of Alex her son came out the next day, she convinced me NOT TO and since then I've been asking her when she's gonna post About me, even tho it would've been fake, at least it clears some air of what's the truth. But No. Silence. Welp, am I surprised? No. Absolutely not. I got duped. What she seems to be good at. 100,000+ have duped in my opinion. Sold a

Let me reiterate, I haven't gone to the press because so many families depend on this company. Families I love, people I love. Families that Put their trust in this company run by Mark & DeAnne Stidham. Wow. 150,000 families to be more accurate. I'm pretty sure it's Not the number they tell everyone. I worked hard. I gave my all. I made some "mistakes" against their moral Mormon views. Not on the rules of lularoe. But I'll own that. If you have met me in person, you know my heart. In fact I still keep in touch with multiple people there. "Secretively", cuz they are fearful of getting in trouble or people that don't care to still be my friend openly. I inspired them. But my family involved have abandoned me cuz they have been asked to. They have CUT ME out of the club. Or u can call it excommunicated from the CULT-URE. Truth.

They arent who they portray or say they are. I am here to clear the air which I deserve about myself.

But mainly a moral obligation I feel to WARN EVERYONE. A strong warning. I can't say exactly everything to warn you from but it's not unicorns and cupcakes.

I've given my Aunt plenty of chances to clear the air to her consultants, my family and employees, about me but instead I get rumors and silence. As her son Jordan would say after this all happend "u should just be grateful we gave you the opportunity and believed in you." No thanks.

Guys, im not the only one this has happend to, BEING CASTRATED AND CUT OUT AND HUNG TO DRY, or the first. It's been multiple, and needs to stop. ABSOLUTELY NEEDS TO STOP.. Starts with her and marks first spouses (messed up situation there), then their kids who "use drugs" (Daniella), to her twin sister (honey & lace), then a daughter who had a collab and they cut out (dot dot smile), me and nieces. I watched it happen, then me. And who's next? Trust me, employees and consultants are scared to be the next. Threats have been made. I think it's fair you all know who u are trusting, putting your lives in the hands of, people making billionaires of dollars while them and their family buy 100 thousand dollar cars, ranches, private jets and much more, while you all work your butt off in a super saturated market. Blood sweat and tears to support your family, as I did. I left my kids in Utah to help further this cause called lularoe. Then got

be privileged to work for a Fortune 500 growing company". You would think a marketing director gets paid well, nah.

Sales are down, duh. Compensation changes to sales. Duh. Cuz they can. Your destiny is at the mercy of one password change. Your money sits in their control. Coming from someone claiming to "BE YOU" isn't even doing that.

And terminates people such as I. And then u are stuck.

Soooooooo.... What happend after my cease and desist? I never heard, stuck with tons of inventory, a mobile boutique and a whole tour I had to cancel and upset hosts. Half a million in damages.

While they kept my money & never took my inventory back. And now my family is disappointed in ME? Because I broke DeAnnes heart? Because I disobeyed the lularoe religion rules? Conduct? Didn't fit the culture?

They are right, I don't fit culture of them. I really don't. And I'm glad I escaped and it happend now. It's blessing in disguise. I'm doing amazing things and so stoked for that. My life is the best it's ever been.

If you defriend me, it's fine. We don't align. I can start adding the thousands wanting to friend me that can't. Please do. You probably don't follow me for the right reasons anyway. Maybe cuz u don't really know me and I'm fine with that. My family already has golden handcuffs and believe the rumors. It's all good. I know who I am. I AM SAM. A talented amazing human who serves others with real intentions. Not for money, gain or fame.

Maybe my Aunt or her husband will finally understand that seeking understanding was needed.

I LOVE YOU ALL THAT ALIGN WITH WHAT I PREACH WITH AARON & CULTURE CREW.

If you want to know the truth, email me at culturecrewllr@gmail.com
I'm assuming I'll get a threatening email from the billionaires attorneys.
I'm guessing I'll get press wanting to talk. I am not worried about it. I know who I am. Who I stand for and what I live for. Serving humans using my talents. What I did at lularoe. I now wipe my hands of this moral obligation hung over me for months. If you comment anything negative, I will erase and defriend you. I don't need you or your energy in my life.

BE LOVE FRIENDS. Hear the song by my group here that was inspired by living a REAL, UNCONDITIONAL, service driven LOVE.

BE LOVE.

BE LOVE.

ITUNES - <http://apple.co/2scy8oU>

SPOTIFY - <http://spoti.fi/2rjMkow>

SOUNDCLOUD - <http://bit.ly/2tDAVOC>

1. (Screenshot of my aunt calling me a month ago)
 2. (BOOMERANG of me with her after she begged me to MC her holiday event 2 weeks before she TERMINATED ME)
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