

Truth In Advertising 4/12/17

1. How many distributors does LuLaRoe currently have and how many are waiting to onboard?

LuLaRoe is a company that cares a great deal about the almost 80,000 passionate independent retailers who sell our products. LuLaRoe currently has 13,000 people who have signed up to become Independent Retailers and will be onboarded in order of their sign-up. The Retailer queue grows daily.

2. Please provide the most up-to-date versions of LuLaRoe's Policies and Procedures, Independent Fashion Consultant Agreement, LuLaRoe Queue Guidelines, Initial Inventory Fund and any additional documents distributors must sign to become members.

All documents between our Independent Retailers and LuLaRoe are confidential and proprietary.

3. Why is the company allowing income claims in testimonials on its website and social media posts by distributors when its own policy and FTC regulations ban such income claims?

TINA.org has found numerous inappropriate income claims including statements made by Founder DeAnne Stidham herself.

Our policies encourage our Independent Retailers to avoid making income claims and if they do we ask that they provide the following disclosure: "LuLaRoe makes no guarantee of financial success. Success with LuLaRoe results only from successful sales efforts, which require hard work, diligence, skill, persistence, competence, and leadership.

4. Does LuLaRoe provide a 2016 income disclosure statement to its recruits and distributors? If so, can you provide a copy to TINA.org.

We will provide it when it is available. The current one is from 2015 and it is available on our website.

5. Do you have any comments on the recent lawsuits filed against LuLaRoe:

Dean vs LLR which alleges that LLR markets defective clothing items without sufficient quality controls

We categorically reject the fabricated and exaggerated claims of this suit in the strongest terms and believe it is completely without merit. We stand by the quality of our products and are committed to ensuring consumers are fully satisfied. We are confident we will be able to fully refute these allegations.

Webster vs LLR which alleges that distributors are forced to use a company platform that charges customers sales taxes in states that don't require those taxes

We are fully aware of this issue and have invested significant resources to address it. A former technology vendor had a software failure that misidentified the accurate location of certain customers, and we have contracted a new point of sale vendor to accurately identify sales tax moving forward. In addition, we have already issued refunds for incorrect sales tax collection to customers who contacted us directly to identify their proper location, and we are in the process of proactively refunding all affected customers. We have an independent, dedicated account of all sales tax collected that is segregated from the operating funds of the company. LuLaRoe is committed to our thousands of passionate Independent Retailers and consumers who love and support our quality brand.

Solti vs LLR filed by a Hungarian artist which alleges that LLR illegally used his lion design

When we learned of the claim- we take claims very seriously - we began an investigation and immediate discussions to resolve the matter without further escalation. We continue to attempt to resolve the matter fairly and amicably.

6. What actions is LuLaRoe taking on the more than 90 complaints that have been filed against the company with the FTC, a majority of which focus on leggings that tear and rip and the difficulty in returning defective LuLaRoe clothing items because phone calls and emails to the company by its distributors do not get returned or acknowledged?

LuLaRoe is unaware of any complaints with the FTC.

7. Please provide comment from Mark and DeAnne regarding the more than \$700,000 in tax liens over the course of several years on various properties and business owned individually and combined by the couple.

DeAnne and Mark have been very transparent about the financial challenges they faced prior to the launch of LuLaRoe and the success of the business. All viable liens have been satisfied and resolved.

8. Please provide comment on two complaints on file with the FTC that assert that LuLaRoe has a business structure that is a pyramid scheme.

LuLaRoe is unaware of any complaints with the FTC. LuLaRoe offers a Leadership Bonus Plan for Independent Retailers that choose to grow a team, however the majority of independent retailers earn all of their income from retail sales and do not participate in the Leadership Bonus Plan.