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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

JINI PATTON, Individually and On
Behalf of All Others Similarly
Situated,

Plaintiff,

vs.

LULAROE, LLC d/b/a LuLaRoe, a
California Limited Liability Company,
LLR, Inc., a Wyoming Corporation,

Defendants.

Case No:

**CLASS ACTION COMPLAINT
DEMAND FOR JURY TRIAL**

INTRODUCTION

Plaintiff Jini Patton brings this class action lawsuit on behalf of herself and all other similarly situated persons who were LuLaRoe, LLC d/b/a LuLaRoe (“LuLaRoe”) consultants from 2013 until the present to recover damages and for

1 other relief based on LuLaRoe's unfair and deceptive practices involving its refusal
2 to accept the return of merchandise and issue refunds as promised.

3
4 Plaintiff brings these claims against Defendants LuLaRoe and LLR, Inc.
5 under California's consumer protection statutes including California's Unfair
6 Competition Law (Business and Professions Code §17200 et seq.) and False
7 Advertising Law (Business and Professions Code § 17500).
8

9
10 **PARTIES**

11 1. Plaintiff Jini Pattton is an individual who resides in Bensalem
12 Township, Bucks County, PA. Plaintiff entered into a LLR, Inc. Independent
13 Consultant Program Application and Agreement with Defendants and became a
14 LuLaRoe consultant in or about May 5, 2016.
15

16 2. Defendant LuLaRoe, LLC is and at all material times was a California
17 Limited Liability Company located at 1375 Sampson Avenue in Corona,
18 California.
19

20 3. Defendant LLR, Inc. is and at all material times was a Wyoming
21 Corporation with its principal place of business located at 416 Double Eagle Ranch
22 Road, Thayne, Wyoming 83127.
23

24 4. Based upon information and belief, at all times mentioned herein,
25 each Defendant was acting as an agent and/or employee and/or joint venture and/or
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1 co-conspirator of the other Defendant, within the course and scope of that agency
2 and/or employment and/or joint venture and/or conspiracy with the full knowledge,
3 permission, consent and ratification of the other Defendant. In addition, each of
4 the acts and/or omissions of each Defendant alleged herein were made known to,
5 and ratified by the other Defendant.
6

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8 **JURISDICTION AND VENUE**

9 5. The Court has jurisdiction under the Class Action Fairness Act of
10 2005, 28 U.S.C. §1332(d)(2), because the suit is a class action, the parties are
11 minimally diverse, and the amount in controversy exceeds \$5,000,000, excluding
12 interest and costs. The Court has supplemental jurisdiction over Plaintiff's state
13 law claims pursuant to 28 U.S.C. §1367(a).
14

15 6. This Court has personal jurisdiction over Defendants, because
16 Defendant LuLaRoe is headquartered in this District; Defendants do a substantial
17 amount of business in California, including in this District; they are authorized to
18 conduct business in California, including in this District; and have intentionally
19 availed themselves of the laws and markets of this District through the promotion,
20 sale, marketing, and/or distribution of their products and services.
21

22 7. Venue is proper in this district under 28 U.S.C. §1391(a)(1) and (a)(2)
23 because a substantial part of the events or omissions giving rise to this claim
24 occurred in this district.
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1 8. Venue is also proper because Defendants transact a substantial
2 amount of its business in this District and have a law and forum selection clause in
3 its “LuLaRoe Independent Consultant Program Application and Agreement[s]”
4 which selects the Central District of California as the venue.
5

6 **PLAINTIFF PATTON’S ALLEGATIONS**

7 9. Plaintiff signed up to purchase LuLaRoe products in May, 2016 and
8 invested approximately \$20,000 on supplies and product inventory including but
9 not limited to hangers, portable clothing racks, shipping supplies, shipping
10 program, scales, etc.
11

12 10. Like many other Consultants, Plaintiff pulled money from her savings
13 and investments to become a consultant.
14

15 11. Plaintiff’s inventory was largely determined/selected by Defendants.
16 Notwithstanding her purchase orders and requests, Plaintiff received whatever
17 patterns and sizes Defendants chose to send her. Plaintiff often received numerous
18 duplicates of a product in the same size and rarely received items that were popular
19 and saleable. This practice left her with a significant amount of inventory that she
20 was unable to sell to consumers.
21
22

23 12. To make these onerous practices acceptable to Plaintiff and other
24 Consultants, Defendants represented and promised Plaintiff and other Consultants
25 that they would accept the return of unwanted inventory and make a full refund
26
27

1 without cost or expense to the Consultant.

2 13. Pursuant to and in reliance upon Defendants' stated policy, Plaintiff
3 placed orders and accepted unwanted inventory from Defendants, believing that
4 the unwanted inventory could be returned for a full refund at no cost or expense or
5 to Plaintiff.
6

7 14. Plaintiff faced greater than expected challenges in selling Defendants'
8 products. The market for Defendants' product had simply become too saturated
9 with Consultants who were trying to move the inventory that they were requested
10 to perpetually purchase.
11

12 15. Pursuant to Defendants' stated policy and practice, Plaintiff sought to
13 return inventory to Defendants of approximately \$10,000. However, contrary to
14 their stated policy and representations, Defendants ignored Plaintiff's requests and
15 either gave Plaintiff a reduced refund or ignored Plaintiff's request altogether.
16

17 16. Unbeknownst to Plaintiff, Defendants maintained a secret policy and
18 practice to delay and/or ignore return requests, and/or refused to send return
19 authorizations, and/or charged Plaintiff substantial fees for any returns.
20

21 17. As a result of Defendants' conduct, in or about May 30, 2017,
22 Plaintiff had no choice but to quit the company, or she would continue to lose
23 money purchasing inventory over which she had no control and could not sell. She
24 was unable to attain a net recovery of her investments in Defendants' products,
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1 despite her efforts.

2 18. As a result of Defendants' conduct, Plaintiff was unable to return
3 approximately \$10,000 in unsold inventory and was caused to lose additional
4 money for supplies and equipment that were no longer needed.
5

6 **CLASS ALLEGATIONS**

7 19. Plaintiff brings this suit as a class action pursuant to Federal Rule of
8 Civil Procedure 23 on behalf the following class:
9

10 **All persons who were and are LuLaRue Consultants from 2013 to**
11 **the present and who sought to return inventory to Defendants.**

12 Excluded from the class are the Defendants, their employees, family
13 members. Also excluded from this matter are any judicial officers
14 presiding over this matter and their immediate family members.

15 20. Plaintiff seeks to pursue a private attorney general action for
16 injunctive relief for herself and all members of the class.

17 21. Plaintiff satisfies all of the standing and class action requirements for
18 class certification.
19

20 22. The number of Class Members are well into the thousands making
21 joinder of all Class Members in a single action impracticable.
22

23 23. Members of the class will be easily ascertained because all class
24 members have written contracts with Defendants, which Defendants have
25 preserved.
26

27 24. There are questions of law and/or fact common to the class, including
28

1 but not limited to:

- 2 a. Whether Defendants were (and for how long) or are currently
3 operating an unlawful scheme;
- 4 b. Whether Defendants kept secret and/or failed to disclose policies,
5 practices and procedures regarding return items and refunds;
- 6 c. Whether Defendants acted pursuant to its secret policies and practices
7 and refused to accept returns and pay refunds as promised;
- 8 d. Whether Defendants' agreements with Consultants were the same or
9 similar and involve the same controlling California state laws and
10 statutes;
- 11 e. Whether Consultants paid money to Defendants for:
- 12 (1) the right to sell a product; and
13 (2) whether Consultants were required to make an initial
14 investment;
- 15 f. Whether Defendants had a buy-back rule and enforced it;
- 16 g. Whether Defendants chose the Consultants' inventory;
- 17 h. Whether Defendants knowingly delayed and/or refused to accept
18 returns and pay refunds as represented;
- 19 i. The extent to which Defendants' conduct injured Plaintiff and other
20 Class Members;
- 21 j. Whether Defendants' conduct constitutes an unlawful, unfair and/or
22 deceptive trade practice under California state law;
- 23 k. Whether Defendants' conduct constitutes unfair competition under
24 California state law; and
- 25 l. Whether Defendants' conduct constitutes false advertising under
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1 California state law.

2 25. These and other questions of law and/or fact are common to the class
3 and predominate over any question affecting only individual class members.
4

5 26. Plaintiff's claims are typical of the claims of the class in that Plaintiff
6 was a consultant for Defendants and was unable to return product and inventory
7 because of the illegal scheme set forth herein.
8

9 27. Plaintiff will fairly and adequately represent the interests of the class.
10 Plaintiff's interests are fully aligned with those of the class; further Plaintiff has
11 retained counsel experienced and skilled in complex class action litigation.
12

13 28. Class action treatment is superior to the alternatives for the fair and
14 efficient adjudication of the controversy alleged, because such treatment will allow
15 many similarly-situated persons to pursue their common claims in a single forum
16 simultaneously, efficiently and without unnecessary duplication of evidence, effort,
17 and expense that numerous individual actions would engender.
18

19 29. Plaintiff knows of no difficulty likely to be encountered in the
20 management of this case that would preclude its maintenance as a class action.
21

22 **FIRST CLAIM FOR RELIEF**
23 **Breach of Promise**
24 **(Against All Defendants)**

25 30. Plaintiff incorporates by reference all of the other allegations of this
26 Complaint as if set forth here at length.
27

1 31. Defendant breached its promise to accept returns and to make full
2 refunds without cost or expense to Plaintiff and all other Class Members.

3 32. As a result of Defendants' conduct, Plaintiff and all other Class
4 Members were caused to suffer damages for the cost of inventory they sought to
5 return, and for equipment and supplies that were no longer needed.
6

7 **SECOND CLAIM FOR RELIEF**
8 **Unfair and Deceptive Practices Claims Under Cal. Bus. & Prof. Code**
9 **§ 17200, et seq.**
10 **(Against All Defendants)**

11 33. Plaintiff incorporates by reference all of the other allegations of this
12 Complaint as if set forth here at length.

13 34. Defendants agreed to work together in a symbiotic relationship to
14 mislead all of the LuLaRoe Consultants in the class who signed an agreement with
15 Defendants governed by California law.
16

17 35. Defendants have engaged in constant and continuous illegal, unfair,
18 and fraudulent business acts or practices, and unfair, deceptive, false and
19 misleading advertising within the meaning of the California Business and
20 Professions Code § 17200, et seq. The acts or practices alleged constitute a pattern
21 of behavior, pursued as a wrongful business practice that has victimized and
22 continues to victimize thousands of consumers.
23
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25 36. Under California Business and Professions Code § 17200, an
26 “unlawful” business practice violates California law.
27

1 37. Defendants’ business practices are illegal because they involve the
2 creation and promotion of an illegal scheme.

3 38. Defendants utilize this illegal scheme with the intent, directly or
4 indirectly, to dispose of property, in LuLaRoe products.
5

6 39. Under California Business and Professions Code § 17200, an “unfair”
7 business practice includes a practice that offends an established public policy, or
8 that is immoral, unethical, oppressive, unscrupulous or substantially injurious to
9 consumers.
10

11 40. Defendants’ promotion and operation of its refund and return scheme
12 is unethical, oppressive, and unscrupulous.
13

14 41. Under California Business and Professions Code § 17200, a
15 “fraudulent” business practice is likely to deceive the public.
16

17 42. Defendants’ business practice is fraudulent in that they have deceived
18 and continue to deceive the public by misrepresenting their business. Defendants
19 have made numerous misrepresentations about their return and refund practices
20 which directly impact the income that a consultant can realize by becoming a
21 consultant and participating in the scheme and failed to inform Plaintiff and other
22 consultants that Defendants were operating an illegal business scheme.
23
24

25 43. Plaintiff and the Class Members have relied, and continue to rely on
26 Defendants’ misrepresentations and omissions to their detriment.
27

1 44. Because of these unlawful acts, Defendants have reaped and continue
2 to reap unfair benefits and illegal profits at the expenses of Plaintiff and the Class
3 Members.

4 45. Defendants should be made to disgorge these ill-gotten gains and
5 return to Plaintiff and the Class Members the wrongfully taken revenue.
6

7 46. Defendants' unlawful, unfair and fraudulent acts and/or omissions
8 will not be completely and finally stopped without orders of an injunctive nature.
9

10 47. Under California Business and Professions Code section 17203,
11 Plaintiff seeks a judicial order of an equitable nature against all Defendants,
12 including, but not limited to, an order declaring such practices as complained of to
13 be unlawful, unfair, fraudulent and/or deceptive, and enjoining them from
14 undertaking any further unfair, unlawful, fraudulent and/or deceptive acts or
15 omissions related to operating the illegal scheme. Plaintiff also seeks restitution,
16 disgorgement, and any other appropriate equitable relief.
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20 **Third Claim For Relief**
21 **False Advertising**
22 **(California Business and Professions Code § 17500, et seq.)**
23 **[Against All Defendants]**

24 48. Plaintiff incorporates all allegations of this Complaint as if fully set
25 forth herein.

26 49. Plaintiff brings this cause of action on behalf of herself and on behalf
27 of all other LuLaRoe consultants in the class who signed an agreement with
28

1 LuLaRoe governed by California law.

2 50. Defendants' business acts, false advertisements and materially
3 misleading omissions constitute unfair trade practices and false advertising, in
4 violation of the California Business and Professions Code § 17500, et seq.
5

6 51. Defendants engaged in false, unfair and misleading business practices,
7 consisting of false advertising and materially misleading omissions likely to
8 deceive the public and include, but are not limited to:
9

10 a. Defendants misrepresented the money that a consultant would
11 earn;
12

13 b. Defendants misrepresented its return and refund policies and
14 practices;
15

16 c. Defendants' marketing and promotions constitutes misleading,
17 unfair, and fraudulent advertising in connection with their false advertising to
18 induce Consultants to purchase products.
19

20 d. Defendants knew or should have known, in exercising
21 reasonable care, that the statements they were making were untrue or misleading
22 and deceived members of the public. Defendants knew or should have known, in
23 exercising reasonable care, that consultants, including Plaintiff, would rely, and
24 relied on Defendants' misrepresentations and omissions.
25

26 52. Because of Defendants' untrue and/or misleading representations,
27

1 Defendants wrongfully acquired money from Plaintiff and the Class Members to
2 which it was not entitled. The Court should order Defendants to disgorge, for the
3 benefit of Plaintiff and Class Members their profits and compensation and/or make
4 restitution to Plaintiff and all Class Members.
5

6 53. Under California Business and Professions Code section 17535,
7 Plaintiff and all Class Members seek a judicial order directing Defendants to cease
8 and desist with all false advertising related to the Defendants' scheme and any such
9 other injunctive relief as the Court finds just and appropriate. Plaintiff also seeks
10 restitution, disgorgement, and any other appropriate equitable relief.
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13 **PRAYER FOR RELIEF**

14 Plaintiff and all Class Members request the following relief:

- 15 A. Certification of the class;
16
17 B. A jury trial and judgment against Defendants;
18
19 C. Damages for the financial losses incurred by Plaintiff and the
20 Class because of Defendants' conduct including restitution, disgorgement of
21 monies, treble damages and any other appropriate equitable relief;
22
23 D. Temporary and permanent injunctive relief enjoining
24 Defendants working in concert from further unfair, unlawful, fraudulent and/or
25 deceptive acts, including, but not limited to, false advertising;
26
27 E. The cost of suit, including reasonable attorneys' fees under
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1 California Code of Civil Procedure § 1021.5 and otherwise by law;

2 F. For general, compensatory and exemplary damages in an
3 amount yet to be ascertained; and
4

5 G. For such other damages, relief and pre- and post-judgment
6 interest as the Court may deem just and proper.
7

8 For the purposes of due process and as may be required by the Federal Rules
9 of Civil Procedure, Plaintiff and the Class make a demand in this matter, which
10 they set at \$1 Billion. This is understood to be a reservation of rights for default-
11 judgment purposes, and reflects, among other things, that the applicable law allows
12 for disgorgement and restitution. Plaintiff and the Class highlight that Defendants
13 enrolled at least thousands of individuals, each of whom paid at least \$5,000 to
14 participate in Defendants' scheme, and many of whom thereafter paid repeatedly
15 additional funds to Defendants. This demand may be increased or decreased
16 according to proof in accordance with applicable law.
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DEMAND FOR JURY TRIAL

1
2 Plaintiff and the Class demand trial by jury for all claims in which a jury is
3 permitted.
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5 Date: November 1, 2017

By: /s/ Jonathan Shub
Jonathan Shub

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