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June 3, 2014

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Cause of Action: Time for Department of Labor to Stop Hiding Behind Regulations

WASHINGTON – In court filings today on behalf of Rhea Lana, Inc., a national children’s consignment event company, Cause of Action opposed the Department of Labor’s (DOL) motion to dismiss its lawsuit seeking to free the company from DOL’s attempts to ban consignor-volunteers at for-profit enterprises.

“The Department of Labor has placed Rhea Lana, Inc. into regulatory purgatory by determining that its consignor-volunteers are employees, but then seeking to hide behind its regulations in an attempt to avoid judicial review,” said Cause of Action’s Executive Director, Dan Epstein. “By inappropriately designating Rhea Lana’s consignor-volunteers as employees, DOL has raised up the regulatory hammer of massive civil fines.”

Rhea Lana, Inc. hosts consignment sales in numerous cities that allow parents and other family members to sell children’s clothing and items to other families. Consignors keep approximately 70 percent of the profits generated from their items, and Rhea Lana, Inc. keeps 30 percent. The small family business has grown to include sales in 23 states across the country. Consignors assist at sales events in exchange for the option to shop early. Given the tough economic reality facing many parents with young children, shopping for affordable, quality children’s items at Rhea Lana, Inc. events has led to overwhelmingly positive experiences for many families.

In January 2013, DOL commenced an investigation and concluded, despite receiving no apparent complaints from parents and other participants, that consignment event consigner-volunteers were “employees” under the Fair Labor Standards Act (FLSA).

The suit, filed in the U.S. District Court for the District of Columbia, argues that the DOL acted arbitrarily and outside the law when it classified Rhea Lana’s consignor-volunteers as employees under the FLSA. Cause of Action seeks a declaration that Rhea Lana, Inc. consignor-volunteers are not employees under the FLSA and an injunction prohibiting the DOL from bringing action against the company.

About Cause of Action:

Cause of Action is a non-profit, nonpartisan government accountability organization that fights to protect economic opportunity when federal regulations, spending and cronyism threaten it. For more information, visit www.causeofaction.org.

About Rhea Lana, Inc.:

Founded by Rhea Lana Riner in her living room 16 years ago and headquartered in Conway, Arkansas, Rhea Lana’s Children’s Consignment hosts semi-annual sales. With

Arkansas roots, Rhea Lana's Franchise Systems, Inc. is rapidly growing with 69 locations in 23 states. The company is the first consignment sale business in the country to offer on-line management and real time tracking of merchandise through a computerized inventory system and a convenient mobile application. For more information, visit www.rhealana.com.

To schedule an interview with Cause of Action's Executive Director Dan Epstein, contact Adam Temple, temple@jdafrontline.com

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