

FOR IMMEDIATE RELEASE
NOVEMBER 24, 2014

CONTACT:
Mary Beth Hutchins, 202-400-2721

Cause of Action to Challenge Unlawful Efforts by Department of Labor in D.C. Circuit

Rhea Lana, Inc. Announces Plan to Appeal Lower Court's Deference to Agency Overreach

WASHINGTON – The U.S. District Court for the District of Columbia, though it ruled to dismiss *Rhea Lana, Inc. v. U.S. Department of Labor*, invited the D.C. Circuit to determine whether the Department of Labor (DOL) may lawfully destroy a small business by finding "violations" and soliciting others to sue using notice letters that evade judicial review.

In granting the Department of Labor's (DOL) motion to dismiss the case brought by Rhea Lana's, an Arkansas consignment company run by entrepreneur Rhea Lana Riner, the District Court stated that it "sympathizes with Rhea Lana's predicament." This "predicament," as the Court described it, arose when DOL attempted to establish a rule that Americans cannot volunteer at for-profit entities. The DOL pursued this matter by sending a warning letter to Rhea Lana that, in the Court's view, had a "coercive effect," essentially telling the company that it could face severe fines for not classifying its consignor-volunteers as employees.

"As the District Court recognized, agencies should not be able avoid judicial review by hiding behind form letters that essentially demand the recipient comply or face stiff penalties," said Cause of Action's Executive Director Dan Epstein. "That is why on behalf of Rhea Lana, Inc. Cause of Action is appealing this decision to the D.C. Circuit."

"As a company that engages moms in the community to buy children's clothes and toys at a deep discount and profit from selling their own children's items, we have never faced complaints from our consignor-volunteers, and we just don't think it's fair for the Department of Labor to come after us like this," said Rhea Lana Riner, founder and president of Rhea Lana, Inc. "The government is essentially telling you that you can't have your friends help out at a garage sale without the fear that a federal agency will be looking over your shoulder waiting to fine you. That's why we feel so strongly about fighting back: So that our freedom as entrepreneurs and neighbors can remain intact."

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 Mary Beth Hutchins, mary.beth.hutchins@causeofaction.org.

###