



April 2, 2021

**VIA EMAIL**

Joseph K. Kanada  
Breena M. Roos  
Assistant Attorneys General  
State of Washington  
Consumer Protection Division  
800 5th Ave, Suite 2000  
Seattle, WA 98104



Re: Violations of Consent Decree in State of Washington v. LLR, Inc. et al,  
Case No. 19-2-02325-2 SEA, King County Superior Court

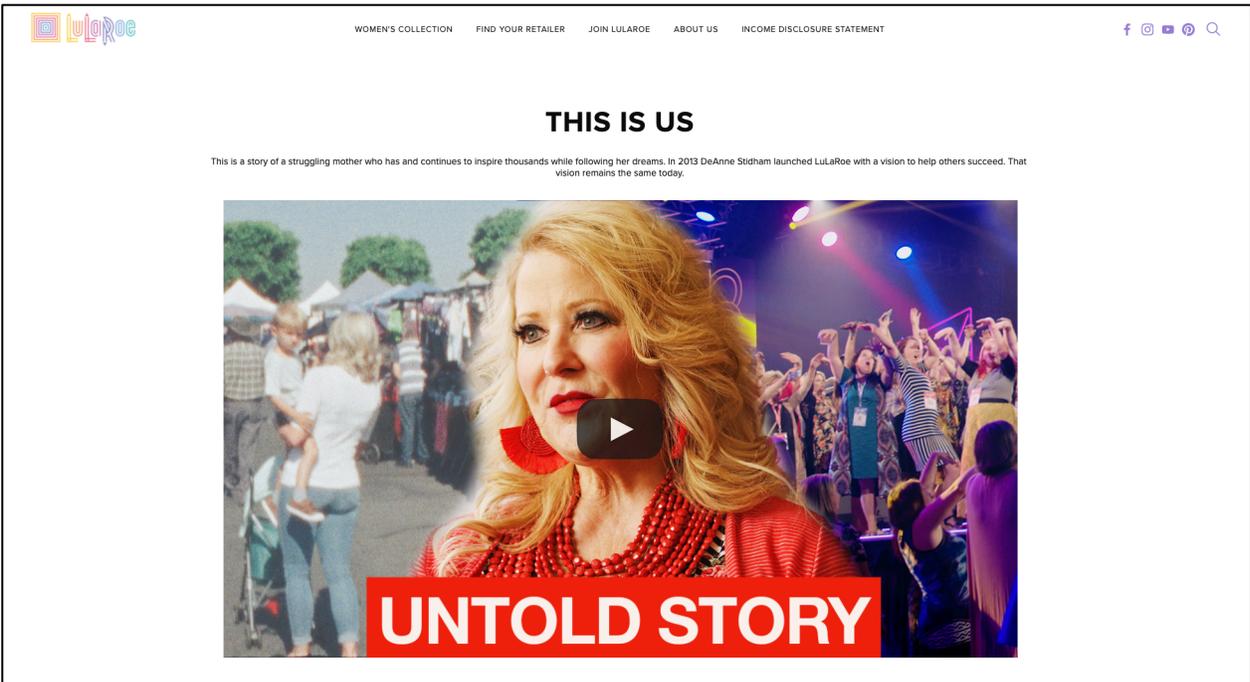
Dear Attorneys Kanada and Roos:

We write on behalf of Truth in Advertising, Inc. (TINA.org) to bring to your attention evidence that defendants in the State of Washington v. LLR, Inc., et al. lawsuit are violating the February 2021 Consent Decree by marketing the LuLaRoe business opportunity with atypical income claims and using modified graphics to display LuLaRoe's Income Disclosure Statement on the company's website.

While the Consent Decree permanently prohibits defendants from, among other things, misrepresenting to Washington residents (or making misrepresentations in the State of Washington) that participants will or are likely to achieve substantial income or profit, including through discussion of lifestyle changes tied to compensation from the Business Opportunity,<sup>1</sup> LuLaRoe continues to misleadingly advertise its business opportunity as a way to make substantial income, quit your fulltime job, retire your spouse, financially support your family, and achieve financial freedom without including any income disclosures. Many of these deceptive income claims are published on company platforms, including its website and social media pages, and include statements made by LuLaRoe founder DeAnne Stidham.

For example, on its website, which is available to and accessible by all Washington residents, the company prominently features a video called "What is LuLaRoe: The

Untold Story” that makes several deceptive income claims that violate the Consent Decree.<sup>2</sup>



In the video, which never once discloses that a typical LuLaRoe distributor makes little to no money, Ms. Stidham tells consumers, among other things: “We knew we wanted a business that would help others to succeed.... To me, I want to see more people debt free. I want to see more people that are independent financially.” Earlier in the same video, LuLaRoe’s Chief Marketing Officer Justin Lyon tells consumers:

“What stood out to me was seeing how it was literally affecting each of these families’ lives. What they were able to then do for their family, whether it was making more money, going on a trip, being able to pay for bills they didn’t know they could pay...”<sup>3</sup>

Other marketing statements that are still in publication on company-controlled platforms as of today with no disclosure of what a typical LuLaRoe distributor earns include:

“[DeAnne Stidham:] What really affects me is when women call me and say ‘my husband just lost his job so I guess I’m it’ and they say ‘Do you think I can do it, Deanne?’ And I get to get my pom-poms out and say, ‘Don’t you see? This is an answer! This is easy! This is fun!...’”<sup>4</sup>

“People ask me all the time about joining LuLaRoe and why, and it’s really easy for me to tell them exactly what it is for me – the financial freedom is untouchable. ... The time that I get to spend with my daughter when I want to spend time with my daughter, that is, you can’t replace that.”<sup>5</sup>

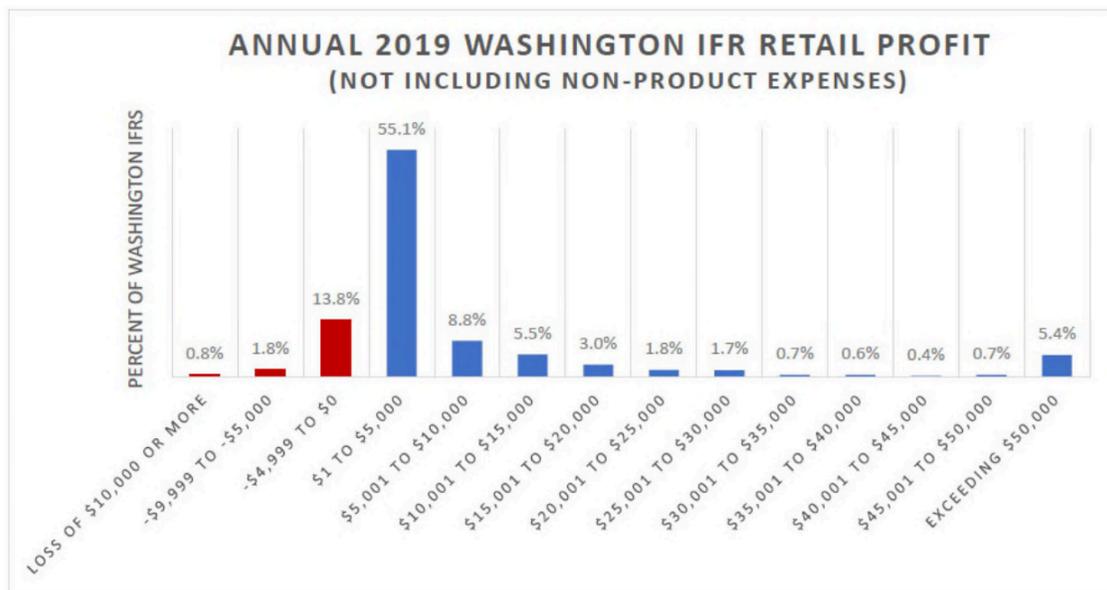
“With LuLaRoe, I’ve been able to financially support my family.”<sup>6</sup>

“You know, last year we could hardly buy food. So this year we’re able to do really anything we want. We’re looking at new houses, we’re getting to go on vacations with our kids, just from moving the stress, the daily stress of worrying about money is priceless.”<sup>7</sup>

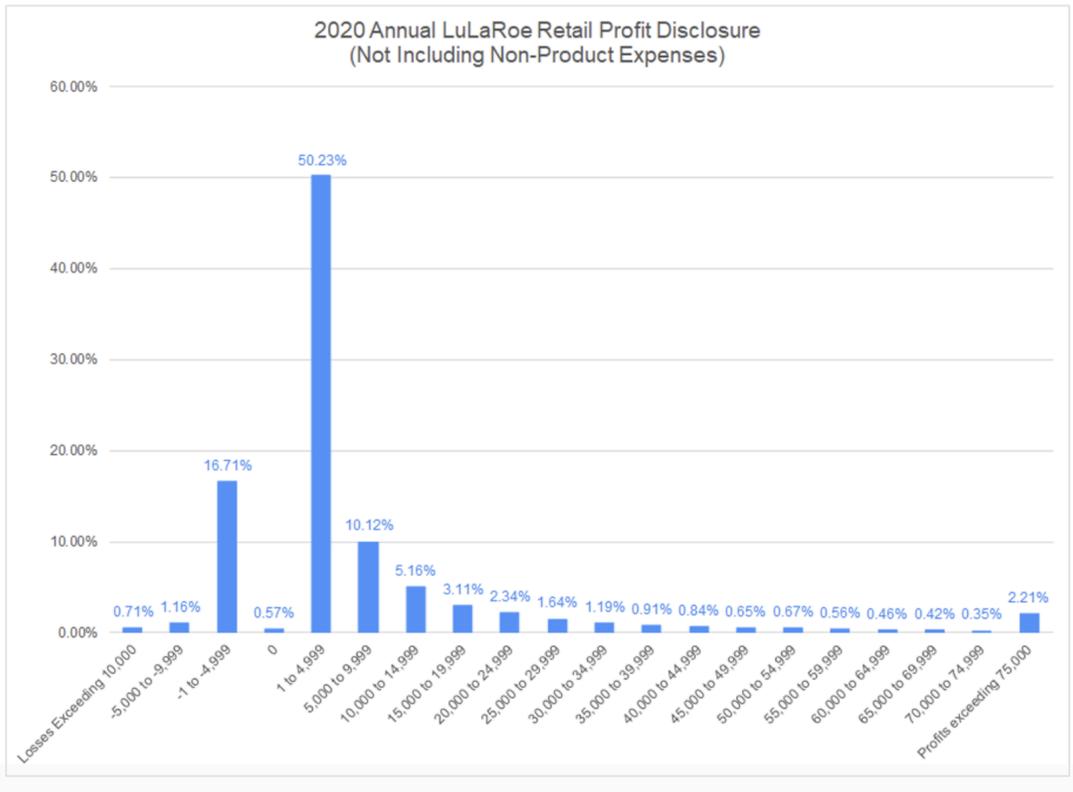
Additional evidence of LuLaRoe violating the Consent Decree is available at <https://www.truthinadvertising.org/lularoe-income-claims-database/>, which contains a sampling of more than 60 deceptive income claims currently in publication to market the LuLaRoe business opportunity.<sup>8</sup>

LuLaRoe is also violating paragraph 5.8 of the Consent Decree, which requires the LuLaRoe defendants to maintain “unmodified graphics” in its Washington Income Disclosure as included in Appendix A of the Consent Decree.<sup>9</sup>

The Washington Income Disclosure Statement identified in the Consent Decree includes, among other things, the annual retail profit bar graph below, which differentiates losses from gains by using two contrasting colors, red versus blue.<sup>10</sup>



By contrast, the Income Disclosure Statement currently published by LuLaRoe on its website has been materially modified from the Consent Decree graphic by, among other things, changing the color of the red bars so that Washington consumers can no longer differentiate between losses and gains via color, thus deemphasizing the fact that nearly 20 percent of LuLaRoe distributors either made no money or lost money last year:<sup>11</sup>



For the foregoing reasons, TINA.org urges the State of Washington to take appropriate enforcement action against the LuLaRoe defendants for violating the February 2021 Consent Decree.

If you have any questions or need further information, please do not hesitate to contact us.

Sincerely,

Laura Smith, Esq.  
 Legal Director  
 Truth in Advertising, Inc.

Bonnie Patten, Esq.  
 Executive Director  
 Truth in Advertising, Inc.

Cc via email: Anthony Todaro, DLA Piper LLP  
 Robert Loll, General Counsel, LuLaRoe  
 William Floratos, General Corporate Counsel, LuLaRoe

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<sup>1</sup> Consent Decree, ¶¶ 5.5, 5.6.

<sup>2</sup> <https://www.lularoe.com/our-story>. The video is also published on LuLaRoe’s YouTube channel at <https://www.youtube.com/watch?v=KneFoT1EEjw>.

<sup>3</sup> *Id.*

<sup>4</sup> LuLaRoe Founder DeAnne Stidham, <https://vimeo.com/156094528>.

<sup>5</sup> LuLaRoe // Hard Work & Family Combine to Create Freedom, <https://www.youtube.com/watch?v=MF-4GcAJtrc>.

<sup>6</sup> LuLaRoe – Dare To Dream, <https://www.youtube.com/watch?v=IEwL361JF-k>.

<sup>7</sup> *Id.*

<sup>8</sup> This database includes deceptive income claims made about the LuLaRoe business opportunity that are still in publication as of today (shown in black font), as well as income claims that have been removed from publication since TINA.org’s original publication of the database (shown in gray font).

It is worth noting that while many of the still-published claims were not published recently, they are nonetheless currently available on the world wide web for consumers nationwide to access, and continue to garner views long after they have been published. For example, LuLaRoe’s Dare To Dream YouTube video, originally published on January 30, 2019, had been viewed 392 times at the time TINA.org originally captured it on June 18, 2019, and now has been viewed more than 1,200 times. Compare <https://www.truthinadvertising.org/wp-content/uploads/2019/06/YouTube-Dare-to-Dream-wm.png> to <https://www.youtube.com/watch?v=IEwL361JF-k>.

<sup>9</sup> Consent Decree, ¶ 4.1, C. (““Washington Income Disclosure Statement” means the unmodified graphics and information contained in Appendix A.”)

<sup>10</sup> Consent Decree, Appendix A.

<sup>11</sup> 2020 LuLaRoe Income Disclosure Statement, <https://www.lularoe.com/lularoe-income-disclosure-statement>.